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THE NATIONAL ASSEMBLY
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DAY: Tuesday
TABLED BY: Chair, Budget Committee Hon. Kanini Kega
CLERK-AT THE-TABLE: G. Chebet

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT

SIXTH SESSION

REPORT OF THE BUDGET AND APPROPRIATIONS COMMITTEE ON THE BUDGET POLICY STATEMENT FOR FINANCIAL YEAR 2022/2023 & THE MEDIUM TERM

FEBRUARY 2022

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CHAIRPERSON'S FOREWORD

The Budget and Appropriations Committee is mandated by Section 25(7) of the Public Finance Management Act, 2012 and Standing Order 232(7) to examine the Budget Policy Statement (BPS), make recommendations and present a report to the House. It is on this premise therefore that I present to this House, the Committee's report on the Budget Policy Statement for Financial Year (FY) 2022/2023 and the medium term.

The theme of the 2022 Budget Policy Statement (BPS) is "**Accelerating Economic Recovery for Improved Livelihoods**". This is based on the challenging yet promising environment under which the 2022 BPS has been prepared. The economy, while progressively recovering from the adverse effects of the COVID-19 pandemic, is facing other significant challenges notably the ongoing drought crisis in some parts of the country as well as heightened election activities which may have a bearing on investment decisions.

The policy thrust of the 2022 Budget Policy Statement is captured in two broad categories: an Economic Stimulus Programme and the Big Four Agenda. The primary objective is to accelerate economic recovery through some select priority economic policies and structural reforms to be implemented in the FY 2022/2023 and the medium term. Specifically, the Budget Policy Statement outlines the foundations of the third Economic Stimulus Programme (ESP) and the Big Four Agenda. The committee has critically examined these proposed policy interventions and has made several observations and recommendations which are contained in this report.

PROCEDURE FOR REVIEW OF THE 2022 BUDGET POLICY STATEMENT

The 2022 Budget Policy Statement (BPS) was submitted to Parliament and tabled on the floor of the House on Thursday, 2nd December 2021. This early submission was on account of a revised budget calendar by the National Treasury which has fast-tracked the budget process to accommodate preparations for the general elections slated for August 2022. Pursuant to Standing Order 232 (5) and (6), the BPS was committed to the Budget and Appropriations Committee as well as the Departmental Committees who have deliberated on the document in line with their respective mandates and have made recommendations to the Budget and Appropriations Committee.

The Committee held productive deliberations with the Departmental Committees and received their recommendations. Discussions were also held with the Office of the Auditor General and the Parliamentary Service Commission on their broad policy priorities as well as budget ceilings as these fall under the purview of the Budget and Appropriations Committee. Additionally, in line with Article 201(a) of the Constitution on public participation, the committee invited the public to give their views on the 2022 BPS. This was carried out through a virtual platform where memorandums were submitted. Further, the committee held a consultative forum with the National Treasury before the report was finalized. The recommendations arising from all these deliberations including the public hearings have been incorporated into this report.

Once approved by the House, the BPS recommendations will form the basis for the finalization of the 2022/2023 Budget pursuant to section 25(8) of the PFM Act 2012, PFM regulation 27(4) and Standing Order 232(10).

KEY RECOMMENDATIONS

Arising from these consultative engagements, the Committee has made the following recommendations:

a. Policy Recommendations

i) That, the National Treasury submits a report on the implementation status of the Big Four Agenda to Parliament by 31st of March,2022. The report should include information on key milestones achieved, missed targets and a list of development projects to be completed in FY 2022/23 as prioritized under the Public Investment Management.

ii) That, the National Treasury should in future prepare the Budget Policy Statement in line with the public debt ceiling.

iii) That, the National Treasury should submit a status report of the Credit Guarantee Scheme to the National Assembly by 31st March 2022. This report should contain details on the amounts released and the number of beneficiaries.

iv) That, the National Treasury should expedite the finalization of the proposed Medium Term Revenue Strategy (MTRS) and submit it to the National Assembly by 30th April 2022.

v) That, the National Treasury spearheads an evaluation of the emergency relief cash-transfer programme to households affected by drought under the Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programmes. The evaluation report be submitted to Parliament within the next three months.

vi) That, a framework on the pre-approvals under Article 223 of the Constitution on Supplementary Budget be developed by the National Treasury, Controller of Budget and Office of the Auditor General and a report be submitted to Parliament within two months.

vii) That, the State Department for ICT and Innovation to spearhead the establishment of a multi-agency committee that should come up with a strategy on the rollout of the Digital Learning Programme and a report be submitted to Parliament within six months upon approval of the 2022 BPS. The multi-agency committee should be made up of representatives from the State Departments for Energy, State Department for Interior and Co-ordination of National Government, Ministry of Education Research and Technology, and the State Department for ICT and Innovation. Further, the strategy should incorporate modalities of addressing challenges in settling of electricity bills in public learning schools.

viii) That, the relocation to Konza Techno Polis of the relevant agencies domiciled in the State Department for ICT and Innovation such as the Kenya Film School, Kenya Film Classification Board and the Kenya Film Commission to be effected by 31st

December 2022 and the budget savings from this be utilized to reduce the fiscal deficit.

ix) That, the Ministry of Education through stakeholders' engagements should spearhead the review of the capitation amount provided for public primary school learners and realign it to support the implementation of the new curriculum without compromising the quality of education. This report should be submitted to the National Assembly within two months.

x) That, within the next three months, the higher education sub sector should through the University Funding Board (UFB) establish and implement the university education data management information system to promote accountability and improve management of disbursed funds. This university data management systems should also be linked to National Education Management information systems (NEMIS) to create a pool of credible data for the whole education sector.

xi) That, within the next two months, the State Department for Early Learning and Basic Education to submit a report to the National Assembly on the re-mapping of areas to benefit from the school feeding programme and the new re-mapping when approved should form the basis of implementing programme in 2022/23 financial year. Further, for effective and smooth implementation and management of this programme it should be fully transferred and be domiciled in the National Council for Nomadic Education in Kenya (NACONEK).

xii) That, in the next financial year 2022/23 the One Village One Product (OVOP) initiative which will cost Kshs. 505 million should be implemented and be domiciled under the Kenya Industrial Estate (KIE). The National Treasury should provide for the required resources.

xiii) That, the State Department for Labour should submit to Parliament the Labour Migration Bill within two months after the approval of the 2022 BPS, to address the matter of mistreatment of Kenyan migrant workers in the Gulf Region. Cases of Kenyan migrant workers being mistreated in the Gulf region have been on the rise yet there is no policy or targeted interventions to address the same.

xiv) That, the police housing audit be fast-tracked by the Cabinet Secretaries for the State Department for Interior and State Department for Housing and Urban Development. The report should be submitted to the National Assembly by 1st June 2022.

xv) That, the Cabinet Secretary Ministry of Lands and Physical Planning should complete the development of an interim digital revenue collection system by 30th June 2022 and report be submitted to Parliament. This is to ensure collection leakages are eliminated for the Ministry to meet its revenue collection targets.

xvi) That, the State Department for Petroleum should review the Petroleum Development Fund Act, 1991 to provide for a Board to administer the funds and ring-fence the allocations/appropriations for use in fuel stabilization by the end of FY 2022/2023.

xvii) That, the National Treasury, Kenya Revenue Authority (KRA), Commission on Revenue Allocation (CRA) and the Council of Governors should fast-track the development of an integrated County Revenue Management system for a unified revenue collection system for all counties. The CRA should fast track the development of model tariffs and pricing policy to guide counties to develop their own.

xviii) That, within the next one month, the Ministry of Health should submit an exit report for the leasing of the medical equipment programme. The report should contain among other things the successes, challenges and value for money of the programme and more particularly detailing the Ministry's option as regards the equipment when the contract comes to an end later this year. It is critical that the persistent and pertinent issues surrounding this project are addressed to guarantee smooth transition.

xix) That, the Ministry of Health should ensure by 1st May 2022 the fragmented government sponsored social health covers such as Linda mama, insurance for Elderly and PWDs, Edu Afya are harmonized into one single pool of resources for UHC. The savings from the implementation of this policy should be used to reduce the fiscal deficit.

xx) That, the Ministry of Health should by 1st September 2022 submit to Parliament a clear policy and criteria of classifying health facilities across the country. This will facilitate smooth and seamless transfer of health facilities between the two levels of government.

A complete compilation of observations and policy recommendations from the Departmental Committees on the 2022 Budget Policy Statement is in Annex 3 attached.

a. Public hearings

Having consulted the members of the public on the Budget Policy Statement, the submissions received are attached in Annex 2 for consideration during finalization of the budget.

b. Public debt

The Committee is concerned that the BPS had proposed an overall deficit of 846 billion which if approved, has a potential to breach the approved debt ceiling of Ksh. 9 trillion. It is forecasted that by end of June 2022 the stock of debt will amount to Ksh. 8.6 trillion which means that the only amount available for the next financial year without an amendment of the ceiling will be Ksh. 400 billion. The committee therefore recommends that the overall deficit be limited to Ksh. 400 billion.

D. Financial Recommendations

Arising from the deliberations and taking into account the fiscal responsibility principles, the committee recommends that this House resolves as follows:

i. **That,** the fiscal deficit be capped at 400 billion or 3.0% of GDP whichever is lower.
ii. **That,** the National Government budget ceiling be approved at Ksh. 1,629.011 trillion.
iii. *Of which:*
  1) Executive — Ksh. 1,559.910 billion
  Of which: Office of the Auditor General — Ksh. 6.378 billion

2) Parliament	Ksh. 50.220 billion
3) Judiciary	Ksh. 18.885 billion

iv. **That**, the budget ceilings of the Ministries, Departments and Agencies (MDAs) be rationalized to be within the deficit as resolved and/or measures be put in place to collect additional revenue.

v. **That**, the County Government Equitable Share be approved at Ksh. 370 billion.

vi. **That,** the Equalization Fund be approved at Ksh. 7.068 billion.

vii. **That**, the conditional grants be approved at Ksh. 37 billion and be distributed in accordance with Annex 4 attached.

viii. **That,** once approved by this House, these recommendations **SHALL** form the basis of the 2022/2023 budget.

ACKNOWLEDGMENTS

The Committee wishes to thank the Office of the Speaker and the Clerk of the National Assembly for the support extended in fulfilling this mandate. Our sincere gratitude is extended to all the Ministries, Departments and Agencies as well as the National Treasury for honouring the invite to be a part of this critical process of reviewing the 2022 Budget Policy Statement. The Committee would also like to thank the Departmental Committees and all the Members of Parliament who participated in the process, for their commitment to ensure that Parliament is able to live up to its mandate even as we continue on the campaign trail in the run-up to the 2022 general elections.

Finally, the Committee would like to acknowledge the critical role of the Parliamentary Budget Office; the Directorate of Appropriations, Audit and other Select Committees and the Directorate of the Departmental Committees in the review and processing of the 2022 Budget Policy Statement.

It is therefore my pleasant undertaking, on behalf of the Budget and Appropriations Committee, to table this Report in this House and recommend it for adoption.

Signed ....

Hon. Kanini Kega, CBS, M.P.
Chairperson, the Budget and Appropriations Committee

Date ......15/02/2022..

I. PREFACE

1.1.Establishment and Mandate of the Committee

1. **Mr. Speaker,** Article 221 (4 and 5) of the Constitution, 2010 and Section 7 of the Public Finance Management Act, 2012 provide for the establishment of a Committee of the National Assembly whose main role is to take the lead in budgetary oversight by the National Assembly. Pursuant to this constitutional provision, Standing Order 207 established the Budget and Appropriations Committee with specific mandates among which is to **examine the Budget Policy Statement and make recommendations to the House**.
2. Other mandates of the Committee include the following:

i) Investigate, inquire into and report on all matters relating to coordination, control and monitoring of the national budget;

ii) Discuss and review the budget estimates and make recommendations to the House;

iii) Examine bills related to the national budget including appropriation bills;

iv) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays; and

v) Examine the Division of Revenue Bill.

1.2. Membership of the Committee

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

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

20. Hon. Danson Mwashako, M.P.	Wundanyi	Wiper
21. Hon. (Eng.) Mark Nyamita, M.P.	Uriri	ODM
22. Hon. Paul Abuor, M.P	Rongo	ODM
23. Hon. Mercy Wanjiku Gakuya, M.P.	Kasarani	Jubilee
24. Hon. CPA Francis Kuria Kimani, M.P	Molo	Jubilee
25. Hon. Samuel Atandi, M.P	Alego Usonga	ODM
26. Hon. Joseph Manje, M.P	Kajiado North	Jubilee
27. Hon. Marselino Arbelle, M.P	Laisamis	Jubilee

1.3 Committee Secretariat

4. The committee Secretariat is comprised of the following staff:

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

The Committee also received technical support from the Macroeconomic Analysis and Statistics department of the Parliamentary Budget Office; under the leadership and guidance of the Director Ms. Phyllis Makau, OGW; the Senior Deputy Director, Dr. Martin Masinde; and the Deputy Director, Mr. Robert Nyaga.

II. REVIEW OF THE 2022 BUDGET POLICY STATEMENT

2.1 Introduction

5. The 2022 Budget Policy Statement (BPS) outlines the broad strategic priorities and policy objectives by the National Treasury that will guide both the National and County Governments in preparation of their budgets for the 2022-2023 Financial Year and over the medium term. Broadly, the 2022 Budget Policy Statement outlines indicators of recent economic performance, projected macro-fiscal outlook over the medium term, proposed priority policy interventions and expenditure ceilings for all arms of government including equitable share to devolved units.

6. The timelines, content and procedure of preparation and processing of the Budget Policy Statement is anchored in the Constitution of Kenya 2010; the Public Finance Management Act of 2012 and obtaining regulations; as well as in the Standing Orders of this honourable House. Ordinarily, the PFM requires that the Budget Policy Statement be tabled by the 15th of February each year. However, this being an election year, the BPS was tabled much earlier on Thursday, 2nd December 2021 to give the House sufficient time to review and process the same even as it prepares for the general elections slated for August 2022.

7. The theme of the 2022 Budget Policy Statement is "**Accelerating Economic Recovery for Improved Livelihoods**". This is based on the challenging yet promising environment under which the 2022 BPS has been prepared. The economy, while progressively recovering from the adverse effects of the COVID-19 pandemic, is facing other significant challenges notably the ongoing drought crisis as well as heightened election activities which may have a bearing on private investment decisions. In this regard, the Budget Policy Statement outlines the foundations of the third Economic Stimulus Programme (ESP) and the Big Four Agenda as the key focal points of intervention.

8. The committee observed that although a raft of measures have been proposed in line with this theme, there are some gaps. Firstly, some interventions in the ESP are not clearly articulated or targeted which makes it difficult to monitor them. For instance, interventions towards the coffee sub-sector and the sugar belt do not have critical information on specific KPIs, who is responsible and the specific locations where these interventions will be undertaken. Secondly, some of the proposed interventions such as livestock off-take programme, school infrastructure expansion and Kazi Mtaani are not completely new interventions but a critical review of their impact has not been provided. Thirdly, the BPS has remained silent over the growing levels of poverty that were exacerbated by the pandemic and how it intends to tackle the same.

9. Indeed, information provided to this committee by the Parliamentary Budget Office (PBO) indicates that with no significant change in policy, the macroeconomic outlook for the medium term has a potentially adverse effect on poverty levels. Using their GDP growth projections and assuming no policy change, the PBO established that the share of households below the poverty line is likely to increase by 2.67% in 2022/23 and 2.69% in 2023/24. It is noted that this increase in proportion of poor households is highest in the agriculture sector.

10. The 2022 Budget Policy Statement has also been prepared at a time when the country is about to breach the legally binding debt ceiling of Kshs. nine (9) trillion. The Committee is concerned that given the accelerated pressure for government spending towards election related outlays, social service delivery and realization/completion of key flagship projects, the ceiling could soon be breached. Furthermore, elevated levels of election fever could have a negative bearing on overall economic performance as investors and economic agents adopt a wait and see approach.

11. It is worth noting that this is a transitional BPS which holds a great significance. Not only is it the last by the Jubilee administration, but it also marks the end of the Medium Term Plan (MTP) III as well as the sunset period for the Big Four Agenda. It was therefore expected that in addition to providing the strategic policy direction to guide the government in preparation of the 2022/2023 budget, the BPS would also provide a comprehensive coverage of key milestones attained, targets missed and the proposals therein to ensure that delayed/missed targets are on track even as another administration comes to office. The committee observed that although some achievements have been indicated in the BPS, a critical analysis of the performance of key projects is lacking. it is the opinion of the committee that the 2022 BPS should have critically reviewed not only the achievements during the lifetime of the administration, but also the gaps including a plan of action to ensure that key projects will be finalized.

2.2 Legal/Compliance Framework

12. The committee evaluated the 2022 BPS to determine its compliance to the existing legal framework as outlined in Section 25 of the Public Finance Management (PFM) Act, 2012; Sections 27, 28 & 29 of Public Finance Management Act Regulations, 2015; and National Assembly Standing Order 232 (2) and (3). The committee further evaluated adherence of the 2022 BPS to international best standards in preparation of budget documents.

13. Specifically, the committee assessed the 2022 BPS in terms of timeliness, clarity, credibility and comprehensiveness of its content. The committee reports to this House, that the BPS was tabled in time and has largely adhered to the legal provisions. However, there are some notable gaps with regard to comprehensiveness of the information provided. Particularly, the committee established that the following critical information was not provided as required by the law: information on pending bills by the National Government; losses and outstanding payments of the State Corporations; as well as information on budgetary expenditures by economic and functional classifications.

2.3 Recent Economic Developments and the Medium Term Outlook

14. Even though the effects of the Covid-19 pandemic are still being felt across the globe, economic growth has rebounded significantly both globally and domestically. The National Treasury projects that the economy will grow by 6 percent in 2021 and 5.8 percent in 2022; attributed to resumption of economic activity as well as a lower base effect. However, there

are forward-looking risks that may lead to the underachievement of these growth projections. These include slower than expected economic recovery from the Covid-19 pandemic, the negative impact of the drought currently being experienced in some parts of the country and the possible dampening of growth in private investment as a result of election related activities. Indeed, the PBO projects that while the economy will rebound strongly in 2021 and could reach an estimated 5.7% growth, the growth is likely to be more subdued in 2022 – estimated at 4.8 percent.

15. With regard to inflation, the committee observed that food is the key inflation driver. Over the past ten months, the contribution of food to overall inflation has been increasing progressively from 38.8 percent in March 2021 to 56.9 percent in January 2022. This is attributed to the drought currently being experienced in some parts of the country which has led to increased food prices. The contribution of fuel to overall inflation is also significant; estimated at 14.5 percent. Going forward, the Committee noted that although overall inflation is expected to remain within the government's target of a lower bound of 2.5 percent and upper bound of 7.5 percent in 2021, the possibility of a rise in domestic food prices due to weather related shocks, an increase in fuel prices as well as an end of the EPRA fuel subsidy is likely to push inflation towards the upper bound.

16. The committee further observed that growth of credit to the private sector is relatively subdued compared to credit to the public sector. As at September 2021, public sector credit grew by 25% compared to private sector credit which grew at 7.7 percent over a similar period. The lackluster outlook of private sector credit brings to question the performance of the credit guarantee scheme which was expected to steer credit uptake particularly in the key sectors that account for the bulk of employment in the informal and formal sectors. It is possible that the credit guarantee scheme is not yielding the expected results because we have not addressed the challenges facing the MSMEs that could hinder them from being eligible to access the credit.

17. Looking at the external sector, the Committee observed that diaspora remittances from abroad have replaced tea and horticulture, as the leading source of foreign exchange. This has led to significantly high foreign exchange reserves and has consequently improved the current account balance. However, the committee is concerned that over-reliance on remittances as a source of foreign exchange poses a risk due to their unpredictable nature and susceptibility to global shocks beyond the control of policy makers. It is noted that the 2022 BPS has not clearly pronounced policies that will boost exports beyond business as usual. The committee posits that public investments geared towards provision of incubation opportunities and enhancement of access to credit for export oriented MSMEs can reverse the trend of declining exports as well as the over reliance on diaspora remittances as a source of foreign exchange.

18. Additionally, the Kenya shilling depreciated by 2 percent, 7.5 percent and 6.9 percent against the US dollar, Sterling pound and Chinese yuan respectively over the previous year. The committee notes that there is risk for further depreciation due to relatively weak exports amidst increased demand for imports; as well as slow recovery of the tourism sector. A slowdown in foreign investment due to election uncertainties could potentially reduce foreign exchange

inflows although the effect may be cancelled out by the high diaspora remittances. If the shilling weakens further, it will make external debt servicing more expensive over the medium term.

2.4 Financing of the 2022/2023 Budget

19. The National Treasury projects that ordinary revenue as a share of GDP will increase from 13.8 percent in 2020/21 to 15.3 percent in 2022/23. In nominal terms, ordinary revenue is projected to amount to Ksh. 2.14 trillion in FY 2022/2023; a Ksh. 342 million (1 % of GDP) increase from the projected 2021/2022 level. The higher revenue projection is on account of strong economic recovery. The committee observes however, that there are no novel, specific and quantifiable revenue enhancement measures in the 2022 BPS to support the expected faster growth in tax revenue relative to economic activity. This is a concern that has been raised severally in previous BPS reports but has not been adequately addressed.

20. Without any significant change in policy and with the existing risks to economic growth, the Parliamentary budget Office informed this committee that ordinary revenue collection for 2022/23 FY could underperform by as much as Ksh. 360 million (revenue collected will be between Ksh1,775.4 billion and Ksh. 1,971.8 billion). It is noted that revenue underperformance is the primary reason for supplementary budgets which oftentimes distort the policy direction of the budget.

21. The committee welcomes the proposal in the 2022 Budget Policy Statement to have a medium-term revenue strategy (MTRS) to last a period of 4 to 6 years as this will provide clarity and predictability with regard to revenue collection measures. However, there is need for a critical review of this proposal since the evidence emanating from the BPS seems to indicate that the proposed MTRS has largely borrowed from developed countries context without a clear domestication mechanism. In this regard, the National Treasury should expedite the finalization of the proposed MTRS and submit it to this House for evaluation of the specific policies.

22. The 2022 BPS proposes fiscal consolidation to curb expenditure growth. This will be achieved through reduction of non-priority expenditures such as hospitality, training, travel and freezing of employment in non-priority sectors. Furthermore, the implementation of the Public Investment Management (PIM) Unit is expected to go a long way in ensuring efficient management of public projects. It is noted however that these proposals are not new and are in fact similar to those proposed in past BPSs but the intended target was not achieved. Consequently, it is unlikely that the National Treasury's target of reducing the fiscal deficit (excluding grants) to 3.5 percent in the medium term will be met.

2.5 Key Expenditure Areas for Economic Recovery

23. As earlier indicated, the policy direction of the 2022 Budget Policy Statement is anchored on the third Economic Stimulus Programme (ESP) and the Big Four Agenda. The ESP will target

key productive and service sectors including agriculture, health, education, drought response, policy, infrastructure, financial inclusion, energy and environmental conservation.

24. There are some challenges with regard to how some of the interventions are formulated. Firstly, some critical information is missing, notably key performance indicators (KPIs) as well as a costing and implementation framework for these projects. Secondly, some interventions such as the fertilizer subsidy for small scale tea farmers; factory maintenance in the sugar belt; and construction of 50 new level 3 hospitals require collaboration with counties but there is no framework to this effect.

25. Indeed, the committee has noted that the national government still undertakes critical interventions in the Agriculture and Rural development sector as well as the Health sector despite these being devolved functions. For these interventions to be successfully implemented, it is prudent for the government to have a clear collaborative framework with counties. This concern has been raised several times by the committee to ensure that counties have ownership of the projects and participate fully in their implementation.

26. The committee further observed that the livestock off-take programme – the key drought mitigation response in the ESP – is hardly adequate considering the intensity of the prevailing drought crisis in some parts of the country. Surprisingly, the Departmental Committee on Agriculture and Livestock brought to the attention of the committee that the indicative budget for the livestock off-take programme actually indicated a reduction in allocation from Ksh. 249 million in 2021/2022 to Ksh. 140 million in 2022/23. Pursuant to this, the number of targeted livestock units to be insured in FY 2022/23 was expected to reduce to 50,000 from 90,000 in 2021/22. This contradicts the reported ESP allocation of Ksh. 1.5 billion for the programme and points to disconnect in planning for this programme.

27. The committee has further established that the Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programmes reportedly has an emergency relief cash transfer programme to households affected by drought. This uncoordinated response to drought mitigation could lead to duplication of efforts and delays in intervention which can ultimately lead to loss of lives. All actors engaged in drought mitigation response should be indicated and their roles clearly pronounced.

28. With regard to the Big Four agenda, the committee observed that although there has been a lot of progress in implementation, significant gaps are still evident. Indeed, for each of the four pillars, the overall target is far from being achieved. For instance, under manufacturing, the target was to increase the share of manufacturing to GDP to 15% by 2022. However, the share of manufacturing to GDP is currently estimated at 7.6 percent which is even lower than where it was in 2018 (9.2 percent) when the Big Four agenda commenced. According to the 2020 Competitiveness Industrial Performance Index, Kenya's manufacturing sector is ranked at position 115 out of 152 countries in global manufacturing. To achieve higher exports, product competitiveness has to be addressed.

29. Under Agriculture, the target was to achieving food and nutrition security by 2022 through increased large scale production as well as smallholder productivity and agro-processing. The Committee observes that currently, there is a food crisis in some parts of the country with over 2 million Kenyans facing starvation in more than 20 counties. The effect of drought in 2022 is just as serious as it was before implementation of the Big Four agenda. Indeed, according to the most recent global hunger index (2021), Kenya is ranked 87th out of 116 countries. This is despite reports in the 2022 BPS that the country has increased food production through the national expanded irrigation programme. A strategic way forward is required on how to effectively address the gaps in implementation of this pillar and alleviate food shortage in the country.

30. The key challenge identified under the Agriculture pillar is low agricultural productivity which is mainly attributed to low provision of agricultural extension services, limited access to high quality seeds and fertilizers, overreliance on rain water for farming as well as huge post-harvest losses. Although there are some ongoing interventions to address these challenges notably the e-voucher subsidy programme as well as various irrigation schemes; these programmes have never actualized their intended target. This points to some bottlenecks in their implementation which the 2022 BPS hasn't conclusively addressed.

31. The target under the Health pillar was to achieve 100% Universal Health Coverage; catering to approximately 51.5 million Kenyans, by 2022. It is observed that as at 2021, only 3 Million Kenyans had registered as beneficiaries under the UHC. This is approximately 5.8 percent of the population. Existing gaps under this pillar are mainly as a result of poor implementation of critical programmes such as equipping of hospitals with specialized equipment (MES); Linda Mama programme; recruitment of health workers and expansion of health facilities. The Departmental Committee for Health reported that the missed targets in implementation of the UHC is largely attributed to resource constraints as well as delayed disbursement of UHC funds to NHIF. It should be noted however that Health is a devolved function and this interventions should therefore be carried out in collaboration with counties.

32. Under the Social and Affordable Housing pillar of the Big Four Agenda, the Committee noted that the Government has delivered only 1,370 housing units against a target of 500,000 units. Further, together with the low pace of achievement of the housing target, the Kenya Mortgage Refinancing Company's contribution remains minimal. In the absence of affordable financing model, either through KMRC or other modes of financing, the target of 500,000 will remain overly ambitious.

2.6 Budget for FY 2022/2023 and the Medium Term

33. The budget ceiling for FY 2022/23 is estimated at Kshs. 3.32 trillion. Of this proposed ceiling, Kshs. 2.02 trillion is the ceiling for the executive; Ksh. 38.48 billion is the ceiling for Parliament; and Ksh. 18.88 billion is the ceiling for the Judiciary. Additionally, the Consolidated Fund Services (CFS) budget is estimated at Ksh. 864.13 billion and the

contingency fund has a proposed allocation of Ksh. 5 billion. The Committee notes with concern that the CFS accounts for 26.1 percent of the overall budget; a 20.3 percent increase from the previous year. If this trend is not reversed, it will gradually reduce the fiscal space thereby leading to increased borrowing in order to finance the budget.

34. The committee is concerned with the proposed ceiling for the General Economic and Commercial Affairs sector. Despite being a critical sector whose mandate covers industrialization, investment, enterprise development, trade, regional cooperation and tourism matters; the sector is the lowest funded and accounts for only 1.2% of total ministerial expenditure. For sustainable economic performance, the country should re-think its strategy in terms of promoting industrialization, enterprise development, trade and exports.

2.6 Allocation of Resources to Counties

35. The County equitable share is estimated at Kshs. 370 billion. The committee observed that this allocation is similar to what was allocated in the previous year and has not been adjusted for inflation. This is attributed to the government's fiscal consolidation strategy.

36. The Equalization Fund has been allocated Ksh. 7.1 billion. The committee noted that delayed operationalization of the Fund had resulted in a loss of opportunity for marginalized areas to improve critical services within their locality such as water, roads, health services among others to the same level as that of other areas in the country. However, with the passing of the PFM regulations on the Equalization Fund, 2021, it is hoped that the fund's operations will commence in earnest in order to ensure that the purpose is achieved before the Fund lapses.

37. There are conditional allocations to County governments amounting to Ksh. 37 billion. These include allocations from the national government as well as those financed through loans and/or grants from development partners. The specific conditional grants are as follows:

    i. Construction of County Headquarters;
    ii. Leasing of Medical Equipment;
    iii. Grant from the World Bank to finance transforming Healthcare Systems for Universal Care Project (THSUCP);
    iv. World Bank credit to finance Agricultural and Rural Inclusive Growth Project (NARIGP);
    v. World Bank loan to finance the Kenya Climate Smart Agriculture Project (KCSAP);
    vi. EU grant to finance Instruments for Devolution Advice and Support (IDEAS) programme;
    vii. World Bank credit to finance Water and Sanitation Development Project (WSDP);
    viii. Grant by DANIDA to finance Universal Healthcare in Devolved System Program;
    ix. Grant from World Bank for Kenya Devolution Support Programme (KDSP) – level 2 known as KDSP Capacity building ("level 2");
    x. Loan from government of Sweden to finance Agriculture Sector Development Support Programme II (ASDSP);

xi. Loan and grant from the German Development Bank (KfW) to finance Drought Resilience Programme in Northern Kenya (DRPNK);
xii. Credit from World Bank to finance Emergency Locust Response Project (ELRP);
xiii. Loan from the World Bank to finance Kenya Informal Settlement Improvement Project (KISIP II); and
xiv. Financing from United Nations Fund for Population Activities (UNFPA) to finance the 9th Country Programme Implementation.

38. The Committee observed that although the County Governments Grants Bill 2021 which seeks to provide a framework for disbursement of conditional grants is under mediation between the National Assembly and Senate, the 2022 Budget Policy Statement is silent on the issue of conditional grants.

III. SUBMISSIONS FROM DEPARTMENTAL COMMITTEES

Following submissions and rigorous engagement with the Departmental Committees the Budget and Appropriation Committee took note of the following key observations:

3.1 Departmental Committee on Environment and Natural Resources

39. The Kenya Forest Service (KFS) has huge potential to generate revenue from harvesting of **mature** and over-mature forest plantations once the moratorium on logging in public and community forests which was imposed in 2018 is lifted. KFS can generate approximately Kshs. 10 billion annually which will reduce its dependency on exchequer revenues and even have extra funding that can be remitted back to the exchequer.

40. The verified and approved Human Wildlife Conflict (HWC) pending claims that are likely to be carried forward to the FY 2022/23 amount to Kshs. 2.579 billion. However, only Kshs. 606 million has been provided to settle these claims in the FY 2022/23. Therefore, close to Kshs. 1.9 billion will be carried forward to the next financial year without including additional cases that will be verified and approved in the FY 2022/23. It was also observed that some of the pending bills are for cases that date as far back as FY 2017/18.

41. The Ministry has been facing challenges in the utilization of the water resources it has invested in especially in rural areas due to failure by county government to invest in last mile connectivity through water supply infrastructures. To address this, the government has entered into an inter-governmental agreement with county government where commitments are made by both levels of government to budget for their respective roles to ensure such investments do not turn into white elephants.

3.2. Departmental Committee on Defense & Foreign Relations

42. The Committee observes that the ever-increasing NIS budget is partly as a result of its role in critical strategic national objectives being the geo-physical survey. The survey has been completed in some of the counties. The Committee observes that it is now due that results of

these surveys are seen and utilized by the counties to assess the viability of investment opportunities in regards to available resources.

43. The Border Securitization project has not made significant headways due to several challenges including hostility from the neighbouring communities where contractors have been attacked hence abandoning the project midway. To address these challenges, the Committee observed that the Securitization project entails Humanitarian Civil Aid components (sinking of boreholes, construction of water pans, rehabilitation of schools, medical camps etc.) to promote its sustainability. It was however noted that despite the Humanitarian Civil Aid programme, the Ministry has not been able to complete these projects to enable the community benefit.
44. The Kenya Meat Commission has continued to receive funding from the Government despite earlier assurances that the Commission will be self-sustaining after having received funding from the Exchequer for the last two years.

3.3. Departmental Committee on Agriculture and Livestock

45. There has been unprecedented rise in prices of animal feeds in the country. The high cost of feeds has been occasioned by: low production of plant-based animal feed components such as soybeans, sunflower, and cotton among others; unregulated exportation of locally produced animal feeds additives; high taxation of imports used in the manufacture of animal feeds; and the ban on importation of genetically modified components that would have supplemented local production.
46. The department has historical pending bills of Ksh. 4,025 million. There seem to be no plan or commitment to settle the pending bill which could result into more cost or penalties.

3.4. Departmental Committee on Sports, Culture and Heritage

47. That, the projection of **Kshs. 15.75 billion** to be collected by the Sports, Arts and Social Development Fund in the FY 2022/23. However, the implementation of the funds collected has not been clearly provided. This may lead to mismanagement of the Fund.

48. That, there is delay in the completion of the Regional Stadia projects despite the fact that the department has a significant number of funding available through the Sports, Arts, And Social Development Fund that might be used to accelerate the completion of the ongoing projects.

3.5. Departmental Committee on Information Technology & Innovation

49. The Digital Learning Programme faces several challenges impairing its implementation and the realization of the envisaged targets. Key among the challenges include lack of power sources (connectivity or electricity disconnections due to unsettled electricity bills), insecurity in remote public schools exposing installed digital devices to theft and delays in distribution of procured devices.
50. The relocation of the Information, Communication and Technology Authority (ICTA) offices to Konza Techno polis is yet to be effected. The delay in the relocation continues to hinder realization of the benefits that would accrue due to resultant lower rental expenditures to the agencies as well as kick start other undertakings within the Techno polis.

3.6. Departmental Committee on Education and Research

51. The School feeding programme is a critical programme aimed at retaining learners in primary schools in ASAL and urban slum areas. The Committee is concerned that this programme does not cover deserving regions adequately. The need for the Ministry to re-map/target areas to benefit across the country is thus critical. Further, the National Council for Nomadic Education in Kenya (NACONEK) which is mandated to undertake this function need to be supported adequately and the resources for this programme transferred to it for effective management and implementation.

52. The current capitation of Kshs 1,420 to primary school learners in public schools which was set in 2003 is not sensitive to the prevailing economic circumstances. The cost of education service delivery has gone up and is expected to go up as the country shifts completely to CBC. That there is persistent capitation deficits across the entire subsectors (Basic, Technical and University) despite the number of learners at all levels of learning being available. This means that some learners are not catered for despite being in schools hence creating a strain in the learning institutions in terms of amenities available. This calls for the revision of the capitation amount to ensure the quality of education is not affected.

53. There is a lot of discrepancies as regards university students' data/information which distorts proper planning, decision making and allocation of resources for higher education sub sector in the country. This has resulted into some universities missing out of their fair share of resources in terms of capitation, a case in point is Egerton University.

3.7. Departmental Committee on Transport, Public Works and Housing

54. The Committee observed that the State Department for Infrastructure has accumulated pending bills amounting to Kshs.114 billion as at 31st December 2021. This amount includes land compensation and relocation of services. The committee notes that given the magnitude of the amount, it may be difficult for State Department to settle it within the available resources.

55. The Committee observed with concern that the transfer of State Corporations, like, Kenya Railway Corporation, Kenya Ports Authority and National Transport Safety Authority (NTSA) from the State Department of Transport affects service delivery and oversight since policy lies with the State Department for Transport while operation, budgeting and management lies with the National Treasury and Interior and Coordination of National Government.

3.8. Departmental Committee on Trade, Industry and Cooperatives

56. The One Village One Product (OVOP) initiative that aims to use locally available natural resources from across local communities to make high value added products with a long term objective of reaching international standards and markets has completed its pilot phase. The initiative was funded by Japan International Cooperation Agency (JICA) and it is at the initial phase of implementation. The initiative requires Kshs. 505 Million.

57. That there is a lack of an interface linking the agencies that support MSMEs which would enable the MSMEs receive support in the entire value chain from incubation to availing their products and services to the market. There is also challenges in the flow of information such that the MSMEs are not aware of the existence of the opportunities they could tap into to access support.

3.9. Departmental Committee on Labour and Social Services

58. There are other government Ministries, Departments and Agencies (MDAs) involved in social protection such as the Ministry of Education, the Ministry of Health, and the State Department for Development of ASALs and the County Governments. There is, however, no coordination body that harmonizes and aligns all the Programmes across these MDAs. There is also need for more coordination of all the Affirmative Action Funds to avoid abuse through double benefit at the expense of other needy beneficiaries.

59. Incidents of Kenyan migrant workers being mistreated in the Gulf region has been on the rise yet there is no policy or targeted interventions proposed in the Budget Policy Statement for FY 2022 and the medium-term. The Ministry should provide a web-based system that can easily track both the employer and the employee day to day interactions including a real-time complaint mechanism or distress call that is immediate rather than wait for weeks and months of harassment. The system should contain all details (next of kin, passport number et al) of the employer, employee and the Agents in Kenya and the destination country.

3. 10. Departmental Committee on Administration and National Security.

60. The State Department was yet to conclude the exercise on the audit of police housing has had earlier been directed by the Committee. Further, the Police officers who were staying within police lines were yet to start paying economic rent as they were still waiting for a report by the State Department for Housing on the same.
61. The Historical Pending Bills of Ksh. 6.2 billion that had been appropriated by the National Assembly in the FY 2019/20 had not been fully paid to the beneficiaries on account of incomplete documentations while others were subject to investigations by EACC.
62. Article 246 (3a) gives the National Police Service Commission the mandate to recruit and appoint persons to hold or act in offices within the National Police Service. Further the Commission has the mandate to confirm appointments and determine promotions and transfers within the Service. While resources should follow functions, it was observed that the Commission had not been given resources for these functions and neither had the State Department for Interior surrender such functions to the Commission.

3. 11. Departmental Committee on Lands and Physical Planning

63. Although the Ministry had committed to complete the development of an integrated revenue digital collection system by July 2021, the committee observed that the target was not met with the Ministry reporting that the said revenue collection system could be integrated with the Digitization of Land records project. The system was to ensure collection leakages are eliminated for the Ministry to meet its revenue collection targets. Given the slow pace in

implementing the Digitization of land records project, there is a need for an interim digital revenue collection system to mitigate revenue leakages.

64. The digitization process at the ministry, which is key to the unlocking of critical sector services, has not been implemented on time, with only Nairobi County being undertaken. The slow implementation has been attributed to challenges relating to parcel identification and illegal occupation of both private and public parcels registered in the Nairobi Land registries where the project has been undertaken. However, the committee noted that the project continued to absorb budgetary allocations without corresponding outputs. The actual cumulative expenditure as of January 2022 amounting to Ksh. 5.9 billion out of the estimated total project cost of Ksh. 10 billion.

3.12. Departmental Committee on Energy

65. Although part of the implementation of the Report of the Presidential Task Force on Review The implementation of the fuel subsidy is hampered by a lack of the Board to administer the Petroleum Development Levy Fund and the uncertainty of the Fund as a fuel stabilization measure in the long term of Power Purchase Agreements that establishes a pathway for the reduction of electricity prices by 30 percent is expected to be undertaken in the FY 2022/23, no clear timelines have been provided in the BPS 2022 to determine the effectiveness of the planned reforms and effect on consumer welfare. However, the Ministry in their submissions indicated that the full reduction in electricity prices will be achieved by 31st March 2022 leveraging on reduction in system losses and re-negotiation of power purchase agreements with Independent Power Producers.

66. The implementation of the fuel subsidy is hampered by a lack of the Board to administer the Petroleum Development Levy Fund and the uncertainty of the Fund as a fuel stabilization measure in the long term.

3.13. Departmental Committee on Finance and National Planning

67. The recent re-organization through the Executive Order No. 4 of 2021 transferred the Special Initiatives programme to the State Department of Social Protection, Senior Citizens Affairs and Special Programmes. The State Department's allocation in the 2022 BPS includes an amount of Ksh. 44.4 million which relates to the transferred function.

68. The Controller of Budget is unable to prepare and submit the Budget Implementation ReviewReports in a timely manner due to conflicting reporting timelines in the legal framework. Thetimelines for submission of the financial reports by spending entities are provided under thePFM Act. Section 166 (4) requires the county treasury to consolidate the quarterly financialreport from the accounting officers and deliver a copy to the Controller of Budget not later than 30 days after the end of each quarter. This is the same period the OCOB is required to prepare and submit BIRRs to Parliament. This leaves no room for analysis and verification ofthe information published.

3.14. Departmental Committee on Health

69. There is quite a number of missed targets on various initiatives which were set in 2018 to support attainment of UHC. For instance establishment of 10 referral hospital, increasing health budget to 15%, enrolments to NHIF among others which are way below the set targets. The non- attainment is largely attributed to resource constraints. This means that some of this initiatives will be rolled in the next MTEF and more resources committed to hasten their implementation.

70. According to contractual agreements, the Leasing of the Medical Equipment project will come to end by close of 2022. To decide on the fate of the project after expiry of the contract, a committee was established to look into the issue and each county will give a response to the established committee on MES to advice on to whether to continue with MES or otherwise. In 2022/23 has Kshs 5.2 billion proposed allocations to MES.

71. As the country prepares to roll out UHC, there is need to fast-track consolidation of the fragmented state sponsored social insurance schemes (HISP OVC, Elderly, PWD, Linda Mama, Edu-Afya) to create a single pool of resources to adequately support rollout of UHC.

IV. PARLIAMENTARY SERVICE COMMISSION AND OFFICE OF THE AUDITOR GENERAL

72. The Parliamentary Service Commission submitted to the Budget and Appropriations Committee, expenditure requirements amounting to Ksh. 65.71 billion. This translates to a Ksh. 27.23 billion deviation from the resource ceiling of Ksh. 38. 476 billion presented by the National Treasury. The committee observed that the additional requests include one-off expenditures amounting to Ksh. 11.7 billion which are unavoidable under the current circumstances given the lapsing of the 12th Parliament. In order to live within the deficit while at the same time taking care of these critical expenditures, the committee recommends that the Parliamentary Service Commission budget ceiling be approved as presented by the National Treasury with an additional allocation of Ksh. 11.7 billion to cater for the one-off expenditure needs.

73. The Office of the Auditor General submitted expenditure requirements amounting to Ksh. 8.35 billion. However, taking into account the fiscal deficit concerns, the Budget and Appropriations Committee recommends that the budget ceiling for the office be maintained at Ksh. 6.378 billion as submitted by the National Treasury.

74. **In total, the committee received additional requests amounting to Ksh. 125 billion. The details are provided in Annex 1.**

V. COMMITTEE RECOMMENDATIONS ON THE 2022 BUDGET POLICY STATEMENT

75. Arising from the above deliberations, the Committee recommends as follows:

a. Recommendations

i) That, the National Treasury submits a report on the implementation status of the Big Four Agenda to Parliament by 31st of March,2022. The report should include information on key milestones achieved, missed targets and a list of development projects to be completed in FY 2022/23 as prioritized under the Public Investment Management.

ii) That, the National Treasury should in future prepare the Budget Policy Statement in line with the public debt ceiling.

iii) That, the National Treasury should submit a status report of the Credit Guarantee Scheme to the National Assembly by 31st March 2022. This report should contain details on the amounts released and the number of beneficiaries.

iv) That, the National Treasury should expedite the finalization of the proposed Medium Term Revenue Strategy (MTRS) and submit it to the National Assembly by 30th April 2022.

v) That, the National Treasury spearheads an evaluation of the emergency relief cash-transfer programme to households affected by drought under the Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programmes. The evaluation report be submitted to Parliament within the next three months.

vi) That, a framework on the pre-approvals under Article 223 of the Constitution on Supplementary Budget be developed by the National Treasury, Controller of Budget and Office of the Auditor General and a report be submitted to Parliament within two months.

vii) That, the State Department for ICT and Innovation to spearhead the establishment of a multi-agency committee that should come up with a strategy on the rollout of the Digital Learning Programme and a report be submitted to Parliament within six months upon approval of the 2022 BPS. The multi-agency committee should be made up of representatives from the State Departments for Energy, State Department for Interior and Co-ordination of National Government, Ministry of Education Research and Technology, and the State Department for ICT and Innovation. Further, the strategy should incorporate modalities of addressing challenges in settling of electricity bills in public learning schools.

viii) That, the relocation to Konza Techno Polis of the relevant agencies domiciled in the State Department for ICT and Innovation such as the Kenya Film School, Kenya Film Classification Board and the Kenya Film Commission to be effected by 31st December 2022 and the budget savings from this be utilized to reduce the fiscal deficit.

ix) That, the Ministry of Education through stakeholders' engagements should spearhead the review of the capitation amount provided for public primary school learners and realign it to support the implementation of the new curriculum without compromising the quality of education. This report should be submitted to the National Assembly within two months.

x) That, within the next three months, the higher education sub sector should through the University Funding Board (UFB) establish and implement the university education data management information system to promote accountability and improve management of disbursed funds. This university data management systems should also be linked to National Education Management information systems (NEMIS) to create a pool of credible data for the whole education sector.

xi) That, within the next two months, the State Department for Early Learning and Basic Education to submit a report to the National Assembly on the re-mapping of areas to benefit from the school feeding programme and the new re-mapping when approved should form the basis of implementing programme in 2022/23 financial year. Further, for effective and smooth implementation and management of this programme it should be fully transferred and be domiciled in the National Council for Nomadic Education in Kenya (NACONEK).

xii) That, in the next financial year 2022/23 the One Village One Product (OVOP) initiative which will cost Kshs. 505 million should be implemented and be domiciled under the Kenya Industrial Estate (KIE). The National Treasury should provide for the required resources.

xiii) That, the State Department for Labour should submit to Parliament the Labour Migration Bill within two months after the approval of the 2022 BPS, to address the matter of mistreatment of Kenyan migrant workers in the Gulf Region. Cases of Kenyan migrant workers being mistreated in the Gulf region have been on the rise yet there is no policy or targeted interventions to address the same.

xiv) That, the police housing audit be fast-tracked by the Cabinet Secretaries for the State Department for Interior and State Department for Housing and Urban Development. The report should be submitted to the National Assembly by 1st June 2022.

xv) That, the Cabinet Secretary Ministry of Lands and Physical Planning should complete the development of an interim digital revenue collection system by 30th June 2022 and report be submitted to Parliament. This is to ensure collection leakages are eliminated for the Ministry to meet its revenue collection targets.

xvi) That, the State Department for Petroleum should review the Petroleum Development Fund Act, 1991 to provide for a Board to administer the funds and ring-fence the allocations/appropriations for use in fuel stabilization by the end of FY 2022/2023.

xvii) That, the National Treasury, Kenya Revenue Authority (KRA), Commission on Revenue Allocation (CRA) and the Council of Governors should fast-track the development of an integrated County Revenue Management system for a unified revenue collection system for all counties. The CRA should fast track the development of model tariffs and pricing policy to guide counties to develop their own.

xviii) That, within the next one month, the Ministry of Health should submit an exit report for the leasing of the medical equipment programme. The report should contain among other things the successes, challenges and value for money of the programme and more particularly detailing the Ministry's option as regards the equipment when the contract comes to an end later this year. It is critical that the persistent and pertinent issues surrounding this project are addressed to guarantee smooth transition.

xix) That, the Ministry of Health should ensure by 1st May 2022 the fragmented government sponsored social health covers such as Linda mama, insurance for Elderly and PWDs, Edu Afya are harmonized into one single pool of resources for UHC. The savings from the implementation of this policy should be used to reduce the fiscal deficit.

xx) That, the Ministry of Health should by 1st September 2022 submit to Parliament a clear policy and criteria of classifying health facilities across the country. This will facilitate smooth and seamless transfer of health facilities between the two levels of government.

76. A complete compilation of observations and policy recommendations from the Departmental Committees on the 2022 Budget Policy Statement is in Annex 3 attached.

b. Public hearings

77. Having consulted the members of the public on the Budget Policy Statement, the submissions received are attached in Annex 2 for consideration during finalization of the budget.

c. Public debt

78. The Committee is concerned that the BPS had proposed an overall deficit of 846 billion which if approved, has a potential to breach the approved debt ceiling of Ksh. 9 trillion. It is forecasted that by end of June 2022 the stock of debt will amount to Ksh. 8.6 trillion which means that the only amount available for the next financial year without an amendment of the ceiling will be Ksh. 400 billion. The committee therefore recommends that the overall deficit be limited to Ksh. 400 billion.

d. Financial Recommendations

79. Arising from the deliberations and taking into account the fiscal responsibility principles, the committee recommends that this House resolves as follows:

i. **That**, the fiscal deficit be capped at 400 billion or 3.0% of GDP whichever is lower.
ii. **That,** the National Government budget ceiling be approved at Ksh. 1,629.011 trillion.
iii. *Of which:*

1) Executive	Ksh. 1,559.910 billion
Of which: Office of the Auditor General	Ksh. 6.378 billion
2) Parliament	Ksh. 50.220 billion
3) Judiciary	Ksh. 18.885 billion

iv. **That**, the budget ceilings of the Ministries, Departments and Agencies (MDAs) be rationalized to be within the deficit as resolved and/or measures be put in place to collect additional revenue.
v. **That**, the County Government Equitable Share be approved at Ksh. 370 billion.
vi. **That,** the Equalization Fund be approved at Ksh. 7.068 billion.
vii. **That**, the conditional grants be approved at Ksh. 37 billion and be distributed in accordance with Annex 4 attached.
viii. **That,** once approved by this House, these recommendations **SHALL** form the basis of the 2022/2023 budget.

ADOPTION SCHEDULE

Members' attendance list

Budget and Appropriations Committee

Date 15/02/22 **Time………… Sitting: ………..**

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

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

Signed...

Date..
Committee Clerk

Signed...

Date..

Director of Audit, Appropriations & Other Select Committees

ANNEX I FINANCIAL RECOMMENDATIONS ON THE BUDGET POLICY STATEMENT

ANNEX I FINANCIAL RECOMMENDATIONS BY DEPARTMENTAL COMMITTEES

Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Recurrent Reduction	Recurrent Increase	Development Reduction	Development Increase	Net Change	Comments	2022/2023 Final Ceilings Gross Current	Gross Development	Gross Total
	ENVIRONMENT AND NATURAL RESOURCES		-	3,500,000,000	-	200,000,000	3,700,000,000		33,932,000,000	86,805,000,000	120,737,000,000
1109		Ministry of Water, Sanitation and Irrigation	-	-	-	200,000,000	200,000,000		6,700,000,000	81,215,000,000	87,915,000,000
1109		1001000 General Administration, Planning and Support Services					-		788,000,000	366,000,000	1,154,000,000
1109		1004000 Water Resources Management					-		1,777,000,000	14,478,000,000	16,255,000,000
1109		1017000 Water and Sewerage Infrastructure Development					-		3,375,000,000	45,132,000,000	48,507,000,000
1109		1014000 Irrigation and Land Reclamation				200,000,000	200,000,000	**Additional request of Ksh. 200 million (Development)** to cater for shortfall for expansion of Galana Kulalu Irrigation project to cover 10,000	729,000,000	8,937,000,000	9,666,000,000
1109		1015000 Water Storage and Flood Control					-		-	9,872,000,000	9,872,000,000
1109		1022000 Water Harvesting and Storage for Irrigation					-		31,000,000	2,430,000,000	2,461,000,000
1203		State Department for Wildlife	-	3,500,000,000	-	-	3,500,000,000		10,664,000,000	923,000,000	11,587,000,000
1203		1019000 Wildlife Conservation and Management	-	3,500,000,000	-	-	3,500,000,000	**Additional request of Ksh. 3.5 billion** 1) **Ksh. 1.5 billion (Recurrent)** for recruitment of KWS rangers and wardens. 2) **Ksh. 1.5 billion (Recurrent)** for payment of Human Wildlife conflict pending claims. 3) **Ksh. 500 million (Recurrent)** to ensure 5,500 community scouts are paid their wages	10,664,000,000	923,000,000	11,587,000,000
	DEPARTMENTAL COMMITTEE ON LANDS		-	-	-	-	-		4,628,400,000	2,822,100,000	7,450,500,000
	DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK		-	-	-	13,780,000,000	13,780,000,000		19,982,900,000	47,902,400,000	67,885,300,000
1162		State Department for Livestock	-	-	-	100,000,000	100,000,000		3,458,700,000	3,879,400,000	7,338,100,000
1162		0112000 Livestock Resources Management and Development	-	-	-	100,000,000	100,000,000	**Additional Ksh. 100 million (Development)** for livestock insurance.	3,458,700,000	3,879,400,000	7,338,100,000
1166		State Department for Fisheries, Aquaculture & the Blue Economy	-	-	-	300,000,000	300,000,000		2,192,600,000	9,267,000,000	11,459,600,000
1166		0111000 Fisheries Development and Management	-	-	-	300,000,000	300,000,000	**Additional Ksh. 300 million (Development)** for Lake Victoria landing sites (Nyandhiwa, Mulukhoba, Wichlum and Ogal)	1,870,000,000	6,568,000,000	8,438,000,000
1166		0117000 General Administration, Planning and Support Services	-	-	-	-	-		217,600,000	50,000,000	267,600,000
1166		0118000 Development and Coordination of the Blue Economy	-	-	-	-	-		105,000,000	2,649,000,000	2,754,000,000
1169		State Department for Crop Development & Agricultural Research	-	-	-	13,380,000,000	13,380,000,000		14,331,600,000	34,756,000,000	49,087,600,000
1169		0107000 General Administration Planning and Support Services	-	-	-	-	-		5,074,600,000	3,158,000,000	8,232,600,000
1169		0108000 Crop Development and Management	-	-	-	13,380,000,000	13,380,000,000	**Addition Ksh 13.38 billion (Development) for the following** 1) **Ksh 1.5 billion** for national value chain support programme to ensure the targeted 200,000 smallholder farmers access inputs. 2) **Ksh. 1 billion** for Agricultural Finance Corporation. 3) **Additional Ksh. 10.88 billion** for National Cereals and Produce Board for stocking of National Food Reserve Commodities	3,518,000,000	29,065,000,000	32,583,000,000
1169		0109000 Agribusiness and Information Management	-	-	-	-	-		140,000,000	1,459,000,000	1,599,000,000
1169		0120000 Agricultural Research & Development	-	-	-	-	-		5,599,000,000	1,074,000,000	6,673,000,000
	EDUCATION AND RESEARCH		-	8,700,000,000	-	4,015,000,000	12,715,000,000		510,149,500,000	28,515,000,000	538,664,500,000
1065		State Department for University Education	-	4,000,000,000	-	15,000,000	4,015,000,000		95,135,000,000	5,728,000,000	100,863,000,000
1065		0504000 University Education	-	4,000,000,000	-	15,000,000	4,015,000,000	1) **Additional request of Ksh. 4 billion (Recurrent)** to cater for Collective Bargaining Agreement -public universities and constituent colleges 2) **Additional Ksh. 15 million (Development)** for university funding board (UFB) to complete the processing and installing of modern data management information system in all universities	93,785,000,000	5,698,000,000	99,483,000,000
		0506000 Research, Science, Technology and Innovation	-	-	-	-	-	-	890,000,000	30,000,000	920,000,000

ANNEX I FINANCIAL RECOMMENDATIONS ON THE BUDGET POLICY STATEMENT

ANNEX I FINANCIAL RECOMMENDATIONS BY DEPARTMENTAL COMMITTEES

Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Recurrent		Development		Net Change	Comments	2022/2023 Final Ceilings		
			Reduction	Increase	Reduction	Increase			Gross Current	Gross Development	Gross Total
1065		0508000 General Administration, Planning and Support Services	-	-	-	-	-		460,000,000	-	460,000,000
1066		State Department for Early Learning & Basic Education	-	200,000,000	-	4,000,000,000	4,200,000,000		95,042,000,000	15,502,000,000	110,544,000,000
1066		0501000 Primary Education	-	200,000,000	-	-	200,000,000	Additional request of Ksh. 200 million (Recurrent) for sanitary towel programme	18,225,000,000	1,935,000,000	20,160,000,000
1066		0502000 Secondary Education	-	-	-	4,000,000,000	4,000,000,000	Additional request of Ksh. 4 billion (Development) for CBC infrastructure	68,392,000,000	12,771,000,000	81,163,000,000
1066		0503000 Quality Assurance and Standards	-	-	-	-	-		3,701,000,000	646,000,000	4,347,000,000
1066		0508000 General Administration, Planning and Support Services	-	-	-	-	-		4,724,000,000	150,000,000	4,874,000,000
2091		Teachers Service Commission	-	4,500,000,000	-	-	4,500,000,000		300,453,000,000	656,000,000	301,109,000,000
2091		0509000 Teacher Resource Management	-	2,500,000,000	-	-	2,500,000,000	Additional request of Ksh. 2.5 billion (Recurrent) for recruitment of 5,000 secondary school teacher	290,358,000,000	600,000,000	290,958,000,000
2091		0510000 Governance and Standards	-	2,000,000,000	-	-	2,000,000,000	Additional request of Ksh. 2 billion (Recurrent) for Teacher profession development courses	3,161,000,000	-	3,161,000,000
2091		0511000 General Administration, Planning and Support Services	-	-	-	-	-		6,934,000,000	56,000,000	6,990,000,000
	DEPARTMENTAL COMMITTEE ON DEFENCE & FOREIGN RELATIONS		-	12,433,900,000	-	5,447,000,000	17,880,900,000		204,839,200,000	40,563,000,000	245,402,200,000
1041		Ministry of Defence	-	8,603,500,000	-	4,600,000,000	13,203,500,000		133,818,800,000	36,954,000,000	170,772,800,000
1041		0801000 Defence	-	6,084,000,000	-	4,600,000,000	10,684,000,000	1) Additional Ksh 6 billion (recurrent) 2) Additional Ksh. 3.6 billion (Development) for modernizing equipment 3) Additional Ksh. 500 million (Development) for Boarder security 4) Additional Ksh. 500 million (Development) for maintenance of major equipment	128,053,400,000	36,954,000,000	165,007,400,000
1041		0802000 Civil Aid	-	-	-	-	-		400,000,000	-	400,000,000
1041		0803000 General Administration, Planning and Support Services	-	2,519,500,000	-	-	2,519,500,000	Additional request of Ksh. 2.5 billion (recurrent) for shortfalls in the program	5,145,400,000	-	5,145,400,000
1041		0805000000 National Space Management	-	-	-	-	-		220,000,000	-	220,000,000
1221		State Department for East African Community	-	527,200,000	-	77,000,000	604,200,000		1,178,100,000	77,000,000	1,255,100,000
1221		0305000 East African Affairs and Regional Integration	-	527,200,000	-	77,000,000	604,200,000	1) Additional Ksh 527.2 million (Recurrent) being towards critical shortfalls in Operations and Maintenance. 2) Additional Ksh. 77 million (Development) for infrastructure at Busia border post	1,178,100,000	77,000,000	1,255,100,000
1222		State Department for Regional & Northern Corridor Development	-	-	-	770,000,000	770,000,000		3,257,300,000	1,735,900,000	4,993,200,000
1222		1013000 Integrated Regional Development	-	-	-	770,000,000	770,000,000	Additional Ksh. 770 million (Development) to projects implemented by RDAs	3,257,300,000	1,735,900,000	4,993,200,000
1281		National Intelligence Service	-	3,303,200,000	-	-	3,303,200,000		48,830,900,000	-	48,830,900,000
1281		0804000 National Security Intelligence	-	3,303,200,000	-	-	3,303,200,000	Additional request of Ksh 3.3 billion (Recurrent) for intelligence equipment modernization	48,830,900,000	-	48,830,900,000
	DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING		-	-	-	-	-		64,931,300,000	177,635,600,000	242,566,900,000
	DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS AND HOUSING		-	-	-	16,471,000,000	16,471,000,000		85,713,000,000	181,059,000,000	266,772,000,000
1094		State Department for Housing and Urban Development	-	-	-	10,760,000,000	10,760,000,000		1,263,000,000	29,542,000,000	30,805,000,000

			ANNEX I FINANCIAL RECOMMENDATIONS ON THE BUDGET POLICY STATEMENT								
			ANNEX I FINANCIAL RECOMMENDATIONS BY DEPARTMENTAL COMMITTEES								
			Recurrent		Development				2022/2023 Final Ceilings		
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Reduction	Increase	Reduction	Increase	Net Change	Comments	Gross Current	Gross Development	Gross Total
1094		0102000 Housing Development and Human Settlement	-	-	-	8,910,000,000	8,910,000,000	**Additional request of Ksh 8.9 billion (Development) for :** 1) **Ksh. 200 million (Development)** for Police housing 2) **Ksh 1.8 billion (Development)** for Social housing 3) **Ksh 660 million (Development)** for 6,100 houses for civil servants 4) **Ksh. 1 billion (Development)** for affordable housing 5) **Ksh. 5 billion (Development)** for housing development fund 6) **Ksh. 250 million (Development)** for Rural housing loan programme	715,000,000	22,573,000,000	23,288,000,000
1094		0105000 Urban and Metropolitan Development	-	-	-	1,850,000,000	1,850,000,000	**Additional request of Ksh1.85 billion** for 1) **Ksh. 350 million** for Ruai Market 2) **Ksh. 1.5 billion** for Nairobi Metropolitan Transport Authority	285,000,000	6,969,000,000	7,254,000,000
1094		0106000 General Administration Planning and Support Services	-	-	-	-	-		263,000,000	-	263,000,000
1095		**State for Public Works**	-	-	-	**5,711,000,000**	**5,711,000,000**		**3,363,000,000**	**7,021,000,000**	**10,384,000,000**
1095		0103000 Government Buildings	-	-	-	5,711,000,000	5,711,000,000.00	**Increase Ksh 5.7 billion (Development)** for 1) **Ksh. 636 million (Development)** for 22 completed projects whose final accounts remain unsettled 2) **Ksh. 5.07 billion (Development)** to complete ongoing projects	551,000,000	6,341,000,000	6,892,000,000
1095		0104000 Coastline Infrastructure and Pedestrian Access	-	-	-	-	-		173,000,000	321,000,000	494,000,000
1095		0106000 General Administration Planning and Support Services	-	-	-	-	-		360,000,000	14,000,000	374,000,000
1095		0218000 Regulation and Development of the Construction Industry	-	-	-	-	-		2,279,000,000	345,000,000	2,624,000,000
	THE DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS		-	**1,342,100,000**	-	**500,000,000**	**1,842,100,000**		**55,555,200,000**	**2,990,000,000**	**58,545,200,000**
1252		**State Law Office and Department of Justice**	-	**30,000,000**	-	-	**30,000,000**		**5,129,300,000**	**188,500,000**	**5,317,800,000**
1252		0606000 Legal Services	-	-	-	-	-		2,444,300,000	-	2,444,300,000
1252		0607000 Governance, Legal Training and Constitutional Affairs	-	-	-	-	-		1,879,500,000	98,500,000	1,978,000,000
1252		0609000 General Administration, Planning and Support Services	-	30,000,000	-	-	30,000,000	**Additional allocation of Kshs 30 million (Recurrent)** for the operationalization of the National Coroner Service. The office will critical in investigating the increasing cases of extra-judicial killings reported in some parts of the country.	805,500,000	90,000,000	895,500,000
1271		**Ethics and Anti-Corruption Commission**	-	**230,000,000**	-	-	**230,000,000**		**3,650,500,000**	**158,000,000**	**3,808,500,000**
1271		0611000 Ethics and Anti-Corruption	-	230,000,000	-	-	230,000,000	**Additional allocation of Kshs 230 million (Recurrent)** comprised of 1) **Kshs 80 million** for its integrity suitability verification programme especially during the electioneering period 2) **Kshs 150 million** for targeted investigations, undercover and sting operations on programmes and projected linked to Big 4 agenda.	3,650,500,000	158,000,000	3,808,500,000
1291		**Office of the Director of Public Prosecutions**	-	**400,000,000**	-	-	**400,000,000**		**3,682,000,000**	**143,500,000**	**3,825,500,000**
1291		0612000 Public Prosecution Services	-	400,000,000	-	-	400,000,000	**Additional Ksh. 400 million (recurrent) for the following** 1) **Kshs 200 million** for Election preparedness and prosecution of matters relating to elections 2) **Kshs 200 million** for ongoing anti-corruption and counter terrorism activities.	3,682,000,000	143,500,000	3,825,500,000
1311		**Office of the Registrar of Political Parties**	-	**149,200,000**	-	-	**149,200,000**		**2,226,100,000**	-	**2,226,100,000**

ANNEX I FINANCIAL RECOMMENDATIONS ON THE BUDGET POLICY STATEMENT

ANNEX I FINANCIAL RECOMMENDATIONS BY DEPARTMENTAL COMMITTEES

Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Recurrent		Development		Net Change	Comments	2022/2023 Final Ceilings		
			Reduction	Increase	Reduction	Increase			Gross Current	Gross Development	Gross Total
1311		0614000 Registration, Regulation and Funding of Political Parties	-	149,200,000	-	-	149,200,000	**Additional Ksh. 149.2 million (Recurrent) for the following** 1) Training of political parties chief agents on general election matters – **Kshs 50.3 million,** 2) post-election activities/evaluation – **Kshs 33.2 million,** 3) legal dues/fees – **Kshs 35.7 million** 4) post-election stakeholder engagement for report dissemination – **Kshs 30 million**	2,226,100,000	-	2,226,100,000
1321		**Witness Protection Agency**	-	**58,700,000**	-	-	**58,700,000**		**672,800,000**	-	**672,800,000**
1321		0615000 Witness Protection	-	58,700,000	-	-	58,700,000	**Additional Kshs 58.7 million (Recurrent)** to cater for the following; 1) relocation of offices –**Kshs 19.5 million,** 2) witness protection programme – **Kshs 39.2 million.**	672,800,000	-	672,800,000
2011		**Kenya National Commission on Human Rights**	-	**64,200,000**	-	-	**64,200,000**		**488,600,000**	-	**488,600,000**
2011		0616000 Protection and Promotion of Human Rights	-	64,200,000	-	-	64,200,000	**Additional allocation of Kshs 64.2 million (Recurrent)** to cater for the following key areas; Internet connections; refurbishment of Kitale, Central and Head office, Staff capacity building in the respective areas of expertise; Staff airtime; Motor vehicle fuel; Routine maintenance of office furniture, ICT equipment and licenses; and Office telephone and staff airtime.	488,600,000	-	488,600,000
2131		**Commission on Administrative Justice**	-	**30,000,000**	-	-	**30,000,000**		**754,300,000**	-	**754,300,000**
2131		0731000 Promotion of Administrative Justice	-	30,000,000	-	-	30,000,000	**Additional of Kshs 30 million (Recurrent)** for the following key areas; 1) Public education and awareness and Access to information activities - **Kshs 10 million,** 2) Digitization of the commission activities - **Kshs 20 million,.**	754,300,000	-	754,300,000
1261		**The Judiciary**	-	-	-	**500,000,000**	**500,000,000**		**16,297,400,000**	**2,500,000,000**	**18,797,400,000**
1261		0610000 Dispensation of Justice	-	-	-	500,000,000	500,000,000	**Additional allocation of Kshs 500 million (Development)** to the Judiciary to facilitate the ongoing court constructions across the country.	16,297,400,000	2,500,000,000	18,797,400,000
2051		**Judicial Service Commission**	-	**380,000,000**	-	-	**380,000,000**		**967,300,000**	-	**967,300,000**
2051		0619000 General Administration, Planning and Support Services	-	380,000,000	-	-	380,000,000	**Additional allocation Kshs 380 million (Recurrent)** for the following 1) Commission to facilitate the Automation of the judicial service commission operations – **Kshs 50 million** 2) public education and stakeholder engagements **Ksh 70 million,** 3)complaint management **Kshs 50 million,** 4) recruitment for judiciary **Kshs 60 million,** 5) partitioning and furnishing of JSC pension towers offices **Kshs 30 million,** 6) Kenya Judiciary Academy – Kshs 120 million.	967,300,000	-	967,300,000
	DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION		-	-	-	-	-		**8,629,000,000**	**14,903,000,000**	**23,532,000,000**
	DEPARTMENTAL COMMITTEE ON ADMINISTRATION & NATIONAL SECURITY		-	**8,320,000,000**	-	**800,000,000**	**9,120,000,000**		**210,393,900,000**	**10,074,500,000**	**220,468,400,000**
1021		**State Department for Interior and Citizen Services**	-	**5,800,000,000**	-	**700,000,000**	**6,500,000,000**		**142,176,300,000**	**7,523,900,000**	**149,700,200,000**
1021		0601000 Policing Services	-	5,800,000,000	-	100,000,000	5,900,000,000	**1) Additional KSh.5.8 billion (Recurrent)** towards enhancement of Police Insurance. **2) Additional Kshs. 100 million (Development)** for the construction of suitable office block for the Firearms Licensing Board	107,928,300,000	1,755,000,000	109,683,300,000
1021		0603000 Government Printing Services	-	-	-	-	-		708,100,000	300,000,000	1,008,100,000
1021		0605000 Migration & Citizen Services Management	-	-	-	200,000,000	200,000,000	**Additional KSh 200 million** towards automation of Immigration Services especially in light of roll out of E-passport.	2,492,500,000	950,000,000	3,442,500,000

Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	ANNEX I FINANCIAL RECOMMENDATIONS ON THE BUDGET POLICY STATEMENT ANNEX I FINANCIAL RECOMMENDATIONS BY DEPARTMENTAL COMMITTEES Recurrent		Development			Comments	2022/2023 Final Ceilings		
			Reduction	Increase	Reduction	Increase	Net Change		Gross Current	Gross Development	Gross Total
1021		0625000 Road Safety	-	-	-	300,000,000	300,000,000	**Additional allocation** towards National Transport and Safety Authority (NTSA) **1) Ksh. 150 million (Development)** for roll out of Smart driving license in the 52 Huduma centers in the country **2) Ksh. 150 million (Development)** for Refurbishment of Motor Vehicle Inspection Centers which were inherited from the Police	2,204,400,000	820,900,000	3,025,300,000
1021		06256000 Population Management Services	-	-	-	-	-		3,928,000,000	1,536,500,000	5,464,500,000
		0629000 General Administration and Support Services	-	-	-	-	-		23,952,400,000	2,011,500,000	25,963,900,000
		0630000 Policy Coordination Services -	-	-	-	100,000,000	100,000,000	**Additional KSh. 100 million (Development)** towards Policy coordination for construction of Miritini Rehabilitation Centre	962,600,000	150,000,000	1,112,600,000
1023		**State Department for Correctional Services**	-	-	-	**100,000,000**	**100,000,000**		**29,009,200,000**	**1,365,400,000**	**30,374,600,000**
1023		0623000 General Administration, Planning and Support Services	-	-	-	-	-		339,700,000	15,000,000	354,700,000
1023		0627000 Prison Services	-	-	-	100,000,000	100,000,000	**Additional Kshs.100 million (Development)** towards enhanced security surveillance for prison facilities	26,970,200,000	1,080,400,000	28,050,600,000
1023		0628000 Probation & After Care Services	-	-	-	-	-		1,699,300,000	270,000,000	1,969,300,000
2071		**Public Service Commission**	-	**2,500,000,000**	-	-	**2,500,000,000**		**5,015,800,000**	**26,300,000**	**5,042,100,000**
2071		0725000 General Administration, Planning and Support Services	-	2,500,000,000	-	-	2,500,000,000	**Additional request for KSh. 2.5 billion (Recurrent)** towards Public Service Internship Programme (PSIP) to increase the number of interns by 10,000.	3,376,800,000	26,300,000	3,403,100,000
2071		0726000 Human Resource Management and Development	-	-	-	-	-		1,445,700,000	-	1,445,700,000
2071		0727000 Governance and National Values	-	-	-	-	-		147,700,000	-	147,700,000
2071		0744000 Performance and Productivity Management	-	-	-	-	-		45,600,000	-	45,600,000
2101		**National Police Service Commission**	-	**20,000,000**	-	-	**20,000,000**		**1,029,300,000**	-	**1,029,300,000**
2101		0620000 National Police Service Human Resource Management	-	20,000,000	-	-	20,000,000	**Additional KSh. 20 million (Recurrent)** to enhance police counselling services under National Police Service Commission	1,029,300,000	-	1,029,300,000
	DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES		-	**1,450,100,000**	-	**2,720,100,000**	**4,170,200,000**		**8,924,800,000**	**8,525,800,000**	**17,450,600,000**
1173		**State Department for Cooperatives**	-	**215,000,000**	-	**750,000,000**	**965,000,000**		**1,956,700,000**	**1,350,500,000**	**3,307,200,000**
1173		0304000 Cooperative Development and Management	-	215,000,000	-	750,000,000	965,000,000	**Increase Recurrent expenditure by Ksh. 215 million** for the following: **1) Kshs. 80 million (Recurrent)** for the Office of the Commissioner for Cooperatives to implement the National Cooperative Policy and Cooperative Act and to review the SACCO Societies Act and develop cooperative regulations **2) Kshs 35 million (Recurrent)** for the New Kenya Planters Cooperative Union to operationalize Cherry Advance Revolving Fund (CCARF). **3) Kshs. 100 million (Recurrent)** for the Sacco Societies Regulatory Authority to operationalize the non-withdrawable deposit taking SACCOs regulations.	1,956,700,000	1,350,500,000	3,307,200,000

			ANNEX I FINANCIAL RECOMMENDATIONS ON THE BUDGET POLICY STATEMENT								
			ANNEX I FINANCIAL RECOMMENDATIONS BY DEPARTMENTAL COMMITTEES								
			Recurrent		Development				2022/2023 Final Ceilings		
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Reduction	Increase	Reduction	Increase	Net Change	Comments	Gross Current	Gross Development	Gross Total
								Increase Development expenditure by Ksh. 750 million for the following 1) **Capital- Kshs. 200 million** for New KCC for completion of modernization of the remaining milk processing plant (Nyambene, Mirilini and Kitale). 2) **Capital- Kshs. 250 million** for New KCC milk powder project to mop up excess milk, reduce wastage and ensure steady income to dairy farmers. 3) **Capital- Kshs. 30 million** for Cooperative Management Information System for back up and recovery center, upgrading systems and replacement of equipment. 4) **Capital- Kshs. 120 million** for modernization of Cooperative Cotton Ginneries for commencement of modernization of PAVI and Homabay Cotton Cooperative Ginneries. 5) **Capital- Kshs. 100 million** for revitalization of coffee industry through coffee cooperatives for digitization and modernization of coffee cooperative factories. 6) **Capital- Kshs. 50 million** for Kenya National Trading Cooperation to refurbish warehouses to store procured rice to avoid contamination			
1174		**State Department for Trade and Enterprise Development**	-	**748,000,000**	-	**60,000,000**	**808,000,000**		**3,213,100,000**	**1,596,700,000**	**4,809,800,000**
1174		0307000 Trade Development and Promotion							-	-	-
1174		P1:Domestic Trade and Enterprise Development				60,000,000	60,000,000	**Increase development** expenditure by **Ksh 60 million** for Construction of the Perimeter fence for the KIBT building.	570,200,000	1,496,700,000	2,066,900,000
1174		P2:Fair Trade Practices and Compliance Standards	-	-	-		-		496,600,000	100,000,000	596,600,000
1174		P3:International Trade Development and Promotion	-	573,000,000	-	-	573,000,000	**Increase recurrent expenditure by Ksh. 573 million** for the following 1) **Kshs 125 million (Recurrent)** for Kenya US FTA 2) **Ksh. 25 million (Recurrent)** for Kenya UK trade negotiations 3) **Ksh. 200 million (Recurrent)** for trade attaches 4) **Ksh 223 million (Recurrent)** for external trade promotion	1,633,100,000	-	1,633,100,000
1174		P4:General Administration Support services & Planning	-	175,000,000	-	-	175,000,000	**Increase Ksh. 175 million (Recurrent)** for Operations and maintenance to support internal trade issues and Weights and Measures.	513,200,000	-	513,200,000
1175		**State Department for Industrialisation**	-	**487,100,000**	-	**1,910,100,000**	**2,397,200,000**		**3,755,000,000**	**5,578,600,000**	**9,333,600,000**
1175		0301000 General Administration Planning and Support Services	-	159,600,000	-	-	159,600,000	**Increase recurrent expenditure by ksh 159.6 million for the following** 1) **Increase Kshs. 59.6 million (recurrent)** to cater for operations and maintenance for the office of Cabinet Secretary, Chief Administrative Secretary and Principal Secretary. 2) **Increase Kshs 100 million (Recurrent)** to cater for the shortfall in the operation and maintenance also considering the fact that the department will recruit 134 new technical staff in FY 2022/23	673,900,000	-	673,900,000

ANNEX I FINANCIAL RECOMMENDATIONS ON THE BUDGET POLICY STATEMENT

ANNEX I FINANCIAL RECOMMENDATIONS BY DEPARTMENTAL COMMITTEES

			Recurrent		Development				2022/2023 Final Ceilings		
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Reduction	Increase	Reduction	Increase	Net Change	Comments	Gross Current	Gross Development	Gross Total
1175		0302000 Industrial Development and Investments	-	320,000,000	-	1,093,000,000	1,413,000,000	**1) Increase Kshs.320 million (recurrent)** to cater for staff recruitment, rent and other operations under the Special Economic Zones **2) Increase Kshs. 554 million (Development)** to commence the construction of 500,000 square feet of industrial warehouses under the EPZA **3) Increase Kshs.539 million (Development)** to pay for the effluent treatment plant that the EPZA is undertaking in partnership with Kenya Leather Development Council.	1,788,600,000	2,275,300,000	4,063,900,000
1175		0303000 Standards and Business Incubation	-	7,500,000	-	817,100,000	824,600,000	**Increase recurrent expenditure by 7.5 million and development expenditure by 817.1 million for the following 1) Kshs. 505 Million (Development)** to facilitate the setting up of the One Village, One Product (OVOP) initiative under KIE **2) Kshs. 100 million (Development)** to cater for industrial research and related services to MSMEs under KIRDI **3) Kshs. 7.5 million (Recurrent)** to cater for shortfall for personal emoluments (P.E) under KIE **4) Ksh.131.1Million (Development)** to cater for financing agreement signed with the World-Bank. For the KIEP donor funded project is supposed to have a counterpart funding of 10 percent **5) Ksh.81 million (Development)** additional to efficiently implement and monitor various components of the KIEP project.	1,292,500,000	3,303,300,000	4,595,800,000
	COMMITTEE ON HEALTH		-	7,825,000,000	-	8,195,600,000	16,020,600,000		78,198,000,000	64,174,600,000	142,372,600,000
1081		Ministry of Health	-	7,825,000,000	-	8,195,600,000	16,020,600,000		78,198,000,000	64,174,600,000	142,372,600,000
1081		0401000 Preventive, Promotive & Reproductive Health	-	-	-	8,195,600,000	8,195,600,000.00	**1) Increase Ksh. 381 million (Development)** for procurement of blood commodities. **2) Increase Ksh. 610 million (Development)** for Procurement and Distribution of Family Planning Commodities. **3) Increase Ksh. 4.95 billion (Development)** for Procurement and Distribution of Critical HIV Commodities and Prevention Programmes. **4) Increase Ksh. 487 million (Development)** for Procurement of First Line TB Medicines, Diagnostics reagents & consumables and Nutrition commodities for TB patients . **5) Increase Ksh. 900 million for** Routine Immunization and Vaccines **6) Increase Ksh. 867.6 million** for Procurement of Cancer, Diabetes and Hypertension commodities	3,322,000,000	36,852,600,000	40,174,600,000
1081		0402000 National Referral & Specialized Services	-	5,773,000,000	-	-	5,773,000,000	**1) Increase Ksh. 1.2 billion (Recurrent)** for Kenyatta National Hospital Salary Shortfall **2) Increase Ksh 1.4 billion(recurrent)** for Moi Teaching and Referral Hospital Salary Shortfall **3) Increase Ksh. 776 million (Recurrent)** for Kenyatta University Teaching, Referral & Research Hospital Salary Gap **4) Increase Ksh 1.2 billion for Kenyatta National Hospital (Othaya Hospital)** for personnel emoluments in order to increase the service delivery capacity to 80% from the current 50%. **5) Increase Ksh 1.16 billion (Recurrent)** for shortfall for Personnel emolument under KEMSA	45,226,000,000	10,195,000,000	55,421,000,000

ANNEX I FINANCIAL RECOMMENDATIONS ON THE BUDGET POLICY STATEMENT

ANNEX I FINANCIAL RECOMMENDATIONS BY DEPARTMENTAL COMMITTEES

Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Recurrent		Development			Comments	2022/2023 Final Ceilings		
			Reduction	Increase	Reduction	Increase	Net Change		Gross Current	Gross Development	Gross Total
1081		0403000 Health Research and Development		972,000,000			972,000,000	1) Increase Ksh.395 million (Recurrent) for KMTC personnel emoluments shortfall 2) Increase Ksh. 180 million (recurrent) for funding KMTC students under Afya Elimu Fund (AEF) 3) Increase Ksh. 214 million (Recurrent) for KEMRI to implement a recent court ruling that awarded salary compensation to 34 employees 4) Increase Kshs.183 million (recurrent) under KEMRI for recruitment of frontline research staff in management of COVID-19 and UHC	11,442,000,000	899,000,000	12,341,000,000
1081		0404000 General Administration, Planning & Support Services		1,080,000,000			1,080,000,000	Increase Ksh. 1.08 billion (Recurrent) for internship programme covering Medical Officers; Pharmacists; Dentists; Nursing officers; and Clinical officers	6,429,000,000	1,200,000,000	7,629,000,000
1081		0405000 Health Policy, Standards and Regulations					-		11,779,000,000	15,028,000,000	26,807,000,000
	DEPARTMENTAL COMMITTEE ON ENERGY		-	-	-	-	-		7,533,000,000	80,625,000,000	88,158,000,000
	COMMITTEE ON LABOUR AND SOCIAL WELFARE		(300,000,000)	110,000,000	-	190,000,000	-		38,632,700,000	17,640,800,000	56,273,500,000
1185		State Department for Social Protection, Pensions & Senior Citizen Affairs	(300,000,000)	-	-	190,000,000	(110,000,000)		31,431,600,000	3,060,300,000	34,491,900,000
1185		0908000 Social Development and Children Services	-	-	-	190,000,000	190,000,000	Additional Ksh. 190 million reallocated to complete three foster care centers in Isiolo, Nanyuki and Murang'a	4,240,300,000	508,800,000	4,749,100,000
1185		0909000 National Social Safety Net	(300,000,000)	-	-	-	(300,000,000)	Ksh 300 million reallocated from The National Safety net program covering cash transfers because there is no substantive Act/legal framework for the program	26,965,500,000	2,551,500,000	29,517,000,000
1185		0914000 General Administration, Planning and Support Services	-	-	-	-	-		225,800,000	-	225,800,000
1212		State Department for Gender	-	110,000,000	-	-	110,000,000		1,310,300,000	2,776,000,000	4,086,300,000
1212		0911000 Community Development	-	110,000,000	-	-	110,000,000	1)Additional Ksh. 60 million reallocated towards eradication of gender based violence. 2) Additional Ksh. 50 million reallocated to the Anti FGM board	110,000,000	2,130,000,000	2,240,000,000
1212		0912000 Gender Empowerment	-	-	-	-	-		874,200,000	646,000,000	1,520,200,000
1212		0913000 General Administration, Planning and Support Services	-	-	-	-	-		326,100,000	-	326,100,000
	COMMITTEE ON SPORTS, CULTURE AND TOURISM		-	-	-	-	-		13,193,600,000	16,387,700,000	29,581,300,000
			-	24,246,841,064	-	4,956,500,000	29,203,341,064		66,816,341,064	7,242,000,000	74,058,341,064
		Parliament	-	23,104,051,064	-	4,126,400,000	27,230,451,064	Increase ceiling by Ksh 27.2 billion to cater for one off expenditures	59,515,051,064	6,192,000,000	65,707,051,064
							11,744,000,000	Some of the one off expenditures amounting to Ksh. 11.7 billion include 1) Car grant (Ksh. 4.2 Billion). 2) Gratuity for constituency/county offices employees (Ksh 6.671 billion) 3) Post retirement medical scheme (Ksh 373 Million) 4) Top up for mortgage fund (Ksh. 500 million)			
2111		Auditor General	-	1,142,790,000	-	830,100,000	1,972,890,000		7,301,290,000	1,050,000,000	8,351,290,000
2111		0729000 Audit Services	-	1,142,790,000	-	830,100,000	1,972,890,000	A) Increase Development expenditure by Ksh. 830.1 million for 1) Ksh. 680.1 million for HQ at Bishop Road. 2) Ksh 150 million for coast regional office. B) Increase recurrent expenditure by Ksh. 1.14 billion to cater for key operational activities that are directly linked to the office mandate	7,301,290,000	1,050,000,000	8,351,290,000
		Total Expenditure	(300,000,000)	67,927,941,064	-	57,275,200,000	124,903,141,064		1,412,052,841,064	787,865,500,000	2,199,918,341,064
		Parliament	-	23,104,051,064	-	4,126,400,000	27,230,451,064		59,515,051,064	6,192,000,000	65,707,051,064
		Judiciary	-	380,000,000	-	500,000,000	880,000,000		17,264,700,000	2,500,000,000	19,764,700,000

			ANNEX I FINANCIAL RECOMMENDATIONS ON THE BUDGET POLICY STATEMENT								
			ANNEX I FINANCIAL RECOMMENDATIONS BY DEPARTMENTAL COMMITTEES								
			Recurrent		Development				2022/2023 Final Ceilings		
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Reduction	Increase	Reduction	Increase	Net Change	Comments	Gross Current	Gross Development	Gross Total
		Executive	(300,000,000)	44,443,890,000	-	52,648,800,000	96,792,690,000		1,335,273,090,000	779,173,500,000	2,114,446,590,000

ANNEX 2

Approved for tabling in the House.

SNA

15/2/2022

REPUBLIC OF KENYA

KENYA NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION

REPORT OF THE BUDGET AND APPROPRIATIONS COMMITTEE ON PUBLIC HEARINGS OF THE 2022 BUDGET POLICY STATEMENT

FEBRUARY, 2022

Introduction

Article 201(a) of the Constitution provides that there shall be openness and accountability, including public participation in financial matters. To this extent, the Budget and Appropriations Committee invited the public to give their views on the 2022 Budget Policy Statement. Due to the need to limit public gatherings, this exercise was undertaken on a virtual platform through submission of written memoranda.

The Committee received a number of submissions from organized groups. Notably, there were submissions from the African Women Studies Centre and The Cradle - The Children Foundation. The committee has reviewed these recommendations and has taken them into account when finalizing the report of the Budget and Appropriations Committee on the 2022 Budget Policy Statement.

The proposed policy and budgetary interventions span several key economic sectors. Notably, the public submissions on the 2022 BPS proposed interventions in relation to resource allocation to the agriculture sector; drought response; operationalization of the Equalization Fund; resource allocation to water programs; resource gap in the health sector; early learning and basic education; Social Protection, Pensions, Senior Citizens and Gender; LPG Gas Subsidy Program; mental health; Obligations under the Abuja Declaration; Improving inequalities in access to public services; funding towards the Police sector; funding for the Victim's Protection Fund; and public participation.

Table 1 below presents a summary of the policy requests and proposals.

Table 1: 2022 BPS Public Hearing Submissions per Institution

Institution	Policy Issues	Policy Recommendations
African Women Studies Centre	Reduced resources to agricultural sector.	Prevent reduction beyond the estimates for the current financial year 2021/22.
	Inadequate drought response	A Comprehensive situational analysis for 2022 to be provided for by the National Treasury and specific entities tasked with drought mitigation. Allocation of Kshs. 45 billion for cash transfers to support 30% of all poor households (3.75 million households) with each household receiving at least Kshs. 2,000. A database should be built where the relief can be sent via mobile money. The database should be audited by the Auditor General continuously.
	Fast-tracking the operationalization of Equalization Fund	Expedite the nomination of Members to the Fund and intervene where possible when there is a delay.
	Inadequate resources to specific water programs	Allocate Kshs. 100 million per county for piping water to households.

Institution	Policy Issues	Policy Recommendations
		Increase funding for clean and safe drinking water for households with no access especially in slums Ring fence resources allocated to Irrigation and Land Reclamation which are set to reduce if the Budget Policy Statement is passed as it is.
	Unmet resource gap in healthcare Sector	Meet the resource requirement that has been requested for the National Referral and Specialized Services and Specialized Services and; Preventive, Promotive and Reproductive Maternal, New-born, Child an Adolescent Health (RMNCAH) programs. The proposed allocation is Kshs. 7.79 billion and Kshs. 31.06 billion for the programs respectively. Pass a motion requiring the Auditor General to undertake performance audits on major Referral Hospitals annually to track if increased resource allocation has improved the performance and overall functionality of the hospitals.
	Resource gaps for early learning and basic education.	Provide sufficient resources as requested by the sector of Kshs. 3.87 billion for Primary Education and Kshs. 64.31 billion for Secondary Education.
	Reduced buying power for Social Protection, Pensions and Senior Citizens and Gender	Proposal to increase the budget for the State Department for Gender by 30% which is an additional Kshs. 1.2 billion to meet the gender issues arising from the pandemic such the Gender Based Violence (GBV). Increase the budget for the State Department for Social Protection, Pensions and Senior Citizens by 15% which is an additional Kshs. 5.19 billion to allow the State Department to expand assistance across all 47 counties.
	LPG Gas Subsidy Program	Provide a sustainable solution by referring the issue to Finance Committee as a tax proposal to reduce taxes on LPG in order to allow more uptake of LPG Gas by Kenyan families.
The Cradle, The Children Foundation	Mental health	Allocate resources to create awareness on mental health as well as create educational programs aimed at handling mental health issues among the adolescent population. Include mental health programs including counselling services as those covered under the Universal Health Coverage Project.

Institution	Policy Issues	Policy Recommendations
	Obligations under the Abuja Declaration	Allocate 15% of the national budget towards the health sector
	Mainstreaming equity including gender equity	All documents tabled including all sector reports, PBBs and Finance Bills are accompanied with clear outcomes on advancing equity in the country.
	Improving inequalities in access to public services	List of all development projects should include the intended beneficiaries and how this will improve the inequalities in access to public services
	Increased allocation towards RMNCAH sub programme	Sustain increased allocation towards RMNCAH sub programme
	Recruitment of health staff	Sustain increased allocation of funds for the recruitment of health staff to address the staffing gap
	Review the National Plan for Action for children 2015-2022	Urgently review the National Plan for Action for children 2015-2022 and cost it as appropriate and increase resource allocation to the National Council Children Services and the Directorate for Children Services
	Investment in social assistance programs for poverty reduction	Enhance investments in social assistance programs for poverty reduction since girls in the most impoverished homes often engage in under age sex as a need to raise money for their necessities such as sanitary towels
	Regular surveys in aspects concerning adolescent reproductive health	Allocate funds to carry out regular surveys in aspects concerning adolescent reproductive health
	Funding towards the Police sector to enhance prosecution	Funding to the police sector to enhance prosecution of persons who subject adolescents to early child marriages, sexual violence and Female Genital Mutilation.
	Allocate funds to evaluate the progress on the implementation of laws, rules, guidelines and policies of reproductive health care rights	Allocate funds for the collating of data to monitor and to evaluate the progress on the implementation of laws, rules, guidelines and policies of reproductive health care rights
	Research and treatment in connection with the prevention, diagnosis management and treatment of medical	Support spending towards the promotion and facilitation of research and treatment in connection with the prevention, diagnosis management and treatment of medical and reproductive conditions which affect intersex persons due to the high cost implications

Institution	Policy Issues	Policy Recommendations
	and reproductive conditions	
	Funding towards public education and awareness campaigns on sexual reproductive health	Allocate Funds towards public education and awareness campaigns on sexual reproductive health and eradicating stigma among the general public on the medical and reproductive conditions affecting intersex persons
	Investment in interventions aimed at reducing new-born, child and maternal morbidity and mortality rates in the country	Prioritize investment in interventions aimed at reducing new-born, child and maternal morbidity and mortality rates in the country
	Budgetary provisions directed towards screening and treatment of HIV positive women and girls for cervical cancer	Sustain increased budgetary provisions directed towards screening and treatment of HIV positive women and girls for cervical cancer as they are at a risk at a younger age than non-infected women and girls
	Increased budgetary provisions for victims of rape and sexual assault	Sustain increased budgetary provisions for victims of rape and sexual assault by increasing procurement and availability of anti-retroviral, prophylaxis, STI screening and treatment and emergency contraception
	Funding for the Victim's Protection Fund	Provide funding for the Victim's Protection Fund in order to assist victims of crime in accordance with the Victim's Protection Act 2014
	Public Participation	Extend public participation meetings to areas or counties outside of Nairobi

Committee Observations

i. The Committee noted that many of the proposed policy interventions resonate well with the the general policy direction that the committee wishes to take. Indeed, in reviewing the BPS, the committee had expressed concern over the inadequate drought mitigation measures, operationalization of the Equalization Fund; constraints in Agriculture and Health sectors and poverty mitigation.

ii. Some of the proposed recommendations may require additional budgetary interventions. Given the limited fiscal space that the country is operating under, there may be need for gradual implementation of those interventions that require additional fiscal outlays.

Committee Recommendations

Having considered the above matters, the Committee recommends that the National Treasury takes these recommendations into account when finalizing the 2022/2023 budget.

Acknowledgement

The Budget and Appropriations Committee is grateful to the members of the public and organizations who took their time to review the 2022 Budget Policy Statement and present their submissions to the Committee. Their contributions have enabled the Committee to realign its recommendations in a manner that is more responsive to the welfare of the public.

Signed: ....

Hon. Kanini Kega, CBS, MP

Chairperson, Budget and Appropriations Committee

Date: ....18/02/22..

ANNEX 3

REPUBLIC OF KENYA

CONSOLIDATED DEPARTMENTAL COMMITTEES' OBSERVATIONS AND RECOMMENDATIONS ON THE 2022 BUDGET POLICY STATEMENT

February 2022

CONSOLIDATED DEPARTMENTAL COMMITTEES' OBSERVATIONS AND RECOMMENDATIONS ON THE 2022 BUDGET POLICY STATEMENT

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CONSOLIDATED DEPARTMENTAL COMMITTEES' OBSERVATIONS AND RECOMMENDATIONS ON THE 2022 BUDGET POLICY STATEMENT

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
1.	**Departmental Committee on Defense & Foreign Relations**	**National Intelligence Service** i. The Committee observes that the ever-increasing NIS budget is partly as a result of its role in critical strategic national objectives being the geo-physical survey. The survey has been completed in some of the counties. The Committee observes that it is now due that results of these surveys are seen and utilized by the counties to assess the viability of investment opportunities in regard to available resources. ii. The committee noted that NIS is undertaking 3 projects whose total cost is Kshs. 20 billion with actual expenditure to date being Kshs. 14.5 billion while Kshs. 5.5 billion being the remaining cost to completion. With the prosed allocation of Kshs. 3.5 billion, Kshs 1 billion and Kshs. 1 billion for FY 2022/23, 2023/24 and 2024/25 respectively, NIS will have completed its three projects within the next three financial years. iii. The committee further observed that in general the budget for the National Security sector especially for development continues to record huge increases due to multiagency projects undertaken by the two agencies which are most of the time modernization projects. iv. The committee further observed that the budget of the agency is always on an upward trajectory which is due to more advances and increase of security threats that has necessitated investment in human capital and equipment & technologies that are extremely expensive. **Ministry of Defense** i. The Ceiling for the Ministry of Defence has seen a rise in expenditure from Kshs. 119 billion in the current financial year to Kshs. 157.6 billion for FY 2022/23. The	i. The Committee recommends that the ceilings for all the programmes under the purview of the Committee be approved as tabled in the House. ii. Further to this, the Committee recommends that; a) The Cabinet Secretary Ministry of Foreign Affairs to immediately finalize and submit the asset acquisition, maintenance and management policy, which provides for uniform design and standards for its mission buildings, not later than 30th July 2022; b) Owing to shortfalls in budgetary allocation to the Ministry of Foreign Affairs, it is recommended that any fees accruing from issuance of passports and visas in foreign mission through the e-citizen platform be used to enhance the budgetary allocation for the ministry by similar amount to support their operations commencing from 1st July 2022; c) Treasury and the State Department for Regional and Northern Corridor Development immediately transfers management, including budgetary votes, of the Kimira-Oluch Smallholder Farmers Irrigation Project in Homa-Bay County to the Lake Basin Development Authority. The authority to then revamp the project for the benefit of the community.	The Committee recommends that resources sourced from elsewhere to enhance the ceilings i. National Intelligence Service by KSh 3.2 billic The increase being for intelligence equipme modernization; ii. Ministry of Defence by KSh. 13.2 billion. T increase being towards critical gaps includi personnel emoluments, maintenance equipment's, modernization Programme a border securitization; iii. State Department for East African Community KSh. 604 million. The increase being towar critical shortfalls in Operations and Maintenanc iv. State Department for Regional Developme Authorities by KSh. 770 million. The increase being towards various projects bei implemented by Regional Developme Authorities.

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		rise in the proposed ceiling is on account of Military Modernisation Programme under the Export Credit Arrangement (ECA). ii. The need for military modernisation that has been exacerbated by security threats facing the country and the region has seen a rise in maintenance costs of such equipment further necessitating for more budgetary allocation towards the Ministry of Defence. iii. The Border Securitization project has not made significant headways due to several challenges including hostility from the neighbouring communities where contractors have been attacked hence abandoning the project midway. To address these challenges, the Committee observed that the Securitization project entails Humanitarian Civil Aid components (sinking of boreholes, construction of water pans, rehabilitation of schools, medical camps etc.) to promote its sustainability. It was however noted that despite the Humanitarian Civil Aid programme, the Ministry has not been able to complete these projects to enable the community benefit. iv. The military expansion programme in various parts of the country has seen the need for the Kenya Defence Forces to improve on its personnel numbers. There were however no corresponding resources for recruitment. v. The Kenya Meat Commission has continued to receive funding from the Government despite earlier assurances that the Commission will be self-sustaining after having received funding from the Exchequer for the last two years.		

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		Ministry of East African Community & Northern Corridor Development **State Department for East African Community** i. The State Department for EAC was funded to the tune of 51 percent of its resource requirement. To this end, it was observed that critical areas were not funded despite the gains which may accrue from the unfunded areas. **State Department for Regional & Northern Corridor Development** i. The State Department budgetary requirement of Kshs. 27,083.98M for FY 2022/23 against an allocation of Kshs. 4,223.13M presents a funding gap of Kshs. 22,860.85M. The funding gap will affect implementation of planned activities and project completion timelines. The State Department further had Pending Bills which had not been factored in the budget and they included KSh. 147 million accruing to Kenya Revenue Authority as PAYE and rent of KSh. 40 million by Tana-Athi River Development Authority. ii. Some of the projects being implemented by the State Department had no value for money. For instance, the Committee during a fact-finding visit to the Kimira-Oluch Smallholder Farmers Irrigation project in Homabay County where KSh.7 billion has been spent so far, found that rudimentary canals had been constructed for distribution of irrigation water, rather than modern means for the same. These canals had caused flooding in some areas and blocked roads in others. Implementation of the project was also done at the		

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		ministry level, rather than through the local regional development authority, LBDA. Despite the ministry submitting that it had transferred management of the project to LBDA, the authority lacked budgetary mandate. iii. The State Department was implementing functions which relate to county governments. To streamline this anomaly, the Regional Development Authorities Bill 2021, had been drafted to align the functions of the Authority to the Constitution. **Ministry of Foreign Affairs** i. The ministry had taken inordinately long to submit an asset acquisition standardization policy as previously recommended. They however indicated they were scheduled to validate the document with various stakeholders. This policy will standardize management of assets abroad in regards to asset acquisition and standardization of designs for offices, ambassadors' residences and staff houses. ii. The Ministry stated that the ICT infrastructure in HQ ad Kenya Missions abroad was of utmost importance in the rollout of IFMIS. The budget for this programme had been moved to Ministry of ICT but the policy was reversed without the funding being availed to the Ministry of Foreign affairs. This has a detrimental impact of this critical project that aims to enhance interactive data capture and reporting for the Ministry. iii. There was no policy direction on sharing of AIA proceeds from e-citizen between the National Treasury and the Ministry of Foreign Affairs. The current arrangement that missions retain collections from visa,		

CONSOLIDATED DEPARTMENTAL COMMITTEES' OBSERVATIONS AND RECOMMENDATIONS ON THE 2022 BUDGET POLICY STATEMENT

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		passports and other fees and the money is utilized to fund immigration attaches at the missions. iv. The ministry has been shouldering the logistics of various attaches in the mission, rather than they be facilitated by the various mother ministries. This has strained the ministry's budget. v. The ministry has continued to operationalize missions abroad, decisions of which may be extraneous to trade considerations. A relook at our strategic diplomatic presence guided by the country's foreign policy is imperative.		
2.	**Departmental Committee on Agriculture & Livestock**	**State Department for Livestock** i. The department has been provided with an allocation of Kshs. 7,238 million against a resource requirement of Kshs. 8,669 million indicating a funding gap of Kshs. 1,431 million. ii. There has been unprecedented rise in prices of animal feeds in the country. The high cost of feeds has been occasioned by: low production of plant-based animal feed components such as soybeans, sunflower, and cotton among others; unregulated exportation of locally produced animal feeds additives; high taxation of imports used in the manufacture of animal feeds; and the ban on importation of genetically modified components that would have supplemented local production. According to the 2022 BPS, the government is in the process of developing a framework that will facilitate the reduction of cost of animal and chicken feeds. iii. The number of targeted livestock units to be insured in the FY 2022/23 is expected to reduce 50,000 from a target of 100,000 in 2021/22. The programme is meant to cushion farmers against drought related livestock	i. The state department for Livestock to prioritize the development of the framework to facilitate the reduction of cost of animal and chicken feeds in the Country. According to the 2022 BPS, the government intends to develop a framework that will facilitate the reduction of cost of animal and chicken feeds. ii. The sector is already having numerous ongoing and stalled projects and therefore there is a need for the state departments to prioritize on near completion and the ongoing projects as oppose to initiating new projects. Unless there are justifiable reasons, no new project should be initiated when there are numerous underfunded projects. iii. The National Treasury to provide additional funding in the 2022/23 budget to reduce the funding gap to the three state departments. The sector's resource requirement stands at Kshs 67,187 million against an allocation of Kshs 54,105 million leaving a funding gap of Ksh. 13,082 million in the FY 2022/23. iv. The National Treasury to provide funds to settle all historical outstanding debt. Livestock department	i. That Committee approves the Budget Ceilin as provided in the Budget Policy Statement f various votes under the purview of t Committee, that is: a) State Department for Crop Development a Agricultural Research, b) State Department for Livestock, c) State Department for Fisheries, Aquacultu and the Blue Economy, ii. An additional request/allocation to the **Sta Department for Livestock** of Ksh. **100 milli** for Livestock Insurance. The proposed allocati of Ksh. 140 million is inadequate. It will lead tc reduction in the number of livestock units (frc 100,000 to 50,000) cushioned against droug related losses. **State Department for Crop Development a Agricultural Research** i. **Ksh. 1,500 million** for National Value Cha Support Programme. This will ensure that t

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		losses and therefore a reduction in the target implies that several farmers will not be mitigated against risk. iv. The department has historical pending bills of Kshs. 4,025 million. There seem to be no plan or commitment to settle the pending bill which could result into more cost or penalties. **State Department for Crops Development and Agricultural Research** i. The department's resource requirement in 2022/23 is Kshs. 42,595 million against a proposed ceiling of Kshs. 35,708 million indicating a funding gap of Kshs. 6,887 million. ii. The E-voucher targets to provide 24,060 MT of assorted fertilizers to benefit 102,000 farmers in 2022/23. This is inadequate considering that there are approximately 3.5 million small-scale crop farmers. In addition, the MTP III requires that government subsidizes 200,000 MT of assorted fertilizers annually. iii. Agricultural Finance Corporation (AFC) requires Ksh. 1,000 million: AFC was initially under The National Treasury before being transferred to MoALFC. While in the PAIR sector, AFC had an allocation of KES. 2Billion for lending towards food security under the project titled Strategic Investments in Public Entities. Transfers of KES. 1 billion Have already been made in tranches of 500 million. In 2021/2022 FY no allocation was done. AFC is requesting to be considered for the balance of KES. 1 Billion. iv. Fertilizer Subsidy Pending Bills: There is a pending bill of Kshs. 6.7 billion relating to supply of subsidized fertilizers. The interest continues to accrue at a penalty rate of 22.5% translating to Kshs. 3 million per day and Kshs. 90 million per month.	has historical pending bills of Ksh. 4,025 million while the department for Crop Development and Agricultural Research has historical pending bill of Ksh. 8.7 billion. v. The State Department for Fisheries, Aquaculture, and Blue Economy to prioritize in the next financial year the completion of the fisheries infrastructure necessary in the exploitation of the Exclusive Economic Zone. vi. The State Departments to give preference to locally manufactured products when procuring goods including fishing vessels, boats, and agricultural machinery while maintaining quality standards.	target of 200,000 smallholder farmers accessi inputs is achieved. ii. **Ksh. 1,000 million** for Agricultural Finan Corporation (AFC): AFC was initially under t National Treasury and had an allocation of KE 2Billion. Transfer of Ksh. 1 billion has alrea been made. Money to follow function. iii. **Ksh. 10,880 million** for National Cereals a Produce Board for Stocking of National Fo Reserve Commodities. There is a need immediate build-up of requisite stocks to addre the precarious National food and nutriti security status iv. **Additional request/ allocation to the Sta Department for Fisheries, Aquaculture a the Blue Economy of Kshs. 300 million** Lake Victoria landing sites- this will allow t commencement of constructions of other fc landing sites (Nyandhiwa, Mulukhoba, Wichlu Ogal).

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		v. Maize Subsidy Pending Bill: The department has a pending bill of Ksh.2 billion which relates to the maize subsidy of FY2017/18 owed to farmers and NCPB. vi. National Cereals and Produce Board requires Ksh. 10,880 million for Stocking of National Food Reserve Commodities. The National Food Reserve stocks currently stands at zero thus the need for immediate buildup of requisite stocks to address the precarious National food and nutrition security status. vii. The department is introducing three new projects: Managing Soil Acidity (Ksh. 54 million); Construction of KEPHIS Embu Office (Ksh. 20 million); and Revitalization of Irish Potato Project (Ksh. 113 million). **State Department for Fisheries, Aquaculture and Blue Economy** i. The department has a proposed allocation of Ksh. 11,160 million comprising of Ksh. 2,193 million recurrent and Ksh. 8,967 million development expenditure. The resource requirement in 2022/23 is Ksh. 15,923 million indicating a funding gap of Ksh. 4,763 million. ii. The Exclusive Economic Zone (EEZ) has significant economic potential that has not been exploited. According to marine research and surveys conducted by Kenya Marine Fisheries Research Institute (KMFRI), it is estimated that there is 150,000 to 300,000 MT of fish within EEZ approximated at Ksh. 45 – 90 billion, and a potential to create 60,000 direct jobs. The realization of the potential in depended on the completion of the marine fisheries infrastructure including Liwatoni and Lamu fish processing plant.		

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3.	**Departmental Committee on Education & Research**	i. The country is currently experiencing acute teacher shortage currently estimated at 100,000. This situation is made worse on account of the 100% transition policy which has increased the number of learners transiting to secondary school. The situation will be worse given the double transition next year. This situation will automatically lead to higher enrolment levels hence straining the available teacher resources in secondary schools. The proposed 2022 budget ceiling for TSC only allows recruitment of 5,000 teachers in 2022/23 which is inadequate. ii. The TSC is currently implementing the Teachers Professional Development (TPD) which is aimed at inculcating professionalism in the teaching service as well as enable the teachers in the country to be globally competitive. However, the burden pay for TPD course has been put on the teachers despite capacity building of teachers being the mandate of TSC. iii. The School feeding programme is a critical programme aimed at retaining learners in primary schools in ASAL and urban slum areas. The Committee is concerned that this programme does not cover deserving regions adequately. The need for the Ministry to re-map/target areas to benefit across the country is thus critical. Further, the National Council for Nomadic Education in Kenya (NACONEK) which is mandated to undertake this function need to be supported adequately and the resources for this programme transferred to it for effective management and implementation. iv. Every financial year, resources have been provided towards infrastructure improvement in both primary and secondary schools. However, the implementation of this programme has largely focused on construction of	i. That the Ministry of Education and the Teachers Service Commission to within the next two months submit to the National Assembly their plan of action and proposed strategy on provision of both teaching and infrastructure resources given the anticipated double intake in in secondary school in 2023 as a result of concurrent implementation of the CBC as well as the 8-4-4 curriculum. ii. That the Ministry of Education through stakeholders' engagements should spearhead the review of the capitation amount provided for public primary school learners and propose adjustments to the capitation amount to be in tandem with the prevailing economic situation and to also support implementation of the new curriculum without compromising the quality of education. This report should be submitted to the National Assembly within two months. iii. That the Ministry of Education engages with the county governments on the provision of water and sanitation/sewerage services to schools to support the government efforts of ensuring that the schools are clean and environmentally conducive for learners especially in the wake of COVID 19 pandemic; iv. That within the next three months, the higher education sub sector should through the University Funding Board (UFB) establish and implement the university education data management information system to promote accountability and improve management of disbursed funds. This university data management systems should also be linked to National Education Management information	i. **Recruitment of additional 5,000 seconda school teachers** - Kshs. **2.5 Billion** required support the 100% transition policy as well begin preparing for the double intake in 2023. ii. **Teacher Professional Development (TPD) Kshs 2 Billion** to the TSC to ensure that t burden of attending this course is lifted off t teachers given the current econon circumstances. The TSC is mandated continuously capacity build teachers; iii. **Public Universities and Constitue Colleges: -** Additional **Kshs. 4 Billion** to ca for the Collective Bargaining Agreement (CB to avert industrial unrest in the higher educati subsector; iv. **Sanitary towel programme - Kshs 200 Milli** to ensure that the funding level remains t same to allow all school girls access tl essential commodity; v. **Universities Central Data manageme system – Kshs 15 Million** to the Universiti Funding Board (UFB) to complete the process installing a modern data manageme information system for all universities in t country; vi. **CBC infrastructure support - Kshs 4 Billion** required in 2022/23 to ensure that t Presidential pronouncement is fully implement to support transition to junior secondary schc under the new curriculum.

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		classrooms at the expense of other critical amenities such as WASH facilities and ablution blocks. The Ministry largely depends on limited resources from development partners to implement WASH facilities; v. The current capitation of Kshs 1,420 to primary school learners in public schools which was set in 2003 is not sensitive to the prevailing economic circumstances. The cost of education service delivery has gone up and is expected to go up as the country shifts completely to CBC which has come with unique demands on education delivery. This calls for the revision of the capitation amount to ensure the quality of education is not affected. vi. The National Treasury has not fully provided the resources for CBC Infrastructure despite the Presidential pronouncement for construction of 10,000 classrooms at a cost of Kshs 8 Billion. According to the Ministry Kshs 4 billion has been provided in this current financial year under the supplementary budget. The BPS 2022 has no allocation to support this project in 2022/23. Further, the Committee is concerned about the criteria applied to allocate resources to construct classrooms despite the geo-physical differences in the country as well as lack of land especially in schools within urban settings; vii. The Out of school children (OSC) situation in the country is serious and it is estimated that around 2 million children of school going age are out of school to an array of social reasons. The Ministry has supported the 100% transition policy but has done little to retain learners in schools to fully ensure that the goal for leaving no child behind in access to education is actualized.	systems (NEMIS) to create a pool of credible data for the whole education sector. v. That the Ministry of Education and the National Treasury to within the next six months submit to the National Assembly a detailed reforms roadmap for public universities. This roadmap should entail among others the relevant legislations required to actualize the reforms as well as the cost implications of the reforms. vi. That within the next two months, the State Department for Early Learning and Basic Education to submit a report to the National Assembly on the re-mapping of areas to benefit from the school feeding programme and the new re-mapping when approved should form the basis of implementing programme in 2022/23 financial year. Further, for effective and smooth implementation and management of this programme it should be fully transferred and be domiciled in the National Council for Nomadic Education in Kenya (NACONEK); vii. That within six months, the Ministry of Education to submit a report to the National Assembly detailing clear and concise policies on arresting the Out of school children (OSC) situation in the country to ensure that the goal for leaving no child behind in access to education is actualized. viii. That Ministry of Education through the Quality assurance Department to ensure that the various public schools adhere to the approved and existing master plans for learning institutions ensure safety and proper planning of the schools; ix. That the Ministry of Education through the State Department for Implementation of Curriculum	

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		viii. Despite the existence of master plans for learning institutions, most institutions especially in the basic education subsector do not strictly adhere to it. This has resulted to haphazard installation/ construction of structures within schools leaving the schools poorly planned. ix. The provision of sanitary towels to school going girls play a key role in ensuring that they are able to fully attend learning according to the school calendar. However, the allocation to this critical programme has been reduced by Kshs 200 Million in 2022/23 hence risk of leaving out the girls who previously benefitted from the programme is imminent; x. The Department for Implementation of Curriculum Reforms which was created in 2021 has been allocated resources to operationalize it. This is critical given that the BPS 2022 has prioritized implementation of the new curriculum and the process of midwifing the new curriculum is bestowed upon it. However, the allocation to this Department is projected to decrease in the two outer years and this sends a bad signal given that this is the period where there will be intense implementation of the new curriculum including transition to senior secondary school and also university level; xi. There is general lack of awareness among the general public regarding the rollout of the new curriculum and what the new curriculum entails. The onus is on this State Department for Implementation of Curriculum reforms to rollout public awareness campaigns to ensure that the tenets of CBC are well articulated among the public to ensure its continued support and appreciation of the new curriculum. xii. There is a lot of discrepancies as regards university students' data/information which distorts proper	Reforms to immediately rollout public awareness campaigns on the new curriculum to ensure that the tenets of CBC are well articulated among the public to ensure its continued support and appreciation. x. That as part of providing a solution to financial difficulties faced by the public universities and begin the road map for universities reform, the National Treasury should ensure that from 2022/23 the Differentiated Unit Cost (DUC) model of funding public universities should be implemented at 80% level to ensure that universities receive fair share of resources. xi. That the Office of the Auditor General within the next six months undertake a special Audit of all the pending bills accumulated by the public Universities and submit a report to the National Assembly; xii. That the Ministry of Education through the State Department for Vocational and Technical Training within the next six months undertake a study on the cost of delivering various courses being offered at TVET institutions to differentiate capitation needs for various learners.	

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		planning, decision making and allocation of resources for higher education sub sector in the country. This has resulted into some universities missing out of their fair share of resources in terms of capitation, a case in point, Egerton University. xiii. The financial problems which are faced by the public universities is partly attributed to partial implementation of the Differentiated Unit Cost (DUC) formula due to lack of support from the government. Currently the DUC is funded at 48% level meaning that public universities do not receive fair share of resources. Further, given the various challenges the public universities are facing, sadly the BPS 2022 has not given any indication of how to mitigate this challenges in terms of priorities and policies direction.2 xiv. The Collective Bargaining Agreement (CBA) for the University academic staff is partially implemented by the University due to lack of support from the exchequer despite a court ruling on the same. This has left the public universities exposed to risks of persistent industrial unrests that disrupt learning in higher education. The industrial unrests affect students graduation timelines hence affecting their entry into the labor market; xv. Critical institutions within the higher education sub sector which are not well funded hence crippling their operations and hence not fully supporting the goals of the higher education sub sector. These institutions are Commission for University Education, National Research Fund, University Funding Board and Higher Education Loans Board. xvi. Most public universities especially the big five universities are laden with huge pending bills which has worsened their financial challenges. Further, some of		

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		the pending bills cannot be vouched for or ascertained to establish their trueness hence the need for a special audit to be undertaken urgently as part of higher education reforms; xvii. The TVET subsector has not undertaken any study on the cost of delivering various courses being offered at TVET institutions. This has resulted to learners being capitated at a uniform rate despite the varying costs of the courses. xviii. That with the increasing number of TVET institutions and learners the demand for TVET instructors has increased creating a gap of approximately 9,000 instructors. There is no resources provided to support recruitment of TVET instructors the proposed budget ceiling for the sub sector; xix. That the sector has a resource gap of Kshs 111.4 Billion in 2022/23 and the most affected Department is that of University Education with a resource gap of Kshs 63 Billion. This means the sector need to prioritize key programmes as well as revise the targets set in 2022/23 in line with the available resources. xx. That there is persistent capitation deficits across the entire subsectors (Basic, Technical and University) despite the number of learners at all levels of learning being available. The capitation is funded at 65% level (Kshs 154 Billion requirement verses Kshs 101 Billion allocation). This means that some learners are not catered for despite being in schools hence creating a strain in the learning institutions in terms of amenities available;		
4.	**Departmental Committee on Lands**	**Ministry of Lands and Physical Planning** i. A significant increase in development expenditure allocation is recorded for the Ministry of Lands and Physical planning (12.3% increase), amounting to Ksh.	i. The Cabinet Secretary Ministry of Lands and Physical Planning should complete the development of an interim digital revenue collection system by 30th June 2022 to ensure	**The Committee recommends further that t House approves: -**

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		301 million in the proposed budget for FY 2022/23. 30 percent of the allocation is for processing and issuance of title deeds, and the rest is distributed across the eleven remaining projects under the Ministry. ii. The implementation of the settlement of the landless project lacked a clear policy regarding the identification of beneficiaries leading to unequal distribution of beneficiaries across the country. iii. Although the Ministry had committed to complete the development of an integral revenue digital collection system by July 2021, the committee observed that the target was not met with the Ministry reporting that the said revenue collection system could be integrated with the Digitization of Land records project. The system was to ensure collection leakages are eliminated for the Ministry to meet its revenue collection targets. Given the slow pace in implementing the Digitization of land records project, there is a need for an interim digital revenue collection system to mitigate revenue leakages. iv. The digitization process at the ministry, which is key to the unlocking of critical sector services, has not been implemented on time, with only Nairobi County being undertaken. The slow implementation has been attributed to challenges relating to parcel identification and illegal occupation of both Private and Public parcels registered in the Nairobi Land registries where the project has been undertaken. However, the committee noted that the project continued to absorb budgetary allocations without corresponding outputs. The actual cumulative expenditure as of January 2022 amounting to Ksh. 5.9 billion out of the estimated total project cost of Ksh. 10 billion.	collection leakages are eliminated for the Ministry to meet its revenue collection targets. ii. The Ministry of Lands and Physical Planning should develop a clear Policy on identifying beneficiaries in the Settlement of the Landless project to ensure fairness and predictability. iii. The National Treasury should ensure that all acquiring entities avail vesting funds as part of the cost of acquiring land for projects to the National Land Commission to facilitate the vesting of the compulsorily acquired land. iv. The Ministry of Lands and Physical Planning should develop a robust mechanism to address the challenges such as parcel identification and illegal occupation of both Private and Public parcels and match budgetary absorption with outputs to ensure the Digitization of Land records project is undertaken within set timelines. v. The National Land Commission, in collaboration with the National Treasury and the Office of the Attorney General, should undertake an Audit of the pending bills arising from accrued legal bills from litigation.	i. The proposed expenditure ceiling of **Ks** **5,892.2 million** for the Ministry of Lands a Physical Planning vote 1112. ii. The proposed expenditure ceiling of **Ks** **1,558.3 million** for the National Lan Commission vote 2021.

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		National Land Commission i. The National Land Commission had not vested public land compulsorily acquired for government infrastructural projects as provided for under sections 118 and 119 of the Land Act, 2016, due to inadequate funds making the acquired land susceptible to grabbing. The committee further noted the need for the National Treasury or the acquiring agencies to provide budgetary allocation for final survey and vesting to the commission to secure public land. ii. The National Land Commission had a total of Ksh. 552 million recorded pending bills as of 30th June 2021, arising from accrued legal bills. This may occasion a reduction in proposed ceilings if the pending bills are treated as a fast charge, thus leading to unmet targets in the commission's FY 2022/23 programme performance.		
5.	**Departmental Committee on Administration & National Security**	**State Department for Interior** i. The group Life Cover was not sufficiently funded. The estimated number of police and prison officers is 135,000 yet the allocation for the cover was only KSh. 2 billion making the payment for life cover for any injured officer to be only one year. ii. The Forensic Laboratory required additional allocation of KSh. 2 billion to enable it be fully equipped to pave way for its operationalization. Failure to provide for this allocation would delay the returns on investments on a project that had taken over 15 years. iii. The State Department was yet to conclude the exercise on the audit of police housing has had earlier been directed by the Committee. Further, the Police officers who were staying within police lines were yet to start paying economic rent as they were still waiting for a	i. The Committee recommends that the police housing audit be fastracked by the Cabinet Secretaries for Interior and that of Housing. The report should be submitted to the National Assembly by 1st June 2022. ii. The construction of Magereza level IV Hospital being a new project be deferred and such resources be re-allocated to completion of 128 projects that have stalled due to lack of funds before finalizing the estimates by 15th March 2022. iii. The Human Resource function of recruiting, appointing, confirming appointments and transfers within the National Police Service be surrendered fully by the State Department for Interior to the National Police Service Commission in line with Article 246(3a) of the Constitution. Further, the National Treasury to provide resources which	The Committee recommends that the Budget a Appropriations Committee source for **KSh.9,1. million** outside this sector to address the fundi gaps under the following critical policy priorities: i. KSh.5.8 billion towards enhancement Police Insurance, under State Department Interior and Citizen Services. ii. KSh. 2.5 billion towards Public Servi Internship Programme (PSIP) to increase t number of interns by 10,000, under Pub Service Commission. iii. KSh. 100 million towards Policy coordinati for construction of Miritini Rehabilitati Centre, State Department for Interior a Citizen Services.

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		report by the State Department for Housing on the same. iv. The Policy on leasing of motor vehicles had not been extended to the newly gazetted police stations. The non-availability of these vehicles was hampering service delivery. v. There was increased cases of mental cases within the police service and The BPS 2022 had no concreate plan to address this menace. vi. Due to inadequate funding, the Department for Immigration and Citizen Services could not fully automate their records to improve on service delivery to the citizenry. To this end, there was poor service delivery by the State Department on issuance of passports as many Kenyans were missing out on job opportunities due to delay in issuance of such critical documents. vii. There was need to upgrade the equipment at the government printer. It was observed they were obsolete and not in tune with the current technology and could therefore not give optimal service delivery. viii. The full roll-out of smart driving license and logbook issuance services by NTSA to 52 Huduma Centres across the country has the potential of generating revenue for the exchequer to the tune of Kshs. 6 billion annually. However, this project remains unfunded. ix. Motor vehicle inspection centres inherited by NTSA from the police in 2012 are in need of urgent refurbishment in order to increase capacity and quality of motor vehicle inspection and reduce the possibilities of accidents. x. National Authority for the campaign against Alcohol and Drug Abuse (NACADA) is expected to conduct regular research on the status of drug abuse in the country in	accrue to such functions to the Commission before the finalization of estimates by 15th of March 2022. iv. The Cabinet Secretary responsible for the National Treasury to provide for operations cost related to human resource management of Technical, Vocational Education and Training (TVET) from Teachers Service Commission (TSC) before finalization of estimates by 15th March 2022.	iv. KSh. 300 million towards National Transp and Safety Authority (NTSA) for roll out Smart driving license in the 52 Hudur centers in the country at KSh. 150 million a Refurbishment of Motor Vehicle Inspecti Centers which were inherited from the Poli in 2012 at KSh. 150 million, under Sta Department for Interior and Citizen Services v. KSh 200 million towards automation Immigration Services especially in light of r out of E-passport, under the State Departme for Interior and Citizen Services. vi. Kshs.100 million towards enhanced secur surveillance for prison facilities in the Sta Department for Correctional Services. vii. Kshs. 100 million for the construction suitable office block for the Firearms Licensi Board viii. KSh. 20 million to enhance police counselli services under National Police Servi Commission

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		order to meet its obligations of reporting biannually to the Houses of Parliament and periodically to international platforms as required by international conventions. No funds have been earmarked for this function xi. The Miritini Treatment and Rehabilitation centre which currently receives over 300 youth on a daily basis both as in-patients and out-patients is dragging behind schedule due to minimal allocation of resources. xii. The Firearms licensing Board operates from an old dilapidated structure within the Industrial area unsuitable for their role as custodians of firearms. **State Department for Correctional Services** i. It was observed that the Kenya Prison does have the requisite capacity to contain the current number of inmates. The population of the Prison stands at 56,000 against an approved capacity of 26,000. ii. The State Department was in the process of review the National Correctional policy. Stakeholder consultations had been completed and validation done and awaiting submission to Parliament. iii. The persistent problem of mass promotions within the service had not been fully addressed. Out of the 11,000 officers who had stagnated, only 3,000 had been promoted. iv. The critical flagship projects of vision 2030 on construction of 6 model prison facilities had stalled and could not be completed within the remaining time for MTP III. v. The State Department had introduced a new project on Construction of Magereza Level IV Hospital despite having several stalled projects.		

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		vi. The Historical Pending Bills of KSh. 6.2 billion that had been appropriated by the National Assembly in the FY 2019/20 had not been fully paid to the beneficiaries on account of incomplete documentations while others were subject to investigations by EACC. vii. The capacity of Prison Industries has been diminished by obsolete and outdated equipment. **State Department for Public Service** i. The State Department introduced a new policy priority of Public Service Emeritus Strategy with the aim of harnessing tacit, rare and critical skills from retiring and retired Public Servants as part of succession management in the public service. ii. The Government through the State Department had established another parastatal called Human Resource Management Professionals Examination Board. This was observed not to be in tandem with the Government policy of rationalization of state cooperation to help manage the growing wage bill. **National Police Service Commission** i. The police to population ratio currently stands at 1:778. To bridge the gap closer to the recommended ratio of 1:450, the Committee observed that there was need to recruit 10,000 police officers every year for two consecutive years. The estimated cost of recruiting the aforementioned numbers was estimated to be KSh. 6.4 billion in terms of Personnel Emoluments. The resources for this however were not available. ii. Article 246 (3a) gives the National Police Service Commission the mandate to recruit and appoint persons to hold or act in offices within the National Police Service. Further the Commission has the		

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		mandate to confirm appointments and determine promotions and transfers within the Service. While resources should follow functions, it was observed that the Commission had not been given resources for these functions and neither had the State Department for Interior surrender such functions to the Commission. **Public Service Commission** i. The Public Service Internship Programme (PSIP) current demand from Public Service is 10,161 interns from 210 MDAs against a budget constrained supply of 3,200 while the applications stands at 46,256. There was therefore a need for the Programme to be expanded to accommodate at-least 20,000 graduates every year. ii. Further, the mandate to recruit interns for the Public Service had been expanded to include State Corporations. Previously, the High Court had ruled that the Public Service Commission had constitutional mandate over HR functions in the entire Public Service including State Corporations. To this end, the Committee observed that the Commission was in the process of establishing a fully-fledged directorate to deal with Human Resource matters related to State Corporations. The corresponding resources however were not available. iii. The mandate of Public Service Commission had expanded without commensurate budgetary allocation. Some of the additional mandate included recruitment of senior management position in public universities, constitutional commissions, TVETs and other statutory bodies. The Operations and Maintenance cost amounting to KSh. 110 million related to TVETs for		

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		example did not move to Public Service Commission but remained with Teachers Service Commission. **Independent Policing Oversight Authority** i. Section 3(3) of the IPOA Act requires the Authority to devolve its services to the Counties in accordance with Article 6 of the Constitution. Currently the Authority has decentralized to eight regional offices in Meru, Nyeri, Kakamega, Nakuru, Eldoret, Mombasa, Kisumu and Garissa. The Committee observed there was still need to strengthen regional offices and enhance decentralization to other areas for higher uptake of complaints, investigations, inspections and monitoring.		
6.	**Departmental Committee on Energy**	**State Department for Energy** i. The total ceiling allocations for the State Department in the 2022 Budget Policy Statement is Ksh. 85.1 billion which is an increment of Ksh. 11.2 billion (15 percent growth) from the approved estimates for FY 2021/22. The recurrent expenditure has a growth of 12 percent and the development expenditure has a growth of 16 percent. The foreign component is proposed to increase by 15 percent while the GOK component is projected to decrease by 7 percent (Kshs. 720 million). ii. The Ministry has 72 ongoing projects with a total estimated cost of Ksh. 967.9 billion based on the compendium of projects. As at the end of FY 2020/21, the Ministry had spent Ksh. 439.9 billion on these ongoing projects while the approved budget for FY 2021/22 allocated them an additional Ksh. 67.2 billion for development. In the FY 2022/23, Ksh. 77.7 billion has been allocated for the projects. Therefore, to complete all on-going projects, the Ministry will require Ksh. 528 billion.	**State Department for Energy** i. The Ministry should ensure that the commercial and industrial consumers under categories 4 and 5 fully benefit from the reduction of electricity costs by 31st March 2022 to prevent capital flight by investors. ii. The Ministry should ensure full utilization of the provisions of the Land Act, 2012 to address the challenges of compulsory acquisition of way leaves. The Ministry should finalize and submit to the National Assembly the quarterly reports on the progress made on the land acquisition for the way leaves. iii. The Ministry to finalize and submit the Energy regulations to the National Assembly by the end of FY 2021/2022 which will operationalize the Energy Act 2019. **Petroleum Department** i. The Ministry should review the Petroleum Development Fund Act, 1991 to provide for a Board to administer the funds and ring-fence the	**State Department for Energy** The proposed expenditure ceilings and progra allocation totaling Kshs 85.1 Billion, which is brok down as Kshs. 77.7 billion for development a Kshs 7.4 Billion for recurrent, and as provided in t 2022 Budget Policy Statement, be approved. **Ministry of Petroleum and Mining (Departme for Petroleum)** The proposed expenditure ceilings and progra allocation totaling Kshs 8.6 Billion, which is brok down as Kshs. 2.9 billion for development and Ks 5.7 billion for recurrent, and as provided in the 20 Budget Policy Statement be approved.

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		iii. Although part of the implementation of the Report of the Presidential Task Force on Review of Power Purchase Agreements that establishes a pathway for the reduction of electricity prices by 30 percent is expected to be undertaken in the FY 2022/23, no clear timelines have been provided in the BPS 2022 to determine the effectiveness of the planned reforms and effect on consumer welfare. However, the Ministry in their submissions indicated that the full reduction in electricity prices will be achieved by 31st March 2022 leveraging on reduction in system losses and re-negotiation of power purchase agreements with Independent Power Producers. iv. In the gazette notice on electricity tariffs by EPRA in January 2022, the tariff reduction did not benefit the Commercial and Industrial consumers' categories 4-5 (with a demand charge of Kshs 220 per kVA). However, EPRA in their submissions stated that these categories will fully benefit in the 2nd Phase expected by 31st march 2022. v. The Ministry as at 30th June, 2021 has pending bills amounting to Kshs. 30.19 Billion despite the Presidential directive to have pending bills as a first charge to the Budget. vi. There are several litigation within the Ministry of Energy stifling the projects implementation. Key among them include the interconnection project of Electric Grids of Nile Equatorial Lakes Co-400kV Lessos Tororo Interconnector and Sondu- Homabay-Ndhiwa-Awendo transmission lines. vii. The Power transmission projects are facing challenges in implementation due to resistance by landowners from vacating land identified for way leaves. The Ministry indicated that the resistance is not largely on account of	allocations/appropriations for use in fuel stabilization by the end of FY 2022/2023. ii. The Ministry to communicate to the stakeholders its decision on the final field development plan for the South Lokichar oil development field plan to inform the final investment decision by the end of the FY 2021/2022. iii. The Ministry to immediately disburse the funds meant for procurement and distribution of the Liquefied Petroleum Gas (LPG) cylinders to the relevant implementing agency.	

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		inadequate funds for way leave compensation. The Ministry has not sufficiently applied the land value (Amendment) Act 2019 to facilitate the compulsory acquisition of land identified for way leave. viii. The Ministry is yet to submit the Energy regulations to fully operationalize the Energy Act 2019 to the National Assembly for consideration. This creates a weak legal framework to govern the activities, functions and programs under the energy sub-sector. **Petroleum Department** i. The ceiling for the Petroleum Department under the Ministry of Petroleum and Mining is Ksh. 3.0 billion which is an increment of Ksh. 27 million from the approved estimates for FY 2021/22. The change consists of an increment of Ksh. 276 million under the development expenditure and a reduction of Ksh. 249 million under the recurrent expenditure. From their submissions, the Ministry stated that there is a reorganization in the Ministry of Petroleum and Mining (Petroleum department) in the 2022 BPS whereby the Petroleum Department now carries out two programmes namely, Exploration and Distribution of Oil and Gas and General Administration, Planning and Support Services instead of only one which was the Exploration and Distribution of Oil and Gas. In this respect, the Department will receive an additional recurrent expenditure allocation of Kshs. 5 Billion in the 2022 BPS that will cater for Oil Market Price Stabilization. ii. The Department has 7 ongoing projects with a total cost of Ksh. 43.2 billion based on the compendium of projects as at 31st January 2022. The actual cumulative expenditure on these projects amounted to Kshs. 14.7 Billion while the outstanding project costs was Kshs. 28.5		

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		Billion. The development allocation for the FY 2021/22 is Kshs. 2.6 Billion while that for the proposed ceilings for FY 2022/23 amounts to Kshs. 2.9 Billion. iii. The implementation of the fuel subsidy is hampered by a lack of the Board to administer the Petroleum Development Levy Fund and the uncertainty of the Fund as a fuel stabilization measure in the long term. iv. The Final Field development Plan for the South Lokichar Oil Field development to inform Final Investment Decision (FID) is yet to be approved by the Ministry and therefore delaying the commercialization of the oil production. The Ministry indicated that they have engaged the services of a consultant to undertake an audit of the Field Development Plan as submitted by Tullow Oil Kenya B.V. However, the Committee had recommended that the Ministry undertake the audit themselves. v. The Ministry is withholding disbursement of funds meant for procurement and distribution of Liquefied Petroleum Gas (LPG) cylinders. However, this is part of the mandate of National Oil Corporation of Kenya (NOCK) while the Ministry's role is supposed to be formulation of policies to govern the sector.		
7.	**Departmental Committee on Finance and National Planning**	**National Treasury** The National Treasury has proposed allocation of KSh. 189,960.60 million for the 2022/23 Fiscal Year against baseline estimates of KSh. 157,746 million in Fiscal Year 2021/22. **State Department for Planning** i. During the Sector process, the State Department requested **KSh. 58.86 billion** but the BPS 2022 has proposed to allocate **KSh. 48.90 billion** resulting into a shortfall of KSh. 9.96 billion. The approved	i. The National Treasury should sensitize Ministries/Departments and Agencies on the need toadhere to the requirements of PFM Act on the pending bills forming the first charge. This will reduce the pending Bills across all the Ministries/Departments and Agencies. ii. The Commission on Revenue Allocation (CRA) in conjunction with National Treasury and other stakeholders should spearhead the establishment of revenue potential in all the counties. This should be the basis of Own	i. The National Treasury – The proposed expenditure ceiling and program allocation totalling to KSh. 190 billion for the financial year 2022/23, which is broken down as KSh. 132 billion for development expenditure and KSh. 58 billion for recurrent expenditure, as provided in the 2022 Budget Policy Statement be approved. ii. The State Department for planning - The proposed expenditure ceilings and

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		estimates for the State Department for the current FY is KSh. 45.91 billion. ii. In the FY2022/23, the State Department will be majorly involved in the development of MTP IV and its 25 Sector Plans, production of statistical reports, management of the National Government Constituencies Development Fund, providing guidance to counties in preparation of CIDPs, monitoring and evaluation of development projects and programmes, and tracking the implementation of Economic Recovery Strategy to mitigate the negative effects of COVID-19 Pandemic on the Economy. iii. The Kenya Institute of Public Policy Research and Analysis (KIPPRA) is an integral Institutionin terms of ensuring that there is continuous research on public policy so as inform decision making by Government. However, the Institution remains underfunded and this has compromised the institution's ability to deliver on its mandate. **State Department for Devolution** i. The State Department for Devolution's proposed budget for FY 2022/23 is **KSh. 1,899.74 million** against a resource requirement of KSh. 7,743 million. The approved estimates for FY 2021/22 for the State Department was KSh. 2,647.70 million. Comapred to the base year the allocation represents a reduction. The majority of the reduction is in development expenditure, which has been reduced from KSh.1.49 billion for FY2021/22 to KSh.420 million due to reduced targets under devolution services program.	Source Revenue projections by county governments. iii. The National Treasury, Kenya Revenue Authority (KRA), Commission on Revenue Allocation (CRA) and the Council of Governors should fastrack the development of an integrated County Revenue Management system for a unified revenue collection system for all counties. TheCRA should fast track the development of model tarrifs and pricing policy to guide counties to develop their own. iv. The Ministry of Devolution needs to fastrack development of a policy and legislative framework to guide the setting up and implementation of Regional Economic Blocs at the [illegible] levels. The policy and legislative framework for the regional economic blocs would in addition address the nature of instruments of cooperation, the powers of the regional economic blocs, the financing of the economic blocs, the ownership of regional blocs' projects and the dispute resolution mechanisms to be applied in resolving disputes. v. The Office of the Controller of Budget Act should be amended to addresss the conflicting timelines to align the reporting timelines for the quarterly Budget Implementation Review Report between the Office of the Controler of Budget (OCOB) Act and the PFM Act.	program allocation totalling Kshs. 48.89 billion as provided in the 2022 Budget Policy Statementbe approved. iii. The State Department for Devolution - The proposed expenditure ceilings and programallocation totalling KSh. 1.9 billion, as provided in the 2022 Budget Policy Statement beapproved. iv. The Salaries and Remuneration Commission - The proposed expenditure ceilings and program allocation totalling Kshs. 612.5 million, as provided in the 2022 Budget PolicyStatement be approved. v. The Commission for Revenue Allocation - The proposed expenditure ceilings and program allocation totalling Kshs. 492 million, as provided in the 2022 Budget Policy Statement be approved. vi. The Controller of Budget - The proposed expenditure ceilings and program allocation totalling Kshs. 702 million, as provided in the 2022 Budget Policy Statement beapproved.

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		ii. The recent re-organisation through the Executive Order No. 4 of 2021 transferred the Special Initiatives programme to the State Department of Social Protection, Senior Citizens Affairs and Special Programmes. The State Department's allocation in the 2022 BPS includes an amount of KSh. 44.4 million which relates to the transferred function. **Salaries and Remuneration Commission** The Salaries and Remuneration Commission's proposed budget for FY 2022/23 is **KSh. 612.50 million** against a resource need of KSh. 685.75 million hence a gap of KSh. 73.25million. The Commission's budget for FY 2021/22 was KSh. 621.40 million. **Commission on Revenue Allocation** i. The Commission on Revenue Allocation's proposed budget for FY 2022/23 is **KSh. 491.90 million** against a resource requirement of KSh. 557.60 million. In comparison to the current FY, the Commission had an approved budget of KSh. 383.60 million. ii. The untimely submission of statutory reports namely the county Fiscal Strategy Papers by the county governments as required by the PFM Act section 117 affects the submission of comments by CRA. iii. Some counties are spending a lot of funds to collect revenue which is so little. **Office of the Controller of Budget** i. The Office of the Controller of Budget's proposed budget for FY 2022/23 is **KSh. 702.40 million**		

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		against a resource requirement of KSh. 891.71 million hence a variance of KSh. 189.31 million. The Office had an approved budget of KSh. 639 million in the current FY. ii. The Controller of Budget is unable to prepare and submit the Budget Implementation ReviewReports in a timely manner due to conflicting reporting timelines in the legal framework. The tmes for submission of the financial reports nby spending entities are provided under thePFM Act . Section 166 (4) requires the county treasury to consolidate the quarterly financialreport from the accounting officers and deliver a copy to the Controller of Budget not later than 30 days after the end of each quarter. This is the same period the OCOB is required to prepare and submit BIRRs to Parliament. This leaves no room for analysis and verification ofthe information published. iii. The delay in submission of expenditure reports by MDA and county governments hampers timely preparation and submission of quarterly reports and consequently monitotring of budget implementation which in turn affects timely preparation of BIRRs by the OCOB.		
8.	**Departmental Committee on Health**	i. In 2022/23 the Ministry of Health has been resourced at **Kshs 126 billion** aginst a requirement of **Kshs 154 Billion**. This means the sector has to prioritize its programmes given the limited resources available to deliver on high impact areas such as the UHC. The ministry is therefore expected to restructure its priorities to ensure attainment of the set targets within the available resources; ii. The immunization programme in the country is acutely underfunded and may lead to outbreak of diseases eg,	i. The Ministry of Health to provide essential medicines in health facilities under the UHC programme to contain the high cost of healthcare which is largely attributed to the pharmaceuticals. This will ensure that pharmaceuticals are available in health facilities to fully support the delivery of UHC in the country. In this regard, the Ministry of Health should ensure that KEMSA is fully reformed in the next six months for purposes of providing essential medicines under the UHC programme;	The Committee recommends that the resour envelope for the sector in 2022/23 be opened up accommodate the following critical areas whi lack funding; i. Kenyatta National Hospital Salary Shortfall **Kshs 1.2 billion** - KNH has a personr emoluments (PE) gap of Kshs.1.237 billic Total funding of PE from the AIA collect affects other operations that facilitate deliv of health care services.

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		measles among infants. With increased demand for vaccines, especially with emergence of Covid-19 vaccine demand, the programme need to be adequately funded. iii. There is quite a number of missed targets on various initiatives which were set in 2018 to support attainment of UHC. For instance, establishment of 10 referral hospital, increasing health budget to 15%, enrolments to NHIF among others which are way below the set targets. The non- attainment is largely attributed to resource constraints. This means that some of these initiatives will be rolled in the next MTEF and more resources committed to hasten their implementation. iv. Despite the pharmaceuticals being the main driver of high cost of healthcare, it is observed that the government has shifted away from the combination of provision of HPT's to solely provision of social insurance in the implementation of UHC. It is observed that not all health facilities have all essential medicines hence some health facilities are likely to lack essential medicines. This might affect the delivery of UHC; v. The Biovax facility which is being established will be a 'fill and finish' vaccine plant that will operate as a private state corporation to increase international competitiveness of the facility (commercialization of vaccine production). The facility can enter into collaboration with other international vaccine manufacturing companies and in the long-term it will be transformed into a fully-fledged manufacturing facility. The operationalization of the vaccine plant in April will augment vaccination against Covid-19 in the country. The project has been allocated Kshs1.8 billion and Kshs 500 million in 2021/22 and 2022/23 financial year respectively;	ii. Within the next one month, the Ministry of Health should submit to the National Assembly memorandum of understanding and collaboration agreements between the two levels of governments (National and Counties) on the construction of 50 level III health facilities; iii. That within the next one month, the Ministry of Health should submit an exit report for the leasing of the medical equipment programme. The report should contain among other things the successes, challenges and value for money of the programme and more particulary detailing the Ministry's option as regards the equipment when the contract comes to an end later this year. It is critical that the persistent and pertinent issues surrounding this project are addressed to guarantee smooth transition; iv. The Ministry of Health should within two months ensure that the fragmented government sponsored social health covers e.g., Linda mama, insurance for Elderly and PWDs, edu afya are harmonized into one single pool of resources for UHC to benefit from economies of scale as well as ensure there are no duplications. v. The Ministry of Health should ensure that no new KMTC is established until the Ministry undertakes and completes a needs assessment across the country. This assessment should be undertaken within the next three months; vi. The Ministry of Health through the national referral facilities should from the next financial year provide resources for the trainee doctors (registrars) in Referral hospitals to relieve the burden from the county governments. This will enable the county	ii. Moi Teaching and Referral Hospital Sala Shortfall of **Kshs1.4 billion** - MTRH requir and additional Kshs 1.4 billion for personr emoluments to fill the funding gap. iii. Kenyatta University Teaching, Referral Research Hospital Salary Gap of **Kshs.7 Million** - KUTRRH requires funds to cater for post staff as well as hire new staff who a required to fully operationalize the hospital ensure Kenyans are able to get specializ services optimally as envisaged. iv. Kenyatta National Hospital (Othaya Hospit **Kshs 1.2 billion**- KNH- Othaya requir Kshs1.2 billion for personnel emoluments order to increase the service delivery capac to 80% from the current 50%. v. Kenya Medical Training College Salary Gap **Kshs 395 Million** and **Kshs 180 Million** - KMTC students Afya Elimu Fund- KMTC al has a funding gap of Kshs 395 million for P This is even after allocating part of the AIA t salaries requirement. Additional Kshs1 million for funding KMTC students under Af Elimu Fund (AEF). The cessation of funding USAID which was the major external financ will adversely affect the number of studer under the AEF financing. vi. Kenya Medical Research Institute Salary Ga **Kshs 397 million**- KEMRI requires Kshs 2 million to implement a recent court ruling th awarded salary compensation to employees. Additional Kshs.183 million t recruitment of frontline research staff

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		vi. The establishment of the 50 level III hospitals is as a result of a memorandum of understanding between Ministry of Health and Council of Governors (COG). The county governments identified the areas that the new level III hospitals will be constructed and the selected include densely populated areas, those areas that had no level III hospital, and equipping of unequipped level III hospitals. It is estimated that construction of each level III hospital will cost Kshs 64 million. The project has been allocated Kshs 2.1 billion and Kshs 1.1 billion in FY 2021/22 and FY2022/23 respectively; vii. According to contractual agreements, the Leasing of the Medical Equipment project will come to end by close of 2022. To decide on the fate of the project after expiry of the contract, a committee was established to look into the issue and each county will give a response to the estab; ished committee on MES to advice on to whether to continue with MES or otherwise. In 2022/23 has Kshs 5.2 billion proposed allocations to MES. viii. As the country prepares to roll out UHC, there is need to fast-track consolidation of the fragmented state sponsored social insurance schemes (HISP OVC, Elderly, PWD, Linda Mama, Edu-Afya) to create a single pool of resources to adequately support rollout of UHC; ix. There is increased constructions of KMTC's in the country with no matching teaching human resource supply. This inadequate human resource will lower the quality of trainings offered by KMTCs. The Ministry of Health has established an adhoc committee to establish, among other things, the number of KMTCs in the country, registration requirements for establishment of KMTC. x. The delay in enactment of the grants bill has affected the disbursement of development partners health care funds	governments to recruit new doctors and ensure that health service delivery at the county level is not affected; vii. The Ministry of Health should within the next six months submit a clear policy and criteria of classifying health facilities across the country. This will facilitate smooth and seamless transfer of health facilities between the two levels of government;	management of COVID-19 and UHC. / approval to recruit 74 staff has been granted vii. KEMSA Salary Gap **Kshs 1.2 billion-** KEMS request for consideration of the shortfall 1 Personnel emolument of Kshs.1.16 billion in t GoK funding both in FY 2021/22 and in F 2022/2023. viii. Support for the Regular Interns – **Kshs 1 billion-** The Ministry is requesting for additior Kshs 1.08 Billion to cater for Human Resour for Health in the next FY2022/23. Apart frc Internship being a legal requirement 1 registration and licensing of various disciplin of health care workers, it also equips t trainees with practical skills required to of quality medical care. In light of the increas number of young Kenyans graduating frc medical training institutes/colleges, it is prude that we scale up the internship programme accommodate them. In addition, the healthca workers' unions have been strongly agitati for increase in internship opportunities enable their new members to practice. T critical cadres expected to benefit from tl include Medical Officers; Pharmacis Dentists; Nursing officers; and Clinical officer ix. Procurement of Blood Commodities- **Kshs 3 Million-** There is a shortfall of Kshs.381 milli for the procurement of blood commodities ensure enough blood products are availed treatment. The funding gap has be occasioned by the donor funding agreeme coming to an end in FY 2020/21.

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		to the counties. Most of the donor supported conditional grants are in the health sector and their non-disbursement may affect health service delivery at the county level. xi. The Registrars attached in Referral hospitals for training continue draw their compensation from the county governments despite offering working for the Referral facilities while undergoing training. Further, since they are still in the county governments payroll, the county governments are not able to recruit new doctors to replace them despite the need for more doctors at county level; xii. The delayed disbursement of UHC funds to NHIF towards meant to cover poor households delayed the process of their registration. A total of 5.1 million households have been registered and have started receiving health services under the UHC programme after the funds were disbursed to NHIF;		x. Procurement and Distribution of Fam Planning Commodities – **Kshs 610 milli** Development partners are expected to fu withdraw funding of Family Planni commodities by 2023. The unfunded gap v lead to a reversal of the gains the Country h made in improving maternal new-born heal preventing thousands of pregnancy relat deaths, improving the survival of new-bor and under five-year-olds. Funds will be requir to procure and distribute family planni commodities. The commodities will supp over 7 million women dependent on spaci families to avert a plethora of deaths a severe illnesses that accompany un-spac births. xi. Procurement and Distribution of Critical H Commodities and Prevention Programme Kshs **4.95 billion** - A total of Kshs.4.8 billion v facilitate procurement and distribution of critic HIV commodities for prevention, treatment a care not covered under the current dor financing agreements. Commodities such Cotrimoxazole 960mg-which PEPFAR stopp funding-are critical in prevention opportunistic infection among PLHI\ Unavailability of the full budget will lead reversal on gains made in the HIV fig Infections are currently on the rise, a continued underfunding of the programr causes acute annual stock-out of essent ARVs leading to preventable deaths a excess hospitalization costs. Additior

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				Kshs.150 million is required to ensu sustained roll-out of prevention programme. xii. Procurement of First Line TB Medicines **Kshs.487 Million-** Additional Kshs.487 milli is required for the procurement of prevention therapy medicines (Kshs.95.3M Diagnostics reagents & consumabl (Kshs.291.4M); Nutrition commodities for patients (Kshs.100.6M). xiii. Routine Immunization and Vaccines- **Kshs.9 million -** Currently, it costs the country Kshs.6 billion to procure and distribute vaccines 1 routine Immunization, and maintain depots which GAVI contributes Kshs.3.8 billion and t Government of Kenya Kshs.1.3 billion, leavi a gap of Kshs.900 million. The country ris outbreak of diseases e.g. Measles, in the fa of inadequate funding for operations. addition, the COVID-19 pandemic has result in additional demand on the immunizati program to deliver COVID-19 vaccines th have the potential to reduce morbidity, mortal and economic loss. Further, the country ente the accelerated transition phase from GA support in 2021 and is expected to be ultimate self-reliant by 2027. There is need to ensu adequate and incremental budgetary allocati for immunization. xiv. Procurement of Cancer, Diabetes a Hypertension commodities- **Kshs 86 Million -** The funding gap amounting Kshs.575.6M is required to prov chemotherapy medicines, commodities cancer screening, diagnosis and rehabilita

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				in the newly established regional canc centres. In addition, Kshs.292 M is required procurement of diabetes and hypertensi screening and treatment commodities.
9.	**Departmental Committee on Environment and Natural Resources**	**Ministry of Environment and Forestry** i. The Ministry has been provided with a ceiling of Kshs. 14.93 billion for the FY 2022/23 comprising of Kshs. 10.64 billion for recurrent expenditure and Kshs. 4.29 billion for development expenditure. Although this is an increment of 1 percent from the approved estimates for FY 2021/22, the Ministry's resource requirement for the FY 2022/23 was Kshs. 34.02 billion, hence a number of its planned projects may not be achieved as envisaged in their strategic plan. ii. The Kenya Forest Service (KFS) has huge potential to generate revenue from harvesting of mature and over-mature forest plantations once the moratorium on logging in public and community forests which was imposed in 2018 is lifted. Apart from its impact on revenue generation for the KFS, the ban has hugely affected performance of the number of industries that depend on forest products and forced private forests to sell even non-mature trees to meet the increased demand. If the moratorium is lifted, the KFS can generate approximately Kshs. 10 billion annually which will reduce its dependency on exchequer revenues and even have extra funding that can be remitted back to the exchequer. iii. The National Environmental Management Authority (NEMA) also has huge potential to generate revenue from Environmental Impact Assessment (EIA) fees. These fees were scrapped in 2016 in order to ease the cost of doing business for investors in the real estate. However, the removal of these fees has had unintended	**Ministry of Environment and Forestry** i. The Ministry should fully lift the ban on logging in public and community forests to allow for the harvesting of mature and over-mature trees in the FY 2022/23. This will ensure the Kenya Forest Service (KFS) generates additional resources so as to reduce its dependency on exchequer revenues. ii. The Ministry should fast track the reinstatement of the Environmental Impact Assessment (EIA) fees with a target of its full reintroduction in the next FY 2022/23. These fees should be included as Appropriations-in-Aid for National Environmental Management Authority (NEMA) when the budget estimates for FY 2022/23 are submitted to the National Assembly. iii. The Ministry should fast track the completion of the Meteorological Policy and Bill that will transform the Kenya Meteorological Department into an Authority. The policy and bill should be presented to Parliament in the FY 2022/23. **State Department for Wildlife** The Department should ensure that the payments for Human Wildlife Compensation (HWC) claims should be done across board to cater for all types of cases including injuries, loss of property and loss of crops/animals.	i. The Ministry of Environment and Natu Resources - The proposed expenditure ceilin and program allocation totalling Kshs. 14.9 billion, which is broken down as Kshs. 10.6 billion for recurrent expenditure and Kshs. 4. billion for development expenditure, provided in the 2022 Budget Policy Stateme be approved. ii. The State Department for Wildlife - T proposed expenditure ceilings and progra allocation totalling Kshs. 8.087 billion, which broken down as Kshs. 7.164 billion for recurre expenditure and Kshs. 923 million development expenditure, as provided in t 2022 Budget Policy Statement be approved. iii. The Ministry of Petroleum and Mining (Mini Department) - The proposed expenditu ceilings and program allocation totalling Ksh 6.309 billion, which is broken down as Ksh 5.932 billion for recurrent expenditure a Kshs. 377 million for development expenditu as provided in the 2022 Budget Poli Statement be approved. iv. The Ministry of Water, Sanitation and Irrigati - The proposed expenditure ceilings a program allocation totalling Kshs. 87.7 billion, which is broken down as Kshs. 6.7 billi for recurrent expenditure and Kshs. 81.0

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		negative effects on NEMA and the government since it now heavily relies on exchequer funding for all its operations. If these fees are reinstated, NEMA can generate approximately Kshs. 1.4 billion which will adequately cover all their operational costs easing up its demand for exchequer revenue. The proposal to reinstate these fees has recently been approved by the Cabinet and the Ministry is currently making the necessary arrangements for its re-introduction. iv. The Ministry is at an advanced stage of transforming the Kenya Meteorological Department into an Authority and both the relevant policy and bill will soon be presented to the National Assembly for consideration. As an authority, it will be able to charge data fees to various government agencies including the Kenya Civil Aviation Authority (KCAA) for weather data provided to the aviation industry and the private sector. This will reduce its dependency on exchequer revenue. **State Department for Wildlife** i. The KWS faces acute shortage of ranger and wardens' cadre due to natural attrition and an aging workforce. The last ranger recruitment was conducted in 2015 whereas the last recruitment of management trainees was undertaken in 2012. The KWS would require an additional Kshs. 1.5 billion to address these existing gaps in its park management and field operations. ii. The State Department has been provided with a ceiling of Kshs. 8.087 billion for the FY 2022/23 comprising of Kshs. 7.164 billion for recurrent expenditure and Kshs. 923 million for development expenditure. This is a reduction of 2 percent from the approved estimates for FY 2021/22 which is also lower than the Ministry's		billion for development expenditure, provided in the 2022 Budget Policy Stateme be approved. The Committee further recommends for t following additional funding: i. The State Department for Wildlife be allocat additional Kshs. 3.5 billion which will be us for the following: a) Kshs. 1.5 billion for recruitment KWS rangers and wardens' cadre b) Kshs. 1.5 billion for payment Human Wildlife Conflict (HW pending claims; c) Kshs. 500 million to ensure t 5,500 community scouts are pa their wages for the whole of the F 2022/23. ii. The Ministry of Water, Sanitation and Irrigati be allocated additional Kshs. 200 million cater for the budget shortfall for the expansi of the Galana Kulalu Irrigation Project to cov 10,000 acres by the end of the FY 2022/23.

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		resource requirement for the FY 2022/23 of Kshs. 17.808 billion. Therefore, a number of its planned projects may not be achieved as envisaged in their strategic plan. iii. The Kenya Wildlife Service (KWS) projected that the Kshs. 3.2 billion that it is expected to collect as Appropriations-In-Aid (AIA) is not feasible since the industry has not yet fully recovered from the Covid-19 effects. Whereas tourism visitation has seen a gradual recovery in the first half of the FY 2021/22 as compared to a similar period in FY 2020/21, the numbers are still lower than what was achieved in the pre-covid years. Likewise, the tourism number may also be suppressed this year due to the electioneering activities. iv. Due to the Covid-19 Pandemic, the government provided support to the wildlife sector through an economic stimulus programme (ESP) for the community scouts wages. In the FY 2020/21 and FY 2021/22, the KWS was allocated Kshs. 1 billion annually to cover wages for 5,500 community scouts. However, this funding has been reduced for the FY 2022/23 to Kshs. 500 million, hence the scouts will only be supported for half of the year. v. The verified and approved Human Wildlife Conflict (HWC) pending claims that are likely to be carried forward to the FY 2022/23 amount to Kshs. 2.579 billion. However, only Kshs. 606 million has been provided to settle these claims in the FY 2022/23. Therefore, close to Kshs. 1.9 billion will be carried forward to the next financial year without including additional cases that will be verified and approved in the FY 2022/23. It was also observed that some of the pending bills are for cases that date as far back as FY 2017/18. vi. Due to the minimal allocations of funds for HWC in previous budgets, these partial payments have always		

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		been prioritized for payments of cases related to deaths only. So many of the other verified and approved HWC cases that are related to injuries, loss of property and loss of crops/animals have been deferred repeatedly causing anxiety among the affected families and communities. **Ministry of Petroleum and Mining (Mining Department)** i. The Department has been provided a ceiling of Kshs. 6.309 billion for the FY 2022/23 comprising of Kshs. 5.932 billion for recurrent expenditure and Kshs. 377 billion for development expenditure. The department has a significant increment in its allocation for recurrent expenditure and this is attributed to the restructuring under the ministry after the merger of the petroleum and mining department. The two departments now have their administrative function under one programme, and this will create a challenge in oversight since the two departments are oversighted by two different Departmental Committees. ii. The mining sub-sector has the potential for self-sustenance through royalties and other fees if well-coordinated. However, it has continued to be grossly underfunded, hence affecting its potential in contributing to the economy. **Ministry of Water, Sanitation and Irrigation** i. The Ministry has been provided a ceiling of Kshs. 87.715 billion for the FY 2022/23 comprising of Kshs. 6.7 billion for recurrent expenditure and Kshs. 81.015 billion for development expenditure. This is an increment of 13 percent from the approved estimates for FY 2021/22.		

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		ii. Since the takeover of the Irrigation Department in 2019, the Ministry has streamlined the operations of most irrigation projects. One of its successes has been the transformation of the Galana Kulalu Irrigation Development Project with the 5,000-acre model farm operationalized and in production. The Ministry had planned to expand the project to cover a total of 10,000 acres by the end of FY 2022/23 to enable it generate an annual income of Kshs. 275 million. Its proposed budget for the expansion was Kshs. 800 million. However, only Kshs. 600 million was allocated and therefore it may not achieve its targeted expansion plan. iii. The Ministry has been facing challenges in the utilization of the water resources it has invested in especially in rural areas due to failure by county government to invest in last mile connectivity through water supply infrastructures. To address this, the government has entered into an inter-governmental agreement with county government where commitments are made by both levels of government to budget for their respective roles to ensure such investments do not turn into white elephants.		
10.	**Departmental Committee on Transport, Public Works and Housing**	i. State Department for Infrastructure has accumulated pending bills amounting to Kshs.114 billion as of 31st December 2021. This amount includes land compensation and relocation of services. The committee notes that given the magnitude of the amount, it may be difficult for State Department to settle it within the available resources. ii. The Committee, while considering the Budget Policy Statement, observed that the Central Bank of Kenya in its capacity as fiscal agent for the Republic of Kenya invited bids for an Infrastructure Bond amounting to Kshs.75 billion. The amount, if realized, is intended to	i. That the National Treasury, after adoption of this report, ensures that the Kshs.75 billion infrastructure bond be used to finance road projects only ii. That, before the budget estimates for financial year 2022/23 is submitted to parliament, the head Civil Service and Secretary to the Cabinet reconsiders transfer of Kenya Railway Corporation, Kenya Ports Authority and the National Transport Safety Authority (NTSA) and transfers them back to the mother ministry of Transport to enhance service	i. That the National Treasury shall, before t submission of estimates for FY 2022/2 considers opening of the ceilings for the Sta Department of Infrastructure to accommoda the Kshs. 114 billion pending bills financ through normal appropriations. ii. That the National Treasury, during finalization the budget estimates for the financial ye 2022/23, opens the ceiling for the Sta Department of Housing and Urban Developme to provide for the following projects;

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		finance all infrastructure projects in the financial year 2021/22 budget estimates iii. The Committee observed with concern that the transfer of State Corporations, like, Kenya Railway Corporation and Kenya Ports Authority and National Transport Safety Authority (NTSA) from the State Department of Transport affects service delivery and oversight since policy lies with the State Department for Transport while operation, budgeting and management lies with the National Treasury and Interior and coordination of National Government. iv. The Committee, having scrutinized the ceilings allocated to the State Department for Housing and Urban Development, observed that some small but impactful projects like slum upgrading (social housing) and police housing are underfunded. v. The Committee observed that the State Department for Public Works supervises projects under various Ministries, Departments and Agencies. However, the budget for monitoring and evaluation is captured under the respective line ministries, Departments and Agencies. vi. The Committee observed that the State Department for Public Works is grappling with stalled projects from various Ministries, Departments and Agencies inherited by the administration that came to power in 2003. It is to be noted that the projects were totaling to 224 of which 172 were completed and handed over between 2003 - 2013, 22 are complete but have pending payments amounting to Kshs.636 million, 14 projects are ongoing at a cost Kshs. 5,075 million while works for 16 projects are yet to commence	delivery and proper oversight of their operations and management. iii. The Committee recommends that, in estimates for 2022/23, the National Treasury ensures the budget for monitoring and evaluation of projects be domiciled in State Department for Public Works for efficient and effective supervision as well as capacity building.	a) Police Housing - **Kshs.200Million** b) Social Housing - **Kshs.1.8 Billion** c) Ruai Market - **Kshs.350Million** d) Nairobi Metropolitan Area Transp Authority (NAMATA) - **Kshs.1.5Billion** e) Construction of 6,100 housing units 1 civil servants –**Kshs.660Million** f) Affordable Housing - **Kshs.1 Billion** g) Operationalization of National Housi Development Fund **Kshs.5Billion** h) Rural Housing Loan Program **Kshs.250Million** iii) That the State Department for Public wor ensures, by end of June 2022, all those projec are transferred to the respective line Ministrie Departments for implementation and that t state Department of Public Works is left concentrate on its core mandate of setti standards and quality Assurance. if this is r achieved, the Committee further recommen the following policy options; a) That the **Kshs. 636 million** be provid to the State Department for Pub Works to finalize accounts for the completed projects whose fir accounts remain unsettled. b) That the **Kshs. 5,075 million** provided either directly to the St Department for Public Works indirectly through the respective l Ministries to complete the ongo projects.

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
				c) that the 16 projects who implementation has not commenc are handed back to their line Ministri and departments to be reviewed anc still relevant, prioritized f implementation and financing togetr with the other projects under t respective Ministry/Department.
11.	**Departmental Committee on Labour And Social Protection**	**The State Department for the Development of ASALs** The Department should develop a clear policy towards the completion of projects given that the resources available for their implementation are far below their total estimated costs **The State Department for Senior Citizens Affairs & Special Programmes** i. There is a lack of a legal framework to guide the provisions of social protection. There is a need for a legal framework that is less prone to political manipulation and ensures the Country's long-term political and financial commitment to designated Programmes. The lack of a specific law on social assistance exposes citizens to abuse and exploitation in the design of social assistance programmes. ii. There are other government Ministries, Departments and Agencies (MDAs) involved in social protection such as the Ministry of Education, the Ministry of Health, and the State Department for Development of ASALs and the County Governments. There is, however, no coordination body that harmonizes and aligns all the Programmes across these MDAs. iii. Although the National Social Protection Secretariat has a coordination role, its operations are limited to the	i. Although social protection is provided for in the Constitution, there is a lack of a legal framework to guide the provisions of social protection. An established legal framework is less prone to political manipulation and discrimination and ensures the Country's longterm political and financial commitment to designated Programmes. The Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes must therefore propose a law to guide social protection. ii. The sector needs to fast track critical legal and policy frameworks such as the Disability Policy, the Family and Community Development Policy, the Labour Migration Bill and Policy. This will help create a national data bank of Institutions and service providers for Persons Living with Disability and migrant workers. iii. There is a need for wider coordination of both state and non-state actors in social assistance interventions particularly regarding regulating standards to cushion citizens from abuse. Currently, there is no clear record of non-state organizations providing social assistance services. The Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes should	i. The proposed expenditure ceiling of Ksh 1,092.5 million for current budget and Ks 9,294.2 million for capital budget for the Sta Department of ASAL. ii. The proposed expenditure ceiling of Ksh 2,830.7 million for current budget and Ks 572.5 million for the State Department f Labour. iii. The proposed expenditure ceiling of Ksh 31,431.6 million for current budget and Ks 3,060.3 million for the State Department f Social Protection. iv. The proposed expenditure ceiling of Ksh 1,310.4 million for current budget and Ks 2,776.0 million for the State Department f Gender. v. The proposed expenditure ceiling of Ksh 1,504.3 million for current budget and Ks 1,937.8 million for the State Department f Youth Affairs. vi. The proposed expenditure ceiling of Ksh 14,423.2 million for current budget and Ks 70.0 million for the State Department for Pub Service (National Youth Service).

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		Programmes implemented by the Ministry of Labour and Social Protection. There is, therefore, a need for clear measures and policies in place for proper coordination of all the social protection programmes. iv. Under the recurrent expenditure money for gratuity was not allocated in the year 2021/2022, however in the financial year 2022/2023 allocation of Kshs 2.01b which is not sufficient. v. The budgetary allocation for the Anti-FGM Board in ending female genital mutilation by 2022 and gender-based violence by 2030 is low hence the need to review the same. **State Department for Gender** There is a need for more coordination of all the Affirmative Action Funds to avoid abuse through double benefit at the expense of other needy beneficiaries. The Department does not have sufficient funds to eradicate FGM and Gender-Based Violence by 2022 and 2030 respectively. **State Department for Public Service (NYS)** i. The NYS have several programs that they are carrying out including, stitching of uniforms for the disciplined forces, producing food, packaging water, bread, cotton production etc. however their impact is not felt due to low publicity and non-involvement of the public. ii. The Multi-Agency Taskforce (PB-MAT) in consultation with the State Department for Public Service, sought Cabinet approval to undertake verification of NYS pending bills based on evidence that the goods and services supplied were ordered for by officers-in-charge and 30 evidence that the goods and services were duly	come up with a specific law with a view to offering better oversight and regulation of these actors. iv. The cash transfers on their own are not sufficient in addressing the needs of the beneficiaries. As such, there are other government Ministries, Departments and Agencies (MDAs) involved in social protection such as the Ministry of Education, Ministry of Health, State Department for Development of ASAL and the County Governments. There is, however, no coordination body that harmonizes and aligns all the Programmes across these MDAs. Although the National Social Protection Secretariat has a coordination role, its operations are limited to the Programmes implemented by the Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes. The Ministry needs to propose a policy that would coordinate all these programmes/activities. v. The Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes should propose a policy guideline that gives precedence to the most cost-effective model in the disbursement of cash transfer of funds. For example, why hasn't the ministry adopted the use of electronic means of disbursing funds which is more accurate and efficient considering that approximately 90% of the population have mobile phones. vi. There is a need to turn the Presidential directive on eradicating FGM into a clear national policy for the country to achieve the intended target of eradicating this by 2022.	vii. The proposed expenditure ceiling of Kshs. 463 million for current budget for the National Genc and Equality Commission.

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		received/rendered and entered in the records of the National Youth Service which resulted in payable claims amounting to Kshs. 5,569,143,430. In FY 2022/2023 the National Youth Service has been allocated an additional Ksh4,469,403,327 as per the Budget Policy Statement, 2022 in Medium Term to settle the payable claims. **State Department for Labour** i. Incidents of Kenyan migrant workers being mistreated in the Gulf region has been on the rise yet there is no policy or targeted interventions proposed in the Budget Policy Statement for FY 2022 and the medium-term. The Ministry should provide a web-based system that can easily track both the employer and the employee day to day interactions including a real-time complaint mechanism or distress call that is immediate rather than wait for weeks and months of harassment. The system should contain all details (next of kin, passport number et al) of the employer, employee and the Agents in Kenya and the destination country. ii. There is a concern about the staffing capacity of the Ministry. For example, budget performance for 2020/21 FY indicates that some key targets were not met especially in resolving labour-related disputes and compliance with labour laws due to declining staff levels such as labour inspectors. Secondly, the gulf region has a shortage of labour attaches with one officer attached to each of the three countries of Saudi Arabia, UAE and Qatar. The BPS 2022 does not seem to resolve this problem by not budgeting for the recruitment of such critical staff in the State Department for Labour.	vii. There is a need for the Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes to adopt Public Private Partnership as an alternative source of financing rather than relying on the National treasury for resources especially in the areas of Commercial and Enterprise activities. For example, commercial and enterprise activities by the NYS and innovative ways of increasing the resilience of ASAL areas by investing in livestock uptakes during drought through value additions of its hides and skin. viii. Cases of Kenyan migrant workers being mistreated in the Gulf region have been on the rise yet there is no policy or targeted interventions to address the same. The Ministry of Labour should fast track the Labour Migration Bill to address the matter of mistreatment of Kenyan migrant workers in the Gulf Region. ix. To address the issues of understaffing in the Ministry and designated foreign missions and with the reality of budget constraints the Ministry of Labour should adopt a policy of having secondments from other government agencies as a priority. x. The National Treasury should give priority to the provision of Counterpart funding in projects and programs that donors have availed funds but are held due to lack of counterpart funding. This may lead to donor fatigue and partners holding back. xi. The National Youth Service in collaboration with other stakeholders should come up with a law that ensures a certain per cent of the annual national recruitment of disciplined forces are selected from graduates of NYS in various colleges.	

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		State Department for Youth Affairs i. There is a need for the Department for Youth Affairs to expedite the process of networking and equipping the Seventeen (17) Youth Empowerment Centres for operationalization. ii. The State Department created an additional SAGA called Kenya Association of Youth and Resource Centres (KAYC) as an umbrella of Youth Empowerment Centres which provides a national platform for coordination of State and Non-State Youth Centers. **National Gender and Equality Commission** For the Commission to achieve gender equality in the 2022 General Elections by monitoring the participation and inclusion of special interest groups, it needs monitors in the 47 Counties to monitor the participation and inclusion of SIGs in the 2022 general elections and party primaries.		
12.	**Departmental Committee on Trade, Industry And Cooperative**	**State Department for Industrialization** i. The resource required by the Department for the implementation of programmes is **Kshs14.7 billion** against a proposed allocation of **Kshs 6.9 billion**. ii. That the One Village One Product (OVOP) initiative that aims to use locally available natural resources from across local communities to make high value added products with a long term objective of reaching international standards and markets has completed its pilot phase. The initiative was funded by Japan International Cooperation Agency (JICA), and it is at the initial phase of implementation. The initiative requires Kshs. 505 Million. iii. That students enrolled at Kenya Industrial Training Institute and those who wish to be enrolled are unable to access government capitation of Kshs. 30,000 and a	i. That, in the next financial year 2022/23 the One Village One Product (OVOP) initiative which will cost Kshs. 505 Million should be implemented and be domiciled under the Kenya Industrial Estate (KIE). The National Treasury should provide for the required resources. ii. That, the Ministry of Education should include and provide for capitation for students training at the Kenya Industrial Training Institute (KITI) in the next Financial Year. iii. That the Ministry should establish a Multi-Agency unit that links the agencies that provide support to MSMEs through all the stages of the business cycle/development, from incubation until they are able to access the market.	**Request for additional funding (Unfund Priorities)** **State Department for Cooperatives** i. Kshs. 80 million for the Office of t Commissioner for Cooperatives to impleme the National Cooperative Policy a Cooperative Act and to review the SACC Societies Act and develop cooperati regulations. ii. Kshs 35 million for the New Kenya Plante Cooperative Union to operationalize Che Advance Revolving Fund (CCARF). iii. Kshs. 100 million for the Sacco Societ Regulatory Authority to operationalize the n withdrawable deposit taking SACC regulations.

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		further Kshs. 40,000 loan facility administered by Higher Education Loans Board (HELB). There is lack of recognition of all technical institutions by the Ministry of Education. iv. That KIRDI which is a research and technology transfer institution does not get adequate funding for research. Industrial research required Kshs. 100 Million in the next financial year. v. That, the Kenya Industry and Entrepreneurship Project (KIEP) which is a World Bank donor funded project is supposed to get a counterpart funding of 10 percent translating to Kshs. 131.1 million as per the financing agreement signed with the World Bank. vi. That the EPZ program faces the challenges of high cost of production especially electricity, inadequate water supply to Athi River Zone and shortage of industrial buildings in Athi River Zone. The construction of Modern Effluent Treatment Plant (CETP) is being undertaken jointly with Kenya Leather Development Council and as per the MOU, the two agencies were expected to fund the project on a 50-50 basis. Due to underfunding in FY 2019/20-21 EPZA was unable to meet its contractual obligation for the work done. The reduced funding will thus expose EPZA to legal issues and accruing interest. vii. That there is a lack of an interface linking the agencies that support MSMEs which would enable the MSMEs receive support in the entire value chain from incubation to availing their products and services to the market. There is also challenges in the flow of information such that the MSMEs are not aware of the existence of the opportunities they could tap into to access support. viii. Kenya Industrial Estates (KIE) has a loan pipeline amounting to Kshs. 1.5 billion whose applicants	iv. That, the National Treasury and the Ministry should undertake a review on implementation of all the donor funded projects under the Ministry and submitted a report to the National Assembly by 30th April,2022. v. That State Department for Industrialization should undertake a cost benefit analysis on government investment to the Export Processing Zones (EPZ). The report should be submitted to the National Assembly before the 30th of April,2022.	iv. Kshs. 200 million for New KCC for completi of modernization of the remaining m processing plant (Nyambene, Miritini a Kitale). v. Kshs. 250 million for New KCC milk powc project to mop up excess milk, reduce wasta and ensure steady income to dairy farmers. vi. Kshs. 30 million for Cooperative Manageme Information System for backup and recove center, upgrading systems and replacement equipment. vii. Kshs. 120 million for modernization Cooperative Cotton Ginneries commencement of modernization of PAVI a Homabay Cotton Cooperative Ginneries. viii. Kshs. 100 million for revitalization of coff industry through coffee cooperatives digitization and modernization of coff cooperative factories. ix. Kshs. 50 million for Kenya National Tradi Cooperation to refurbish warehouses to stc procured rice to avoid contamination. **State Department for Industrialization** i. **Kshs. 59.6 million** to cater for operations a maintenance for the office of Cabir Secretary, Chief Administrative Secretary a Principal Secretary. ii. **Kshs 100 million** to cater for the shortfall in t operation and maintenance also consideri the fact that the department will recruit 134 ne technical staff in FY 2022/23.

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		continue to demand for release of the requested loans while the organization does not have adequate funds to meet their demands. ix. That there are challenges on the supply side of cotton as raw material for Athi River Textile Hub. Cotton farmers lack seeds to supply to the cotton ginneries and this issue is under The State Department for Crop Development and Agricultural Research. **State Department for Trade and Enterprise Development** i. The total resource requirement for the State Department for Trade and Enterprise Developments **Kshs. 8,471.28 Million** against an allocation of **Kshs. 4,001.8 Million** giving a variance of **Kshs. 4,469.48 Million**. The current expenditure requirement is **Kshs. 4,050.2 Million** against an allocation of **Kshs.2, 465.1 Million** with a variance of **Kshs. 1,585.1 Million** while capital expenditure requirement is **Kshs. 4,421.1 Million** against an allocation of **Kshs. 1,536.7 Million** giving a variance of **Kshs. 2,884.4 Million.** ii. In the Financial Year 2021/2022 the total approved estimates for State Department for Trade and Enterprise Development are **Kshs. 4,025.1 Million** while the proposed Estimates for Financial Year 2022/2023 is **Kshs. 4,001.8 Million**. The allocation for development expenditures has declined by **Kshs.202.3 Million.** iii. That the budgetary programmes under the State Department have been increased from one (1) to Four (4) however the proposed resources do not commensurate with the mandate and thus there is need to enhance the allocation to reflect to the mandate.		iii. **Kshs. 100 million** to cater for industr research and related services to MSMEs unc KIRDI. iv. **Kshs. 7.5 million** to cater for shortfall i personal emoluments (P.E) under KIE v. **Kshs.320 million** to cater for staff recruitme rent and other operations under the Spec Economic Zones vi. **Ksh.131.1Million** to cater for financi agreement signed with the World-Bank. For t KIEP donor funded project is supposed to ha a counterpart funding of 10 percent and **Ksh. million** additional to efficiently implement a monitor various components of the project. vii. **Kshs.554 million** to commence t construction of 500,000 square feet of industr warehouses under the EPZA viii. **Kshs.539 million** to pay for the efflue treatment plant that the EPZA is undertaking partnership with Kenya Leather Developme Council.

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		iv. That the total export earnings increased by 4.8 per cent from 614.4 billion in 2018 to Ksh. 643.7 billion in 2020 mainly on account on increases in the value of domestic exports of tea, horticulture, coffee, titanium ores and concentrates. v. That various trade negotiations and treaties have been finalized however there is lack of dissemination of information to the members of public on the opportunities that exist. vi. That the establishment of Commodities Exchange Platform (KOMEX) has lagged on account of lack of adequate resources. vii. That the development of new export product lines and market diversification access, coordination and participation in international trade fairs and promotional events has been delayed on account of inadequate budget allocation as well as the duplication of mandate by other government agencies like the ministry of foreign affairs which continue to have resources for international trade. viii. That the state department have priorities or critical areas that have not received funding, this includes the Kenya-USA FTA to facilitate negotiations, the trade attaches to increase market access, external trade promotion services, construction of the perimeter fence for the KIBT building and operations for the weight and measures. ix. Kenya Youth Entrepreneurship Opportunities Project (KYEOP) which is donor funded targets to create employment opportunities for the youth. The initiative experienced delays in disbursement of funds in December 2021 slowing down its implementation. x. The Anti-Counterfeit Authority (ACA) exit from the port of entry has hindered its ability to control the entry of		

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		counterfeit products into the country. This has led to the influx of sub-standard, counterfeit and contra-band products into the local market through the border points which has reduced market share for locally manufactured goods. xi. That the trade sector contributes 12.03% of the GDP while its budgetary allocation is 0.2% of the national budget and thus the need for additional funding. **State Department for Cooperatives** i. In the **FY 2022/23**, the Co-operatives sub- sector had a total gross resource requirement of **Kshs. 4,190.74** million comprising of: **Kshs. 2,326.29** million for Recurrent and **Kshs. 1,864.45** million for Development. The State Department was allocated a total of **Kshs. 2,341.80** million for **FY 2022/23** comprising of: **Kshs 1,741.30** million for Recurrent and **Kshs 600.50** million for Development. ii. That Kshs. 76 million has been disbursed to farmers from the Coffee Cherry Fund. The farmers are experiencing challenges in accessing the credit as a result of low production of cherry to be used as collateral for the loan and on account of failure to operationalize the cherry fund. iii. That there is lack of linkages, information sharing and market access in the cooperative sector more so the linkage to commodity exchange; KOMEX is yet to be operationalized. iv. That the warehouses facilities under the New KPCU and KNTC are dilapidated and there is an urgent need to refurbish and modernize them to facilitate efficient post harvesting management of agricultural products so as to enhance food security.		

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		v. That there is need to allocate adequate resources to mop-up of excess milk and rice under New KCC and KNTC respectively so as to reduce wastage and ensure steady income to the respective farmers.		
13.	**Departmental Committee on Information, Communication Technology And Innovation**	**State department for ICT & Innovation** i. The programme of ICT Infrastructure Development which is largely made up of construction works of the Konza Technopolis is proposed to have a decrease in resource allocation reflected in the ceilings amounting to Ksh.7 billion in the financial year 2022/23. The dwindling resource allocation has an adverse effect of stifling the project implementation. ii. The Digital Learning Programme faces several challenges impairing its implementation and the realization of the envisaged targets. Key among the challenges include lack of power sources (connectivity or electricity disconnections due to unsettled electricity bills), insecurity in remote public schools exposing installed digital devices to theft and delays in distribution of procured devices. iii. There is weak framework and policies in data protection as corroborated with the high incidences of cybercrimes and misuse or manipulation of personal data in the economy. This is exacerbated by the slow rate in the establishment and operationalization of the Office of the Data Protection Commissioner. iv. The establishment of Constituencies Innovations Hubs (CIHs) is sluggish and registered a dismal financial performance of only 19 %(only Ksh 85 Million being the actual expenditure as at December 2021 out of the total project cost estimated at Ksh 1 billion planned to be utilized by 2025). The public service provision offered by Telkom Kenya to the established hubs is	**State Department on ICT & Innovation** i. The Ministry to ensure that the established multi-agency committee (made up representatives of Ministries of Energy, of Interior and Co-ordinational of National Government, Ministry of Education Research and Technology, and the Ministry of ICT Innovation and Youth Affairs) working on the strategies to enhance the effectiveness and efficiency in the roll out of the Digital Learning Programme to fast track the process and come up with the strategy for enactment before in six months upon the approval of this BPS. The Strategy to consider incorporating modalities of addressing challenges in settling of electricity bills in public learning schools. ii. In order to address the unsatisfactory service provision arising from poor internet connectivity in the various Constituency Innovation Hubs, the Ministry to fast tract the ongoing disengagement process with the current service provider (Telkom Kenya) and ensure that a more effective service provider replaces the outgoing one by 1st July 2022. iii. The relocation to Konza Techno polis of the relevant agencies domiciled in the Ministry such as ICTA to be affected by 31st December 2022 and a status report to be submitted to the National Assembly immediately the 13th Parliament is reconstituted.	i. **Vote 1122: State Department for ICT Innovation:** The proposed expenditu ceilings and program allocation totaling Ks 16,234 Million of which Kshs. 14,206 million f development and Kshs 2,028 Million f recurrent, and as provided in the 2022 Budg Policy Statement, be approved as tabled. ii. **Vote 1123: State Department f Broadcasting and Telecommunications**: T proposed expenditure ceilings and progra allocations totaling Ksh.7, 298 Million of whi Kshs. 697 Million for development and KS 6,601 Million for recurrent, and as provided the 2022 Budget Policy Statement be approv tabled.

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		unsatisfactory and marred with poor digital network connectivity. v. The Youth empowerment center programmes such as Ajira Programme and Presidential Digital Talent Programmes have not yielded the envisaged optimal results on account of budgetary constraints and ineffective strategies in rolling them out. The recently hatched plan to utilize the already established Youth Empowerment Centres to roll out Ajira Programme has in other regions faced some resistances from the administrators of the existing centers eg in Mbooni Constituency. vi. ***Realism of the set targets:*** Despite the proposed net reduction amounting to KSh.6.6 billion in the State Department for ICT & Innovation, generally the envisaged targets have been scaled up without any indication of enhanced budgetary efficiency to facilitate achievement of more targets with less resource allocations. This casts aspersions on the realism of the set over-ambitious targets vii. The relocation of offices of Information, Communication and Technology Authority (ICTA) to Konza Techno polis is yet to be affected. The delay in the relocation impairs the benefits that would accrue due to resultant lower rental expenditures to the agencies. viii. Under the program of ICT infrastructure development, a new project (last mile county connectivity project phase 4 and 5) has been introduced as approved by the National Treasury. **The State Department for Broadcasting and Telecommunication** i. The Semi-Autonomous Government Agencies (SAGAs) within the sub-sector such as Communication Authority	iv. The Ministry to fast track the establishment of the Office of Data Protection Commissioner to ensure that the organization structure and staff establishment achieves at least a level of 75% by 31st December 2022. This is aimed at ensuring that the office sufficiently executes its crucial mandate. **State Department for Broadcasting & Telecommunication** i. The State Department to come up with a proposed legislation to prescribe ring-fencing a percentage of the generated public revenue by the SAGAs within the sub-sector to be utilized in financing the programmes and activities within the sub-sector. The proposed legislation to be submitted to National Assembly by end of February 2023. ii. The Office of Government Spokesman and the Kenya Broadcasting Corporation to ensure that their staff are adequately prepared to handle activities related to dissemination of information during the general electioneering period. The preparations to include among others provision of appropriate training. iii. The Government Advertisement Agency to upscale its Monitoring and Evaluation framework and submit a status report demonstrating how this has been enhanced to the National Assembly before the approval of the 2022/23 budget estimates. iv. The State Department to fast track the development of the pending legislations and policies within the sub-sector to facilitate their enactment by 30th June 2023. Key among the pending policies include: The National Film Policy,	

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		of Kenya and Media Council of Kenya generates substantial public revenue to the exchequer. However, the resource allocation to the sub-sector is so inadequate that it even stifles the capacity of the SAGAs to generate more public revenue. ii. ***Pending Bills:*** The agencies domiciled under the State Department has substantial pending bills that continue to accumulate over time without a clear strategy on how to settle them. The continued accumulation of the bills constrains the fiscal flexibility since pending bills should constitute the first charge in budgets of every financial year. Key among the agencies include: a) Postal Corporation of Kenya (PCK): Has a pending bill amounting to KSh 4.5 billion which largely relates to perennial statutory costs on salaries. b) Kenya Broadcasting Corporations (KBC): Has a pending bill amounting to KSh 5.2 billion which largely relates to perennial statutory costs on salaries. c) Government Advertising Agencies (GAA): Has pending bills amounting to Ksh.873 Million of which KSh 347 Million and KSh.526 Million relates to the financial years 2019/20 and 2020/21 respectively. iii. The high political activities during the fast-approaching 2022 general elections calls for enhanced media regulation to stem incidences of hate speeches and political incitements. The media regulatory framework needs strengthening of Media Council of Kenya to effectively execute its crucial mandate. iv. ***Weak Supportive Legal Framework:*** There are proposed legislations aimed at strengthening the legal framework in the sub-sector that are at various stages of	the National Addressing System and the National Spectrum Policy. v. The relocation to Konza Techno Polis of the relevant agencies domiciled in the Ministry such as the Kenya Film School, Kenya Film Classification Board and the Kenya Film Commission to be effected by 31st December 2022 and a status report to be submitted to the National Assembly immediately the 13th Parliament is constituted.	

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		developments. Some of which have taken inordinately long in processing them largely at the stakeholders engagements for their eventual enactment. Such include: The National Film Policy, the National Addressing System and the National Spectrum Policy. v. ***Inadequate Government Strategic communications:*** This function which is undertaken by the Government Spokesperson needs to be up-scaled especially during this electioneering period when there is an upsurge in distortion of information on the government projects and policies. vi. There is weak Monitoring and Evaluation Framework to ensure that value for public money is realized in the programme and activities undertaken by the Government Advertising Agency. vii. The skills and knowledge development in films and journalism professions at the Kenya Film School and the Kenya Institute of Mass Communication is equipping the youth with relevant practical skills as corroborated by the high employment rates of the graduates from these institutions. However, the capacities of the institutes are constrained and therefore can only accommodate few trainees at a given time.		
14.	**Departmental Committee on Sports, Culture and Tourism**	**State Department for Sports** i. That, the State Department was allocated **Kshs. 17.388 billion,** out of which **Kshs. 1.380 billion** was in respect of recurrent vote while **Kshs. 16.008 billion** was under development vote for **FY 2022/23** against the budgetary requirements of **Kshs. 27,439.56 million** comprised of **Kshs. 7,552.26 million** for recurrent expenditure and **Kshs. 19,917.30 million** for development expenditure, leading to a variation of **Kshs. 10,051.06 million.** ii. That, the State Department is underfunded as demonstrated by the proposed ceiling of **Kshs. 17.388**	**State Department for Sports** i. The State Department should initiate policy changes to amend the sharing formula of the distribution of the funds as provide for in the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018 to enable the department have the biggest share of the funds for purposes of sports development in the Country. ii. The State Department should provide a pre-approved list of the projects and their cost	**State Department for Sports** The Committee recommends that the budget expenditure proposed ceilings of **Kshs. 17.3** **billion,** comprising of **Kshs. 1.380 billion** respect of recurrent vote and **Kshs. 16.008 billi** for development vote for **FY 2022/23** be retaine **State Department of Culture and Heritage**

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		billion against the budgetary requirement of **Kshs. 27,439.56 million** leading to a shortfall of **Kshs. 10,051.06 million**. This is because the National Treasury considers the A-I-A from the Sports, Arts and Social Development Fund in their recommendation for the State Department's development expenditure ceilings, however, most of the funding is allocated to Social Development including Universal Health Care (UHC). iii. That, the projection of **Kshs. 15.75 billion** to be collected by the Sports, Arts and Social Development Fund in the FY 2022/23. However, the implementation of the funds collected has not been clearly provided. This may lead to mismanagement of the Fund. iv. That, there is delay in the completion of the Regional Stadia projects despite the fact that the department has a significant number of funding available through the Sports, Arts, And Social Development Fund that might be used to accelerate the completion of the ongoing projects. **State Department of Culture and Heritage** i. That, the proposed ceiling for the State Department in FY 2022/23 is **Kshs. 3,135 million** comprising of **Kshs. 3,057.5 million** for recurrent expenditure and **Kshs. 77.5 million** for development expenditure against the budgetary requirement for the FY 2022/23 of **Kshs. 6,161.52 million** comprised of **Kshs. 4,420.32 million** for recurrent expenditure and **Kshs. 1,741.20 million** for development expenditure, leading to a shortfall of **Kshs. 3,026.52 million.** ii. That, the State Department is greatly underfunded in both recurrent and development. The funding allocated is less than half of its requirement and this would largely affect the State Department's operations and project implementation.	estimates for pre-budget scrutiny, from the Sports, Arts and Social Development Fund Board before approval of the Budget Estimates. iii. The State Department should have a phased implementation strategy for completion of the Regional Stadia Projects in order to get value for money, where one or two projects are completed before moving on to the next. **State Department of Culture and Heritage** i. The State Department should strive to put measures in place to manage the transfer of skills and knowledge and the National Treasury should provide for more funding as requested by the department to facilitate recruitment of new staff. ii. The National Treasury should consider increment of funding to the State Department to enable it to effectively undertake its operations and enable it promote culture and heritage, creative talent for self-sustainability of the individuals and the country at large. **State Department for Tourism** i. Considering that tourism industry is one of the biggest enablers to the *Big Four* Agenda, the National Treasury should consider increased funding to the sector to enable it achieve its objectives. The State Department should also put appropriate measures and prioritize on projects to revamp the industry for increased attraction and hence increased revenue collection. ii. The State Department should put measures in place including strengthening its A.I.A to enable it fast track the completion of its capital projects	The Committee recommends the budgeta expenditure ceilings of **Kshs. 3,135 milli** comprising of **Kshs. 3,057.5 million** for recurre expenditure and **Kshs. 77.5 million** development expenditure for the FY 2022/2023 retained. **State Department for Tourism** The Committee recommends that the budgeta expenditure ceilings of **Kshs. 9,057.80 milli** comprising of **Kshs. 8,755.60 million** for recurre expenditure and **Kshs. 302.20 million** development expenditure for the FY 2022/2023 retained.

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		iii. That, there is inadequate human capital in the State Department, specifically Kenya National Archives as a result of poor succession planning and an aging workforce. It was noted that the State Department had an approval by both the Public Service Commission and the National Treasury to employ Archivists and Cultural Officers and made budget request for Personnel Emoluments of **Kshs. 54.8 million**. However, this was not provided for in the Budget Policy Statement. **State Department for Tourism** i. That, the proposed ceiling for the State Department in the FY 2022/23 is **Kshs. 9,057.80 million** consisting of **Kshs. 8,755.60 million** for recurrent expenditure and **Kshs. 302.20 million** for development expenditure against the budgetary requirements of **Kshs. 12,173.77 million** which comprised of **Kshs. 9,541.57 million** for recurrent expenditure and **Kshs. 2,632.20 million** for development expenditure, hence a shortfall of **Kshs. 3,115.97 million.** ii. The State Department is highly underfunded, considering that it is one of the biggest revenues generating sector to the economy and noting that the sector was one of the worst hit sectors in Kenya following the outbreak of COVID-19 pandemic and the resultant containment measures including travel restrictions, and the fact that the industry is expected to turn around and attract more visitors in the Country to increase revenue collection. The State Department may not be able to achieve its objectives and effectively undertake its operations. iii. It was further noted that some key capital projects like construction of Ronald Ngala Utalii College has only been allocated **Kshs. 100 million** against a	especially Ronald Ngala Utalii College and Kenya Utalii College. The National Treasury should also provide for additional funding to the State Department's development expenditure to enable it fast tracks the completion and equipping of the projects.	

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		requirement of **Kshs. 1.7 billion**. This allocation is a drop in the ocean considering the magnitude of the project and the timelines for completion noting that this project has taken too long to be completed due to funding challenges. iv. That, the construction of the New Practical's Training Block (Kitchen & Housekeeping Laboratory) at Kenya Utalii College is currently at 70% completion with an estimated expenditure as of 30th June, 2021 of Kshs. 225 million and that the number of students has increased. However, there has been no allocation in FY 2020/21 and the 2022/23 Budget policy Statement for the project.		
15.	**Departmental Committee on Justice and Legal Affairs**	**Judiciary and Judicial Service Commission** i. The Judiciary resource requirement in the FY 2022/2023 is Kshs 39.6 billion comprised of Kshs 32.6 billion for recurrent expenditure and Kshs 7.0 billion for development expenditure. However, the department was allocated Kshs. 18.3 billion comprised of Kshs 16.3 billion for recurrent expenditure and Kshs 2.0 billion for development expenditure leading to a shortfall of Kshs 17.3 billion which translates to 48.6% of the total resource requirement for the FY 2022/23. ii. The shortfall will affect the following areas: election related expenses on political parties disputes and general election petitions – Kshs 681 million, Digital strategy Kshs 600 million, Roll of Court annexed mediation to all courts – Kshs 600 million, small claims courts – Kshs 198 million, Special benches – Kshs 100 million, mobile courts – Kshs 50 million, and ongoing construction of courts Kshs 1 billion. A list of the Judiciary ongoing project is annexed to the report.	**Judiciary and Judicial Service Commission** i. The Agency should adopt strategic prioritization to promote allocative efficiency in programs/ projects based on affordability, and the expected results. The Judiciary has many ongoing projects yet there are no adequate funds for the completion of those projects. It is therefore imperative that the department prioritizes ongoing projects without introducing new projects. ii. The Committee urges the National Treasury to stick with the cash flow plans submitted by the various departments and upload budgets on time and more importantly find lasting solutions to the challenges associated with IFMIS to enable the department to implement their budgets fully. iii. Section 4 (c) and (d) of the Judiciary Fund Act, 2016 allows the Judiciary to retain monies that may accrue from investments, fees and levies administered by the judiciary. The National Treasury should therefore operationalize the	**Judiciary and Judicial Service Commission** i. The Committee recommends an additior allocation of **Kshs 500 million** in FY 2022/23 the Judiciary to facilitate the ongoing coı constructions across the country. ii. The Committee further recommends additional allocation Kshs 380 million to tl Judicial Service Commission to facilitate t Automation of the judicial service commissi operations – Kshs 50 million, public educati and stakeholder engagements – 70 millic complaint management – Kshs 50 millic recruitment for judiciary – Kshs 60 millic partitioning and furnishing of JSC pensi towers offices – Kshs 30 million, and Ken Judiciary Academy – Kshs 120 million.

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		iii. The challenges faced by the Judiciary include insufficient financial resources, limitations of the IFMIS operations that disrupt implementation of planned activities, delays in release of exchequer and delays in processing title documents for lands belonging to the Judiciary. iv. The Committee has also observed that the judiciary has a case clearance rate of 83% in the FY 2020/21 where 356,997 cases were filled and 297,837 resolved. This marked a decline from the 86% in FY 2019/20 which may be attributed to the effects of the Covid 19 Pandemic. v. **Court Deposits -** By June 30, 2021, the Judiciary held court deposits and other funds held in trust for third parties amounting to Kshs. 6.8 billion. This was an increase from the Kshs 6.7 billion that was held at the end of FY 2019/20. The funds are refundable as and when court orders are issued or after six months liability period for retention monies. However, there has been concern about the magnitude of deposit yet it is not generating interest for the parties involved. vi. It is further noted that section 4 (c) and (d) of the Judiciary Fund Act, 2016 allows the Judiciary to retain monies that may accrue from investments, fees and levies administered by the judiciary. It is therefore imperative for the National Treasury to operationalize the judiciary fund accounts in order for the agency to benefit from the revenues it has been raising over years. vii. **New Projects v/s ongoing projects -** The Committee has also observed there is need to have effective linkages between the department's plans and the budget at their disposal so as to not have an unachievable and overly ambitious plan. For instance,	judiciary fund accounts in order for the agency to benefit from the revenues it has been raising over years. iv. **Court Deposits -** By June 30, 2021, the Judiciary held court deposits and other funds held in trust for third parties amounting to Kshs. 6.8 billion. This was an increase from the Kshs 6.7 billion that was held at the end of FY 2019/20. The funds are refundable as and when court orders are issued or after six months liability period for retention monies. Cognizant of this, the Committee recommends the Judiciary should negotiate with the commercial banks in which the deposits are held to generate returns for the parties involved. **Independent Electoral and Boundaries Commission** i. The Committee further recommends the Commission in close collaboration with the National Treasury to undertake thorough scrutiny and audit of the all the pending bills particularly the bills owed to the suppliers and settle them expeditiously. The Committee is cognizant of the fact that the commission is likely to engage the same suppliers when procuring for the next election. **Office of the Director of Public Prosecution** The agencies under the GJLOS sector should undertake a stakeholder conference under the auspices of the National Council on Administration of Justice (NCAJ) to consider whether the training	**Office of the Attorney General and Departme of Justice** The Committee recommends an additior allocation of **Kshs 30 million** for t operationalization of the National Coroner Servic The office will critical in investigating the increasi cases of extra-judicial killings reported in sor parts of the country. **Independent Electoral and Boundari Commission** The Committee recommends the approval of tl Commission's proposed budget ceiling of Ks 21.7 billion for FY 2022/23 as submitted by t National Treasury. **Commission for Administrative Justice** The Committee recommends an additional of Ks 30 million for the following key areas; Pub education and awareness and Access information activities - Kshs 10 million, a Digitization of the commission activities - Kshs million,. **Witness Protection Agency** The Committee recommends increase in t agency's proposed ceiling by Kshs 58.7 million cater for the following: relocation of offices –Ks 19.5 million, and witness protection programm Kshs 39.2 million. **Kenya Human Rights Commission**

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		the Judiciary has many ongoing projects yet they intend to introduce new projects such as the construction of court of appeal complex in Nairobi, and construction of high court stations in Kisii, Meru, and Eldoret. It is therefore imperative that the department prioritizes ongoing projects without introducing new projects. viii. Judicial Service Commission was allocated Kshs 587.3 million against a resource requirement of Kshs 1,291 million in the Financial Year 2022/23. The following are the key unfunded areas; Automation of the judicial service commission operations – Kshs 50 million, public education and stakeholder engagements – 70 million, complaint management – Kshs 50 million, recruitment for judiciary – Kshs 60 million, partitioning and furnishing of JSC pension towers offices – Kshs 30 million, and Kenya Judiciary Academy – Kshs 120 million. ix. The Committee has also observed that the Judiciary intends to make the Kenya Judiciary Academy a semi-autonomous government agency. The legal instruments are currently under consideration at the state law office. **Office of the Attorney General and Department of Justice** i. In the FY 2022/23, the office resource requirement is Kshs 6.4 billion composed of Kshs 5.8 billion for recurrent expenditure and Kshs 595 billion for development expenditure. However, the proposed ceiling for the department is Kshs 5.3 billion composed of Kshs 5.1 billion for recurrent expenditure and Kshs 189 million for development expenditure. ii. The shortfall will affect the following areas: Digitization of marriages – Kshs 100 million, Construction of Office	schools can be amalgamated into a single institution to enjoy economies of scale.	The Committee recommends an additior allocation of Kshs 64.2 million to the Commissior proposed budget ceiling for FY 2022/23 to cater t the following key areas; Internet connectior refurbishment of Kitale, Central and Head offic Staff capacity building in the respective areas expertise; Staff airtime; Motor vehicle fuel; Routi maintenance of office furniture, ICT equipment a licenses; and Office telephone and staff airtime. **Ethics and Anti-corruption Commission** The Committee recommends an additior allocation of Kshs 230 million comprised of Kshs million for its integrity suitability verificati programme especially during the electioneeri period and Kshs 150 million for target investigations, undercover and sting operations programmes and projected linked to Big 4 agenc **Office of the Director of Public Prosecution** The Committee recommends an additior allocation of **Kshs 400 million** comprised of Ks 200 million for Election preparedness a prosecution of matters relating to elections a Kshs 200 million for ongoing anti-corruption a counter terrorism activities. **Registrar of Political Parties** The Committee recommends an additior allocation of Kshs 149.2 million to cater for t following areas; training of political parties ch agents on general election matters – Kshs 5C million, post-election activities/evaluation – Ks 33.2 million, legal dues/fees – Kshs 35.7 milli

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		blocks in Isiolo, Siaya and Narok – Kshs 300 million, Digitization of public trustee services – Kshs 100 million, and operationalization of the National Coroner Service – Kshs 30 million. iii. The Committee further observed that there are suits against the government with financial risks to the tune of Kshs 1.2 trillion. In addition, the awards against the government pending payment stand at approximately Kshs 81 billion and they are ranging from awards to victims of torture as well as business litigants against the State. iv. However, there have been positive steps taken in addressing the pending court awards through an inter-ministerial Committee chaired by the Solicitor General to address this perennial challenge and the recommendations of the Committee is awaiting cabinet consideration. **Independent Electoral and Boundaries Commission** i. The Commission resource requirement for the FY 2022/23 is estimated to be Kshs 27.3 billion. However the Commission was allocated Kshs. 21.7 billion comprised of Kshs 15.7 billion for the upcoming 2022 General elections, legal and compliance 2.2 billion, ICT 3.0 Billion, Voter education and partnerships – 654.9 million, research and development - 165.7 million and Human resource and administration of Kshs 85.4 million. ii. The committee further noted that the commission's request that out of the 21.7 billion allocated for FY 2022/23 under the strategic intervention, Kshs 4.7 billion be deducted and the same be brought forward to the FY 2021/22 to cater for expenses earmarked to be undertaken during the FY 2021/22. The areas to funded		and post-election stakeholder engagement 1 report dissemination – Kshs 30 million.

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		with the Kshs 4.7 billion include the following; Election materials – 1.77 billion, Covid compliance – Kshs 588 million, voter education - 197 million and ICT – Kshs 2.2 million. iii. The Committee cognizant of its oversight mandate directs the Commission to submit before the Committee primary documents in support of the pending bills especially on ICT and legal bills for consideration and scrutiny to ascertain whether the Auditor General should undertake a special audit. iv. The Committee noted there is need for the Commission to undertake continuous voter registration to guarantee the citizens their right to participate in electoral processes. **Commission for Administrative Justice** i. The Committee noted that the Commission's proposed ceiling for FY 2022/23 is Kshs 724 million against a resource requirement of Kshs 1.4 billion. ii. The Committee further observed that the Commission's budgetary shortfall will affect the following critical areas; recruitment of additional staff - Kshs 50 million, public education and awareness Kshs 10 million, Establishment of two county offices - Kshs 20 million, Access to information activities - Kshs 20 million, procurement of motor vehicles - Kshs 50 million, staff mortgage and car loan scheme – Kshs 25 million, monitoring and evaluation – Kshs 10 million, and African ombudsman & mediators association activities – Kshs 10 million. iii. The Committee stressed the need for the Commission to create awareness on its mandate particularly in ensuring the citizen right to quality service both at the national and county level of government is not compromised.		

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		Witness Protection Agency i. In the FY 2022/23, the agency's proposed budget ceiling is Kshs 614.1 million against a resource requirement of Kshs 855.7 million. The shortfall will affect the following key areas; witness protection programme – Kshs 39.2 million, Acquisition of motor vehicles – Kshs 23 million, staff housing mortgage scheme – Kshs 97 million, recruitment of regional staff – Kshs 82.2 million and Kshs 19.5 million to relocate the office from the current premises. ii. The Committee further observed that the witness protection programme which is the main mandate of the agency has consistently been unfunded despite the agency's critical role in the protection of witnesses in crucial cases. This has hampered the office ability to protect the witnesses under the programme. iii. The Committee further acknowledges the critical role the office plays in the criminal justice system particularly in guaranteeing the safety and security of witnesses and further noted that the office has played crucial role in the prosecution of complex corruption and terrorism related cases in the recent past. **Kenya Human Right Commission** i. The Commission was allocated a budget ceiling of Kshs. 424.4 million in the FY 2022/23 against a resource requirement of Kshs. 571.5 million by the National Treasury. This leaves a resource gap of about Kshs. 147.1 million. ii. The Committee further observed that the Commission has critical areas that are underfunded. In particular the commission fleet has aged attracting high maintenance cost and therefore the commission needs to acquire		

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		new field vehicles, inadequate office space and lack of screening rooms for commission's witnesses **Ethics and Anti-corruption Commission** i. In the FY 2022/23 the Commission resource requirement is 6.2 billion comprising of Kshs 5.1 billion for recurrent expenditure and Kshs 1.1 billion for development expenditure. However, the proposed budget ceiling for the Commission is Kshs 3.6 billion comprised of Kshs 3.4 billion for recurrent expenditure and Kshs. 158 million for development expenditure. The shortfall is likely to impact the commission's ability to effectively discharge its prescribed mandate. In particular, the commission has a shortfall in the following key areas; integrity suitability verification programme – Kshs 80 million, implement targeted investigations, undercover and sting operations on programmes and projected linked to Big 4 agenda – Kshs 150 million, acquisition of investigative tools and motor vehicles – Kshs 120 million, and establishment of anti-corruption academy – Kshs 50 million. ii. The Committee also observed there is need for the commission to devolve to all counties to aid against the rampant corruption that has been witnessed at the county level so as to aid against the misuse of the devolved funds. iii. The Committee has also observed that there is high level of unexplained staff turnover at the Commission despite the competitive remuneration package offered by the Commission to its staff. **Office of the Director of Public Prosecution** i. The Office of Director of Public Prosecutions budgetary requirement in FY 2022/23 is Kshs. 4.5 billion against an allocation of Kshs 3.4 billion leading a deficit of Kshs		

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		1.1 billion. The allocation is comprised of Kshs 3.3 billion for recurrent expenditure and Kshs 143 million for development expenditure. ii. The Office requires an additional allocation of Kshs. 1.1 billion to adequately fund the following key areas; a) Election preparedness and prosecution on matters relating to elections – Kshs 200 million b) ICT networking and implementation of a case management system – Kshs 100 million c) Operationalization of the Prosecutors Training Institute – Kshs 75 million d) Anti-corruption and counter terrorism initiatives – Kshs 200 million e) ODPP staff retirement benefit scheme – Kshs 150 million f) Construction of Prosecution Training Institute – Kshs 375 million iii. The Committee further observed that the Office is a key player towards improving the national security, strengthening good governance and fight against corruption and therefore requires increase in resource allocation to enable the Office execute its mandate. iv. **Construction of Training Institutes** - The committee has also observed that the government has allocated Kshs 143 million to the Office of the Director of Prosecution for the construction of prosecution Training Institute. In addition, the Judiciary is also currently setting up Judiciary Training Institute in Karen. Therefore, there is need for agencies under the GJLOS sector to have one training school rather than each institution setting up its own training school to save on cost.		

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		Registrar of Political Parties; i. The Office had requested Kshs. 5.97 billion out of which Kshs 1.4 million was to cater for the Agency's operations, Kshs 4.5 billion for the political parties' fund and Kshs 115.6 million for the Political Parties Liaison Committee. ii. The 2022 Budget Policy Statement has proposed a budget ceiling of Kshs 2.08 billion in FY 2022/23, out of which Kshs 585.7 million will cater for the Office Operations, Kshs 1.48 billion will cater for the Political Parties Fund and Kshs 16.2 million for Political Parties Liaison Committee. iii. Further the Committee has observed that the allocation to the Political Parties Fund is not in compliance with the provision of the Section 24 of the Registrar of Political Parties Act as well as the ruling of the High Court by Aburili Justice Aburili on the implementation of the Section 24 of the Act. iv. The Committee has also observed that the Office of the Registrar of Political Parties is frequently enjoined in matters filed in courts and in the Political Parties Dispute Tribunal (PPDT) arising from intra and inters political parties' wrangles. This affects the office in terms of legal fees and time used in defending cases. v. The Registrar of Political Parties should give a report on the state of preparedness regarding implementation of the Political Parties Amendment Act, 2022. vi. The Office has requested an additional of Kshs 491.9 million to cater for the following unfunded areas; post-election activities/evaluation – Kshs 33.2 million, legal dues/fees – Kshs 35.7 million, monitoring campaigns and party primaries – Kshs 46.7 million, Training of trainers – Kshs 23.8 million, training of political parties		

	Departmental Committee	Observations	Policy Recommendations	Financial Recommendations
		chief agents on general election matters – Kshs 50.3 million, political parties and independents candidates agents training – Kshs 107.7 million and printing and advertising services – Kshs 23.5 million, dialogue forums for political parties liaisons committee at the National and county level – Kshs 51.2 million, recruitment of additional staff – 53.9 million and procurement of five vehicles – Kshs 78.1 million.		

Annex 4A : Conditional Allocations to County Governments from National Government Revenue in Financial Year 2022/23 (Kenya Shillings

S/N	County	FY 2021/22	FY 2022/23		
		Total Conditional Grants from the National Government Revenue	Supplement for construction of county headquarters	Conditional Grant-Leasing of Medical Equipment	Total Conditional Grants from the National Government Revenue
		Column A	Column B	Column C	Column D
1	Baringo	153,297,872	-	110,638,298	110,638,298
2	Bomet	153,297,872	-	110,638,298	110,638,298
3	Bungoma	153,297,872	-	110,638,298	110,638,298
4	Busia	153,297,872	-	110,638,298	110,638,298
5	Elgeyo/Marakwet	153,297,872	-	110,638,298	110,638,298
6	Embu	153,297,872	-	110,638,298	110,638,298
7	Garissa	153,297,872	-	110,638,298	110,638,298
8	Homa Bay	153,297,872	-	110,638,298	110,638,298
9	Isiolo	221,297,872	90,800,000	110,638,298	201,438,298
10	Kajiado	153,297,872	-	110,638,298	110,638,298
11	Kakamega	153,297,872	-	110,638,298	110,638,298
12	Kericho	153,297,872	-	110,638,298	110,638,298
13	Kiambu	153,297,872	-	110,638,298	110,638,298
14	Kilifi	153,297,872	-	110,638,298	110,638,298
15	Kirinyanga	153,297,872	-	110,638,298	110,638,298
16	Kisii	153,297,872	-	110,638,298	110,638,298
17	Kisumu	153,297,872	-	110,638,298	110,638,298
18	Kitui	153,297,872	-	110,638,298	110,638,298
19	Kwale	153,297,872	-	110,638,298	110,638,298
20	Laikipia	153,297,872	-	110,638,298	110,638,298
21	Lamu	191,297,872	90,800,000	110,638,298	201,438,298
22	Machakos	153,297,872	-	110,638,298	110,638,298
23	Makueni	153,297,872	-	110,638,298	110,638,298
24	Mandera	153,297,872	-	110,638,298	110,638,298

Annex 4A : Conditional Allocations to County Governments from National Government Revenue in Financial Year 2022/23 (Kenya Shillings					
S/N	County	FY 2021/22	FY 2022/23		
		Total Conditional Grants from the National Government Revenue	Supplement for construction of county headquarters	Conditional Grant-Leasing of Medical Equipment	Total Conditional Grants from the National Government Revenue
		Column A	Column B	Column C	Column D
25	Marsabit	153,297,872	-	110,638,298	110,638,298
26	Meru	153,297,872	-	110,638,298	110,638,298
27	Migori	153,297,872	-	110,638,298	110,638,298
28	Mombasa	153,297,872	-	110,638,298	110,638,298
29	Muranga	153,297,872	-	110,638,298	110,638,298
30	Nairobi	153,297,872	-	110,638,298	110,638,298
31	Nakuru	153,297,872	-	110,638,298	110,638,298
32	Nandi	153,297,872	-	110,638,298	110,638,298
33	Narok	153,297,872	-	110,638,298	110,638,298
34	Nyamira	153,297,872	-	110,638,298	110,638,298
35	Nyandarua	228,297,872	90,800,000	110,638,298	201,438,298
36	Nyeri	153,297,872	-	110,638,298	110,638,298
37	Samburu	153,297,872	-	110,638,298	110,638,298
38	Siaya	153,297,872	-	110,638,298	110,638,298
39	Taita Taveta	153,297,872	-	110,638,298	110,638,298
40	Tana River	228,297,872	90,800,000	110,638,298	201,438,298
41	TharakaNithi	229,297,872	90,800,000	110,638,298	201,438,298
42	Trans Nzoia	153,297,872	-	110,638,298	110,638,298
43	Turkana	153,297,872	-	110,638,298	110,638,298
44	Uasin Gishu	153,297,872	-	110,638,298	110,638,298
45	Vihiga	153,297,872	-	110,638,298	110,638,298
46	Wajir	153,297,872	-	110,638,298	110,638,298
47	West Pokot	153,297,872	-	110,638,298	110,638,298
	GRAND TOTAL	**7,537,000,000**	**454,000,000**	**5,200,000,000**	**5,654,000,000**

ANNEX 4B: Conditional Allocations from loans and grants from development partners for Financial Year 2022/23 (Figures in Kenya Shillings)

S/N	County	FY 2021/22	FY 2022/23										
		Total Loans and Grants	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)	EU Grant (Instruments for Devolution Advice and Support IDEAS)	IDA (World Bank) credit: Water & Sanitation Development Project (WSDP)	DANIDA Grant - Primary Health Care in Devolved Context	IDA (World bank) Credit(Financing Locally-Led Climate Action Program, FLLoCA)	Sweden- Agricultural Sector Development Support Programme (ASDSP) II	German Development Bank (KfW)- Drought Resilience Programme in Northern Kenya (DRPNK)	World Bank - Emergency Locust Response Project (ELRP)	World bank - Kenya Informal Settlement Improvement Project(KISIP II)	Total Loans and Grants
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L
1	Baringo	528,317,166	-	300,000,000	15,626,168	-	10,738,700	125,000,000	9,228,820	-	29,207,700		**489,801,388**
2	Bomet	653,181,658	-	349,999,960	-	-	11,605,800	125,000,000	9,175,326	-	-		**495,781,086**
3	Bungoma	542,772,196	280,530,114	-	-	-	18,742,700	125,000,000	9,615,306	-	-	36,424,018	**470,312,138**
4	Busia	447,133,112	-	295,795,506	-	-	12,673,000	125,000,000	9,440,063	-	-	-	**442,908,569**
5	Elgeyo/Marakwet	702,054,383	-	350,000,000	-	-	8,137,400	125,000,000	8,928,559	-	35,879,000	8,324,295	**536,269,254**
6	Embu	453,821,524	387,946,601	-	-	-	9,071,200	125,000,000	8,546,282	-	27,688,700	-	**558,232,783**
7	Garissa	1,087,727,785	-	348,172,365	-	450,000,000	14,807,400	125,000,000	11,688,715	-	40,912,850	-	**990,581,330**
8	Homa Bay	454,463,421	279,115,289	-	-	-	14,207,100	125,000,000	10,641,132	-	-	150,000,000	**578,963,521**
9	Isiolo	592,196,554	-	330,699,130	-	-	8,937,800	125,000,000	9,529,177	-	44,469,550	-	**518,635,657**
10	Kajiado	576,204,540	-	321,108,120	-	-	13,540,100	125,000,000	9,134,197	-	-	-	**468,782,417**
11	Kakamega	691,090,920	-	338,783,306	-	-	21,944,300	125,000,000	9,929,382	-	-	-	**495,656,988**
12	Kericho	569,054,323	-	350,000,000	-	-	11,339,000	125,000,000	10,073,460	-	-	-	**496,412,460**
13	Kiambu	589,239,254	402,836,649	-	-	-	19,876,600	125,000,000	10,462,555	-	-	42,456,908	**600,632,712**
14	Kilifi	2,154,008,617	254,610,493	-	-	2,000,000,000	22,011,000	125,000,000	9,901,671	-	-	200,000,000	**2,611,523,164**
15	Kirinyaga	573,638,600	344,612,512	-	-	-	8,937,800	125,000,000	9,324,972	-	-	-	**487,875,284**
16	Kisii	575,643,577	324,295,427	-	-	-	16,408,200	125,000,000	9,525,128	-	-	-	**475,228,755**
17	Kisumu	769,632,733	-	274,627,706	15,626,168	-	14,407,200	125,000,000	10,314,984	-	-	278,640,055	**718,616,113**
18	Kitui	505,225,111	283,089,026	-	-	-	18,609,300	125,000,000	10,112,374	-	30,223,000	-	**467,033,700**
19	Kwale	1,084,696,427	278,050,578	-	-	1,150,000,000	16,408,200	125,000,000	9,783,592	-		-	**1,579,242,370**

ANNEX 4B: Conditional Allocations from loans and grants from development partners for Financial Year 2022/23 (Figures in Kenya Shillings)

S/N	County	FY 2021/22	FY 2022/23										
		Total Loans and Grants	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)	EU Grant (Instruments for Devolution Advice and Support IDEAS)	IDA (World Bank) credit: Water & Sanitation Development Project (WSDP)	DANIDA Grant - Primary Health Care in Devolved Context	IDA (World bank) Credit(Financing Locally-Led Climate Action Program, FLLoCA)	Sweden- Agricultural Sector Development Support Programme (ASDSP) II	German Development Bank (KfW)- Drought Resilience Programme in Northern Kenya (DRPNK)	World Bank - Emergency Locust Response Project (ELRP)	World bank - Kenya Informal Settlement Improvement Project(KISIP II)	Total Loans and Grants
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L
20	Laikipia	594,808,504	-	349,961,100	-	-	8,804,400	125,000,000	8,926,197	-		-	**492,691,697**
21	Lamu	387,821,812	-	300,102,326	-	-	5,469,400	125,000,000	9,227,569	-		200,000,000	**639,799,295**
22	Machakos	563,831,924	-	321,468,007	-	-	16,341,500	125,000,000	9,317,977	-	27,674,400	-	**499,801,884**
23	Makueni	600,213,719	284,347,300	-	-	-	15,607,800	125,000,000	9,689,933	-	-	-	**434,645,033**
24	Mandera	607,418,422	-	298,883,700	-	-	21,544,100	125,000,000	10,877,114	-	51,274,250	-	**507,579,194**
25	Marsabit	753,314,489	-	306,870,917	16,140,048	-	14,273,800	125,000,000	10,765,073	387,000,000	53,873,850	-	**913,923,688**
26	Meru	778,344,871	398,724,835	-	-	-	16,941,800	125,000,000	9,225,276	-	35,983,000	-	**585,874,911**
27	Migori	391,091,244	276,072,733	-	-	-	14,273,800	125,000,000	10,620,460	-		-	**425,966,993**
28	Mombasa	1,313,902,680	-	-	-	950,000,000	14,874,100	125,000,000	8,847,410	-		219,423,444	**1,318,144,954**
29	Murang'a	454,929,372	335,683,961	-	-	-	13,273,300	125,000,000	8,845,549	-		-	**482,802,810**
30	Nairobi City	866,791,349	-	-	-	-	33,550,100	125,000,000	11,949,949	-		350,000,000	**520,500,049**
31	Nakuru	819,285,259	269,563,385	-	-	-	22,077,700	125,000,000	9,518,784	-		300,000,000	**726,159,869**
32	Nandi	524,798,208	297,105,136	-	-	-	11,272,300	125,000,000	8,889,036	-		16,519,088	**458,785,560**
33	Narok	645,965,988	398,148,737	-	-	-	16,941,800	125,000,000	10,615,644	-		-	**550,706,181**
34	Nyamira	563,367,518	275,417,324	-	-	-	10,138,400	125,000,000	9,024,527	-		-	**419,580,251**
35	Nyandarua	683,889,689	-	289,609,680	11,000,000	-	10,271,800	125,000,000	8,725,383	-		25,497,691	**470,104,554**
36	Nyeri	680,265,672	-	352,822,250	-	-	11,405,700	125,000,000	8,473,681	-		102,139,147	**599,840,778**
37	Samburu	470,939,351	212,277,520	-	15,626,168	-	9,738,200	125,000,000	11,088,307	-	51,588,750	-	**425,318,945**
38	Siaya	540,152,675	-	314,639,880	-	-	12,206,100	125,000,000	8,906,243	-		-	**570,552,223**

ANNEX 4B: Conditional Allocations from loans and grants from development partners for Financial Year 2022/23 (Figures in Kenya Shillings)

S/N	County	FY 2021/22	FY 2022/23										
		Total Loans and Grants	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)	EU Grant (Instruments for Devolution Advice and Support IDEAS)	IDA (World Bank) credit: Water & Sanitation Development Project (WSDP)	DANIDA Grant - Primary Health Care in Devolved Context	IDA (World bank) Credit(Financing Locally-Led Climate Action Program, FLLoCA)	Sweden- Agricultural Sector Development Support Programme (ASDSP) II	German Development Bank (KfW)- Drought Resilience Programme in Northern Kenya (DRPNK)	World Bank - Emergency Locust Response Project (ELRP)	World bank - Kenya Informal Settlement Improvement Project(KISIP II)	Total Loans and Grants
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L
39	Taita Taveta	1,379,682,318	-	290,416,775	15,624,929	800,000,000	8,937,800	125,000,000	9,063,197	-		60,000,000	1,184,042,701
40	Tana River	468,563,507	-	350,271,550	14,727,370	-	12,339,500	125,000,000	11,625,297	-		-	513,963,717
41	Tharaka Nithi	600,288,742	-	350,000,000	-	-	8,270,800	125,000,000	8,577,645	-	28,827,500	80,575,354	601,251,299
42	Trans Nzoia	571,686,484	298,658,950	-	-	-	12,139,400	125,000,000	8,971,403	-	-	200,000,000	644,769,753
43	Turkana	786,247,615	270,565,502	-	-	-	22,211,100	125,000,000	13,588,185	438,000,000	62,108,500	-	931,473,287
44	Uasin Gishu	608,853,967	-	354,491,402	-	-	13,340,000	125,000,000	8,833,660	-		200,000,000	701,665,062
45	Vihiga	417,314,928	243,345,337	-	-	-	9,804,900	125,000,000	8,642,554	-		-	386,792,791
46	Wajir	1,160,065,181	-	346,040,790	15,626,168	550,000,000	18,009,000	125,000,000	12,880,510	-	49,529,250	230,000,000	1,222,085,718
47	West Pokot	559,953,126	-	353,574,020	-	-	10,538,600	125,000,000	10,927,742	-	30,759,700	-	530,800,062
	Total	**32,343,890,515**	**6,394,997,409**	**7,838,338,490**	**119,997,019**	**5,900,000,000**	**667,000,000**	**5,875,000,000**	**462,000,000**	**825,000,000**	**600,000,000**	**2,700,000,000**	**31,382,332,918**

REPUBLIC OF KENYA

THE NATIONAL TREASURY AND PLANNING

Telegraphic Address: 22921
FINANCE-NAIROBI
Fax No.: 315779
Telephone: 2252299

THE NATIONALTREASURY
P.O. Box 30007 - 00100
NAIROBI

When replying please quote

Ref No. DMD 4/196

8th February, 2022

Mr. Michael Sialai, EBS,
The Clerk
National Assembly,
Parliament Buildings,
P.O. Box 41842-00100
NAIROBI.

NATIONAL ASSEMBLY
RECEIVED
10 FEB 2022
DEPUTY CLERK
P.O. Box 41842 - 00100, NAIROBI

NATIONAL ASSEMBLY
RECEIVED
09 FEB 2022
CLERK'S OFFICE

Dear Sialai,

BRIEF ON THE STATUS OF AMMENDMENTS TO THE PUBLIC DEBT LIMIT

Please refer to the above subject.

In exercising powers conferred to the Cabinet Secretary, the National Treasury vide Section 205 of the PFM Act 2012, and the approval of Parliament, I made amendments to the Section 26(1) of the PFM (National Government) Regulations, 2015 by setting the public debt limit to Kenya Shillings Nine (9) Trillion through legal notice no 155 of 2019 dated 26th September 2019,.

The Government of Kenya operations for Financial Year 2021/2022 have been guided by this debt ceiling such that the public and publicly guaranteed debt stock as at end December 2021 was Kshs. 8,206,7 billion. The expected borrowing for the remaining half of the fiscal year amounts to Kshs. 691.8 billion. The National Treasury therefore expects the disbursed and outstanding public and publicly guaranteed debt to be Kshs. 8,898.5 billion by the end of the FY 2021-2022, thus within the statutory public debt ceiling.

In anticipation of the need to fund increased public expenditure, the National Treasury has taken several steps to initiate the process of amending Section 26(1) of the PFM (National Regulations). This process is aimed at achieving a smooth transition from the debt limit set by the legal notice no 155 of 2019 to a new proposal that would accommodate the envisioned deficits funding and best international set standards.

1. The National Treasury has prepared proposed amendments to provide for a public debt ceiling not exceeding 55 percent of Goss Domestic Product in present value terms instead of the current Ksh nine (9) trillion. The level of 55 per cent is informed by the Debt Sustainability Analysis report of 19th March 2021 that classified Kenya's debt carrying capacity as medium with a threshold of Present Value (PV) of debt to Gross Domestic Product of 55 percent.

2. In addition, the National Treasury constituted a Multi-Agency Taskforce, to among others, provide in the Acts and the Regulations appropriate definitions for ascertaining the level of public debt. The Taskforce reviewed the Constitution, 2010, the PFM Act, 2012, the PFM (National Government) Regulations, 2015, and the PFM (County Governments) Regulations, 2015 and identified certain gaps and a few inconsistencies between the Constitution and the attendant Statutes and proposed remedial amendments to the Statutes to align with the Constitution 2010 as well as proposing missing definitions. In particular, the taskforce proposed provision for the definition of "financial obligations'' as used in the Constitution of Kenya 2010 in regard to the definition of public debt.

3. In the interest of ensuring that the proposed amendments are enacted by Parliament promptly, it was proposed that the amendments be included in the Miscellaneous Amendments Bill prepared through the Attorney General's Office to undertake the drafting, publishing and forward to Parliament. The proposed amendments were submitted by the National Treasury to the Office of the Attorney General for processing under the Miscellaneous Amendments Bills.

4. The Office of the Attorney General has, however advised that instead, the amendments ought to be presented independently (not part of miscellaneous Amendment Bill). The National Treasury drafted a Public Finance Management (Amendment) Bill, 2021 and legal notices taking into account the amendments of the PFM Act, 2012, the PFM (National Government) Regulations, 2015, and the PFM (County Governments) Regulations, 2015 to be tabled to Parliament by the National Treasury. *See attached*

5. The National Treasury considered to include the amendments of the PFM (National Government) Regulations, 2015 in the draft Finance Bill of 2022.

6. The amendment on public debt touches on Counties and hence the Finance Bill cannot accommodate it since it's tabled in the National Assembly alone. Thus, the amendments will have to be tabled separately.

7. The National Treasury is planning to have a stakeholder engagement forum subsequent to publishing the Public Finance Management (Amendment) Bill, 2021 and legal notices and collect public comments on the same in conformity to the Statutory Instruments Act, 2013 and thereafter engage Parliament to finalize the amendments.

As demonstrated above, the National Treasury is committed to present the proposed amendments in Parliament for approval as soon as public consultations are finalised. The National Treasury requests the National Assembly to approve the 2022 Budget Policy Statement and Medium-Term Debt Management Strategy.

Yours Sincerely,

HON. (AMB.) UKUR K. YATANI, EGH
CABINET SECRETARY, THE NATIONAL TREASURY AND PLANNING

CC: PRINCIPAL SECRETARY/NATIONAL TREASURY

CHAIR/BUDGET AND APPROPRIATION COMMITTEE

THE PUBLIC FINANCE MANAGEMENT (AMENDMENT) BILL, 2021

A Bill for

AN ACT of Parliament to amend the Public Finance Management Act and for connected purposes

ENACTED by Parliament of Kenya, as follows—

Short title.

1. This Act may be cited as the Public Finance Management (Amendment) Act, 2021.

Amendment of section 2 of No. 18 of 2012.

2. The Public Finance Management Act (hereinafter referred to as the "principal Act") is amended in section 2—

(a) in the definition of "County Public Debt," by deleting the word "public"; and

(b) by inserting the following new definitions in their proper alphabetical sequence—

"financial obligations" in relation to public debt, includes outstanding amount of actual current liabilities that require payment(s) of principal, interest, fees, commissions and expenses by the government;

"Public debt" has the meaning assigned to it under Article 214 (2) of the Constitution.

Amendment of section 12 of No. 18 of 2012.

3. Section 12(2) of the principal Act is amended by deleting paragraph (b) and substituting therefor the following new paragraph—

(b) ensure proper management and control of, and accounting for the finances of the national government and its entities in order to promote the efficient and effective use of budgetary resources;

Amendment of section 15 of No. 18 of 2012.

4. Section 15 of the principal Act is amended—

(a) in subsection (2), by deleting paragraph (d) and substituting therefor the following new paragraph—

"(d) financial obligations attendant to loans raised or guaranteed and securities issued or guaranteed are maintained at a sustainable level as advised by the Public Debt Management Office and approved by Parliament for the national government and by the county assembly for county government".

(b) in subsection (4), by deleting the words "national debt" and substituting therefor the words "public debt".

Amendment of section 31 of No. 18 of 2012.

5. Section 31 of the principal Act is amended in subsection (2) by deleting the words "national debt" and substituting therefor the words "public debt".

Amendment of section 50 of No. 18 of 2012.

6. Section 50 of the principal Act is amended—

(a) in subsection (2), by adding the following proviso at the end of the sentence—

"Provided that if, at any time, the public debt exceeds the limit set under this Act and the Regulations made thereunder, due to depreciation of the shilling, significant balance of payment imbalances or abrupt fiscal disruptions, the Cabinet Secretary shall provide Parliament with a written explanation on the said circumstances leading to the breach of the limit and provide a time-bound remedial plan.

(b) by inserting the following new subsection immediately after subsection (2) —

"(2A) For the purposes of sub-section (2) fiscal disruptions includes, war, health pandemic or natural disasters."

(c) by deleting sub-section (6) and substituting therefor the following new sub-section—

"(6) A public debt and resultant financial obligations incurred by the national government is a charge on the Consolidated Fund, unless the Cabinet Secretary determines, by Regulations approved by Parliament, that all or part of the public debt and resultant financial obligations is a charge on another public fund established by the national government or any of its entities".

Amendment of section 63 of No. 18 of 2012.

7. Section 63 of the principal Act is amended by adding the following new paragraph—

"(i) to advise Parliament and the Cabinet Secretary on the sustainable levels of public debt and the annual borrowing limit".

MEMORANDUM OF OBJECTS AND REASONS

The principal object of this Bill is to amend the Public Finance Management Act No. 18 of 2012 to operationalize the Public Debt and Borrowing with regard to framework for monitoring the level of Public debt to align it with the provisions of Article 214(2) of the Constitution which defines "public debt" to mean all financial obligations attendant to loans raised or guaranteed and securities issued or guaranteed by the national government.

The structure of the Bill is as follows:

Clause 1 of the Bill sets out the short title of the proposed Act.

Clause 2 of the Bill contains provisions to amend the Act by deleting the word "public" in the definition of the words "County Public Debt" and inserting the definition of the words "financial obligations" and "Public debt".

Clause 3 of the Bill proposes to amend section 12 of the Act by deleting paragraph (b) and introducing a new provision that provides for the proper management and efficient use of budgetary resources by the national government and its entities.

Clause 4 of the Bill seeks to provide for financial obligations to be maintained at a substantial level as advised by Public Debt Management Office and Parliament. It also deletes the words "national debt" and substituting therefor the words "public debt" as the Constitution defines public debt and not national debt.

Clause 5 of the Bill contains provisions to amend section 31 of the Act by deleting the words "national debt" wherever it appears and replace it with the words "public debt" to align it with the definition in the Constitution.

Clause 6 of the Bill seeks to amend section 50 of the Act to require the Cabinet Secretary to give an explanation to Parliament, in writing, where the public debt exceeds the limit set out in law and the remedial plan.

Clause 7 of the Bill seeks to amend the Act by introducing a new paragraph in section 63 to add functions of the Public Debt Management Office to include advising Parliament and the Cabinet Secretary on the sustainable levels of public debt and the annual borrowing limit.

Dated the.., 2021.

Ukur Yatani
Cabinet Secretary
for the National Treasury & Planning

Section 2 of No. 18 of 2012, which is proposed to amend—

"County Public Debt" means all financial obligations attendant to loans raised and securities issued by the county government;

Section 12(2)(b) of No. 18 of 2012, which is proposed to amend—

The National Treasury shall have the following functions, in addition to those in subsection (1)—

(b) ensure proper management and control of, and accounting for the finances of the national government and its entities in order to promote the efficient and effective use of budgetary resources at the national level;

Section 15(2)&(4) of No. 18 of 2012, which is proposed to amend—

(2) In managing the national government's public finances, the National Treasury shall enforce the following fiscal responsibility principles—

(d) public debt and obligations shall be maintained at a sustainable level as approved by Parliament for the national government and the county assembly for county government;

(4) The National Treasury shall ensure that the level of National Debt does not exceed the level specified annually in the medium term national government debt management strategy submitted to Parliament.

Section 31(2) of No. 18 of 2012, which is proposed to amend—

(2) Where either House of Parliament is canvassing a matter relating to the national debt, the Cabinet Secretary shall submit to Parliament, a report of all loans made to the national government, national government entities, and county governments, not later than seven days after receiving a request to do so from either House of Parliament.

Section 50(6) of No. 18 of 2012, which is proposed to amend—

(6) A public debt incurred by the national government is a charge on the Consolidated Fund, unless the Cabinet Secretary determines, by regulations approved by Parliament, that all or part of the public debt is a charge on another public fund established by the national government or any of its entities.

LEGAL NOTICE NO……………….

THE PUBLIC FINANCE MANAGMENT ACT

(No. 18 of 2012)

IN EXERCISE of the powers conferred by section 205 of the Public Finance Management Act, 2012, the Cabinet Secretary for the National Treasury and Planning makes the following Regulations—

THE PUBLIC FINANCE MANAGEMENT (NATIONAL GOVERNMENT)(AMENDMENT) REGULATIONS, 2021

1. These Regulations may be cited as the Public Finance Management (National Government)(Amendment) Regulations, 2021.

Sub. Leg.

2. The Public Finance Management (National Government) Regulations, 2015, are amended in regulation 26(1) by deleting subparagraph (c) and substituting therefor the following new subparagraph—

"(c) the Cabinet Secretary shall at all times maintain public debt at a level not exceeding 55 percent of Gross Domestic Product in Present Value (PV) terms:

Provided that if, at any time, the public debt exceeds the limit set under the Act and these Regulations, the Cabinet Secretary shall provide to Parliament a written explanation on the said circumstances leading to the breach of the limit and provide a time-bound remedial plan".

Made on the………………………………………………..............., 2021.

Ukur Yatani
Cabinet Secretary
for the National Treasury & Planning

LEGAL NOTICE NO..............

THE PUBLIC FINANCE MANAGMENT ACT

(No. 18 of 2012)

IN EXERCISE of the powers conferred by section 205 of the Public Finance Management Act, 2012, the Cabinet Secretary for the National Treasury and Planning makes the following Regulations—

THE PUBLIC FINANCE MANAGEMENT (COUNTY GOVERNMENT)(AMENDMENT) REGULATIONS, 2021

1. These Regulations may be cited as the Public Finance Management (County Governments)(Amendment) Regulations, 2021.

Sub. Leg.

2. Regulation 2 of the Public Finance Management (County Governments) Regulations, 2015, (hereinafter referred to as the "principal Regulations" is amended in the definition of the words "County Public Debt", by deleting the word "public".

3. Regulation 25(1) of the principal Regulations is amended in subparagraph (d) by deleting the word "public".

4. Regulation 27(1)(a) of the principal Regulations is amended in item (v) by deleting the word "public".

5. Regulation 86(2) of the principal Regulations is amended in subparagraph (d) by deleting the word "public" and substituting therefor the word "county".

6. Regulation 111(2) of the principal Regulations is amended in subparagraph (a) by deleting the word "public".

7. Part XIV of the principal Regulations is amended by deleting the word "public" appearing in the title and substituting therefor the word "county".

8. Regulation 179 of the principal Regulations is amended in paragraph (1) by deleting the word "public".

9. Regulation 180 of the principal Regulations is amended in paragraph (1) by deleting the word "public".

10. The principal Regulations are amended by deleting regulation 186 and substituting therefor the following new regulation—

> "186. The objectives of county debt management are to ensure that the county government's financing needs and payment obligations are met at the lowest possible cost over the medium to long term, with a prudent degree of risk".

11. Regulation 187 of the principal Regulations is amended in paragraph (1) by deleting the word "public".

12. Regulation 193 of the principal Regulations is amended by deleting the word "public".

13. Regulation 194 of the principal Regulations is amended—

(a) in paragraph (1), by deleting the word "public" and substituting therefor the word "county"; and

(b) in paragraph (2), by deleting the word "public" and substituting therefor the word "county".

Made on the.., 2021.

Ukur Yatani
Cabinet Secretary
for the National Treasury & Planning

REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING

Telegraphic Address: 22921
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Fax No.: 315779
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THE NATIONALTREASURY
P.O. Box 30007 - 00100
NAIROBI

When replying please quote
Ref No. DMD 4/196

8TH FEBRUARY, 2022

Mr. Michael Sialai, EBS,
The Clerk
National Assembly,
Parliament Buildings,
P.O. Box 41842-00200
NAIROBI.

Dear Sialai,

LEGAL OPINION ON THE IMPACT OF APPROVAL OF THE 2022 BUDGET POLICY STATEMENT (BPS) ON THE STATUTORY DEBT CEILING

As per the requirement of Section 25 (7) of the PFM Act 2012, the National Treasury prepared and submitted the Budget Policy Statement (BPS) for FY 2022-2023 and the 2022 Medium Term Debt Management Strategy (MTDS) for tabling and subsequent approval.

The National Treasury held a meeting with the Budget and Appropriations Committee (BAC) of the National Assembly on 7th February 2022, to discuss the 2022 BPS and the 2022 Medium-Term Debt Strategy (MTDS).

As agreed with the BAC, the National Treasury sought the advice and legal opinion of the Attorney General on the matter and the AG's response is *attached hereto*.

The purpose of this letter is to forward the Attorney General`s opinion to facilitate Parliament's approval of the 2022 BPS and 2022 MTDS.

Yours Sincerely,

HON. (AMB.) UKUR YATANI, EGH
CABINET SECRETARY/THE NATIONAL TREASURY AND PLANNING

CC: Principal Secretary/National Treasury

Chair, Budget and Appropriation Committee

PRINCIPAL SECRETARY
THE NATIONAL TREASURY
09 FEB 2022
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P.O. Box 30007 - 00100, NAIROBI

REPUBLIC OF KENYA

OFFICE OF THE ATTORNEY-GENERAL
&
DEPARTMENT OF JUSTICE

Your Ref: DMD4/196
Our Ref: AG/CONF/6/D/73 VOL. XI

8th February, 2022

Dr. Julius Muia, PhD, CBS
Principal Secretary/The National Treasury
The National Treasury and Planning
NAIROBI

RE: REQUEST FOR LEGAL OPINION ON THE IMPACT OF APPROVAL OF THE 2022 BUDGET POLICY STATEMENT (BPS) ON THE STATUTORY DEBT CEILING

This has reference to the above-captioned subject matter and to your letter dated the 8th February, 2022 under Ref. No. DMD4/196. By the said letter, the National Treasury and Planning seeks our legal opinion on whether the act of approving the 2022 Budget Policy Statement will or will not result in the breach of the debt ceiling.

We note that in line with Section 25 (7) of the Public Finance Management Act, 2012, the National Treasury prepared and submitted to Parliament the Budget Policy Statement for the FY 2022-2023 for tabling and approval. Subsequently, during a meeting with the Budget and Appropriations Committee of the National Assembly on the 7th February, 2022, the said Committee had reservations to the effect that approving the subject Budget Policy Statement would amount to an indirect breach of the existing debt ceiling of Kshs. 9,000 billion.

Our Guidance

1. The National Treasury and Planning is mandated by Section 25 of the Public Finance Management Act, 2012 to prepare the Budget Policy Statement. In our understanding, the Budget Policy Statement is generally a statement of the financial and fiscal objectives in respect of the affected period. It is a ***broad statement of strategic objectives and priorities*** that will guide the National and County Governments in preparing their budgets for the financial year and over the medium term. Section 16 of the Public Finance Management Act, 2012 provides for a deviation from the Budget Policy Statement, with the approval of Parliament, in the event of a major natural disaster or other significant unforeseen event or, if there is a change of the National Government.

2. The obligation to observe the debt ceiling is set out in the Public Finance Management Act, 2012. Section 50 (2) of the Act directs as follows:

   "The national government may borrow money in accordance with this Act or any other legislation and shall not exceed a limit set by Parliament."

3. In our considered opinion, the question whether or not the debt ceiling as set by Parliament has been or will be exceeded ***can be answered only at the point of an actual proposed borrowing.*** It is our opinion that to the extent that the Budget Policy Statement is a statement of ***intention***, the passage thereof does not *ipso facto* violate the statutory requirement that any borrowing must not exceed a limit set by Parliament.

4. The legal obligation remains on the National Government to ensure that the implementation of the Budget Policy Statement as passed does not occasion a borrowing that may exceed the debt limit as set by Parliament. In other words, the Budget Policy Statement does not create any binding legal obligation to implement the same in circumstances where doing so would be in breach of the law, including the debt ceiling as prescribed by Parliament. Indeed, the implementation of the policy objectives outlined in the Budget Policy Statement is subject to various variables, including a change in the law, hence the contemplation of deviations in Section 16 of the Public Finance Management Act, 2012.

We trust that what we have stated hereinabove will be of assistance and that you will be pleased to be guided accordingly. We remain at your disposal to provide such other guidance as may be required.

Kennedy Ogeto CBS
SOLICITOR GENERAL

Copy to: Hon. P. Kihara Kariuki, EGH
ATTORNEY GENERAL

Hon. Amb. Ukur Yatani, EGH
Cabinet Secretary
National Treasury
P.O Box 30007-00100
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