

Approved for tabling in the House.

Pat SIVA
7/6/2022




REPUBLIC OF KENYA
KENYA NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SIXTH SESSION -2022

SELECT COMMITTEE ON BUDGET AND APPROPRIATIONS

REPORT ON THE SUPPLEMENTARY ESTIMATES II FOR FY 2021/2022

 THE NATIONAL ASSEMBLY	
DATE: 07 JUN 2022	
DAY: TUESDAY	
TABLED BY:	CHAIRPERSON, SAC - HON. KADUNGU MEGA
CLERK AT THE TABLE:	MATNA WANJIKU

JUNE, 2022

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1.0 CHAIRPERSON'S FOREWORD

It is my honour and privilege to present the report of the Budget and Appropriations Committee on its consideration of the Supplementary Estimates II for Financial Year 2021/2022 to this Honourable House. This is as per Article 223 of the Constitution of Kenya, Section 44 of the Public Finance Management Act, and the National Assembly Standing Order 207(3)(b). These legal provisions provide the basis for Supplementary Appropriation for any purpose where the amount allocated in the Appropriation Act is insufficient or a need has arisen for expenditure that was unforeseen and had therefore not been provided for in the Appropriation Act; or if money has been withdrawn from the Contingencies Fund.

The Supplementary Estimates II were tabled in the National Assembly on Tuesday, 24th May 2022. The purpose of the estimates is to cater for the regularization of approved expenditures granted under article 223 of the constitution and seek approval for reallocations and additional expenditures relating to fuel price stabilization, enhanced security surveillance, drought mitigation expenditure, and to accommodate adjustments in projects financed by the development partners.

The Supplementary Estimates II for FY 2021/2022 has been prepared at a time when the country is facing various challenges such as drought, rising cost of basic commodities, election related uncertainties, and high fuel prices among others.

Based on the Communication from the Honourable Speaker dated 31st March 2022 on processing of Supplementary estimates, the Committee has considered expenditure approved under article 223 of the constitution and the request for reallocations and additional expenditure separately as outlined in this report and accompanying schedules.

1.1. EXAMINATION OF THE SUPPLEMENTARY ESTIMATES II FY 2021/2022

In processing the Supplementary Estimates II for FY 2021/2022, the Committee held three Sittings including one (1) consultative meeting with the National Treasury. Furthermore, the Committee received submissions from the Departmental Committees in relation to proposed expenditure changes within the MDAs under their purview. Submissions were also received from the Office of the Auditor-General on proposed revisions to their budget as these fall under the purview of the Budget and Appropriations Committee. The Committee also received and considered an addendum to Supplementary Estimates II from the National Treasury that sought to address the shortfall in fuel price stabilization for June 2022.

The outcome of these deliberations has informed the various recommendations which are contained in this report. If approved by the House, these recommendations will form the basis for the passage of the second Supplementary Appropriation Bill for FY 2021/2022.

1.2. NON FINANCIAL RECOMMENDATIONS

Arising from the aforementioned consultative engagements, the Committee recommends:

a. Expenditure Under Article 223

- i. **That**, in subsequent notifications of expenditure under Article 223, the National Treasury should provide detailed explanatory notes on actual programmes financed and justification informing each approval. This should include project name, background informing the request for resources and the rationale for approval.

b. Reallocations and Additional Allocations

- ii. **That**, from the FY 2022/2023, the National Treasury shall ensure that all requests for reallocations and additional allocations do not exceed the 10% threshold per programme as outlined in section 43(2)(a) of the Public Finance Management Act and attendant regulations.
- iii. **That**, by the end of December 2022, the National Treasury should review and update the framework for implementation of the donor-funded programs and align them to the budget cycle to enhance absorption of donor-funded development expenditure in line with the Busan Partnership for Effective Development Co-Operation of 2011.
- iv. **That**, in line with the PFM Act and related legislation, the National Treasury should develop and fully enforce guidelines to deter the continued spiralling of pending bills and report the progress to this House by the end of December 2022. These guidelines should include criminalizing commitments without budget provisions and that pending bills at the close of any financial year should not be higher than they were at the beginning.

1.3. FINANCIAL RECOMMENDATIONS

The Committee further recommends that this House approves the following:

a. Expenditure under Article 223

- i. That, **Kshs: 27,257,307,265** spent under Article 223 of the Constitution and as outlined in schedule III

b. Overall Supplementary Appropriations

- ii. That, additional expenditure of **Kshs. 70,847,524,597** as contained in schedule I, II and III forms the basis of the second Supplementary Appropriations Bill, 2022.

1.4 ACKNOWLEDGMENTS

The Committee wishes to thank the Office of the Speaker and the Clerk of the National Assembly for the support extended in fulfilling its mandate; and the Departmental Committees for their well-thought-out recommendations which have formed the backbone of this report. Our sincere gratitude is extended to all the Ministries, Departments and Agencies as well as the National Treasury for being part of the process of reviewing the Supplementary estimates II for the financial year 2021/2022.

The Committee would also like to thank the Parliamentary Budget Office; the Directorate of Appropriations, Audit, and other Select Committees and the Directorate of the Departmental Committees for the extensive work undertaken in the review and processing of the Supplementary estimates II for FY 2021/2022.

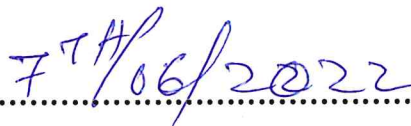
It is therefore my pleasant undertaking, on behalf of the Budget and Appropriations Committee, to table this report and recommend it to the House for adoption.

SIGNED



HON. KANINI KEGA, CBS, M.P.

CHAIRPERSON, THE BUDGET AND APPROPRIATIONS COMMITTEE



DATE

2.0 PREFACE

2.1. Establishment and Mandate of the Committee

1. Article 221 (4 and 5) of the Constitution 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 establishes the Budget and Appropriations Committee with specific mandates as follows:
 - 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 the Budget Policy Statement presented to the House;
 - iv. Examine bills related to the national budget including appropriation bills;
 - v. Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays; and
 - vi. Examine the Division of Revenue Bill.

2.2. Membership of the Committee

2. Pursuant to Standing Order 207(2), 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 Chairperson	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

MEMBER	CONSTITUENCY	PARTY
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

2.3. Committee Secretariat

3. The Committee Secretariat is comprised of the following:

Mr. Joseph Ndirangu	Fiscal Analyst I/ Clerk of the Budget and Appropriations Committee
Mr. Danson Kachumbo	Fiscal Analyst I/ Clerk of the Budget and Appropriations Committee
Mr. Ronald Walala	Legal Counsel
Mr. Benard Omondi	Sergeant-at-arms
Ms. Pauline Wanjiru	Hansard Reporter
Mr. Eugene Luteshi	Audio Officer
Mr. George Mbaluka	Office Assistant

4. 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.

3.0 INTRODUCTION

3.1. Background

5. The Supplementary estimates II for the financial year 2021/2022 have been prepared at a time when the country is facing various internal and external challenges, such as drought, rising cost of basic commodities, election-related uncertainties, increase in fuel prices and volatilities in the global economy among others. However, revenue collection has performed well and is estimated to have been above the set target by Ksh. 14.2 billion for the July 2021 – March 2022 period.
6. The Supplementary estimates II seek to adjust overall expenditure upwards by Ksh. 70. 87 billion from the Supplementary estimates I level. The purpose of this Supplementary budget is to cater for the approval of money issued and spent under Article 223 of the constitution as well as seek approval for reallocations and additional expenditures relating to fuel price stabilization, security-related expenditure, drought mitigation expenditure, and to accommodate adjustments in projects financed by the development partners among others.
7. The overall proposed budget increase from the original approved estimates is Ksh. 210. 61 billion, which is a **10.5 percent** variation. Although the National Treasury had sought special approval, the Committee noted that the expenditure approved under Article 223 of the Constitution is still within the required threshold. The Committee also observed that 13 programmes have revisions exceeding the 10 percent threshold per programme which is contrary to section 43(2)(a) of the Public Finance Management Act.
8. Total cumulative expenditure for the year has underperformed by **Ksh. 20.7 billion** which is attributed to low absorption of the development budget as well as below target transfers to county governments. As at the end of April 2022, exchequer disbursement for the development budget stood at 63.5%; the recurrent budget at 78.6%, and transfers to counties at 70.5%. The Committee was concerned as to why the counties are not getting their allocations on time especially given the exceptional revenue performance. This is contrary to Article 219 of the constitution which provides that the county's share of national revenue should be transferred to the county without delay or deduction.

9. The Committee observed that, although the country is facing serious drought-related challenges, the provisions under Supplementary II may not be sufficient to effectively address these needs. According to Famine Early Warning Systems Network, drought interventions resource requirement stood at approximately Ksh. 16 billion as at May 2022. The Committee further noted that drought-related interventions are scattered across various MDAs and there isn't a centralized and coordinated approach to drought mitigation. This is despite the existence of the National Drought Management Authority which is mandated to exercise overall coordination over all matters relating to drought risk management; and to establish mechanisms that will end drought emergencies in Kenya.
10. The Committee was concerned that the Supplementary estimates II also seek to reallocate Ksh. 3.5 billion from the Contingencies Fund. The fund is established to cater for urgent and unforeseen needs for expenditure for which there is no other authority. It is noted that in the Committee's report on the first supplementary budget for FY 2021/2022, it was specifically recommended that any funds withdrawn from the contingency fund should be outlined on a separate schedule when the supplementary estimates are submitted to the House. The circumstances or background informing the reallocation should therefore be made very clear.
11. The Committee noted with concern the emerging trend by the National Treasury of submitting an addendum to the Supplementary estimates after they have been committed to the departmental committees for consideration. This dilutes the role of departmental committees in scrutinising supplementary estimates and reduces the credibility of the budget-making process.

3.2 State of the Economy

12. The economic growth outlook underpinning the Supplementary estimates II is projected at 6.0 percent for 2022 and is predicated on a favourable weather outlook that will support the agriculture sector as well as recovery in the service sector. The Committee noted the ongoing drought poses a downside risk to this growth. Additional risks to the economic growth include increased cost of production due to increased input prices especially in the manufacturing sector; disruptions in global supply chains, and a possible slowdown in investment that may be occasioned by election-related uncertainties.

13. Food inflation has been the main driver of overall inflation increasing from 8.8 percent in July 2021 to 12.2 percent by April 2022. The high food inflation is driven by retail prices of basic food commodities. Additional inflationary pressures are also emanating from high fuel prices due to rising international crude oil prices whose negative effect on the *wananchi* has partly been offset by the Government's fuel subsidy programme.

14. Short-term interest rates (Treasury bills and interbank rates) have been rising and may continue to rise given the recent upward revision of the Central Bank Rate from 7.0% to 7.5%. This may be partly attributed to the increased appetite for domestic borrowing by the Government. Growth in private sector credit rose to 10.9 percent in March 2022 from 7.7 percent in March 2021, reflecting a positive credit growth as most sectors continued to recover. This growth was supported by the following sectors: Consumer durables (15.0 percent), Transport and Communication (14.3 percent), Manufacturing (13.1 percent), Business services (9.5 percent) and Trade (8.5 percent). However, the committee noted that this growth may be slowed by electioneering uncertainties as investors await the policy direction of the next government.

15. Remittances from the diaspora remain the key buffer in cushioning the Kenyan Shilling against exchange rate volatilities. Remittance inflows increased by 18.6 percent in April 2022 to USD 355.0 million compared to USD 299.3 million in April 2021. The Kenyan Shilling depreciated against the USD from Ksh. 107.95 in April 2021 to Ksh. 116.15 in May 2022. In addition, the overall balance of payments declined due to the worsening current account deficit. This deterioration is partly attributed to high import value as a result of rising international prices of commodities such as crude oil, steel and machinery.

3.3 Financing the Supplementary Estimates II

16. The total revenue projected in the Supplementary estimates II for FY 2021/2022 is Ksh. 2,192 billion; a Ksh. 153 billion increase from the initial projection of Ksh. 2,100 billion in the original approved budget. One of the main drivers of the upward revision in total revenue projection is an expected Ksh. 77 billion increase in Appropriations-in-Aid (A-in-A) collection. However, over the past couple of financial years, actual A-in-A collected has been lower than the amount projected at the beginning of the financial year. If A-in-A for FY 2021/2022 underperforms, it may result in the National Treasury not meeting the expected total revenue collection for FY 2021/2022.

17. The National Treasury has revised the Ordinary Revenue projection upwards by Ksh. 75 billion from Ksh 1,775 billion to Ksh. 1,851 billion. The main drivers of this increase are the upward revision in VAT, other tax revenue, and excise duty by Ksh. 41 billion, Ksh. 21 billion and Ksh. 15 billion respectively.
18. The fiscal deficit including grants in the Supplementary estimates II has expanded by Ksh. 94.7 billion from Ksh. 929.7 billion to Ksh. 1,024.3 billion. It is expected that the expanded deficit will be mainly financed by additional external borrowing. However, it should be noted that the fiscal deficit is premised on increased revenue collection. Any underperformance of revenue collection relative to the revised targets may result in a larger fiscal deficit which could lead to additional borrowing.

4.0 EXPENDITURE UNDER ARTICLE 223 OF THE CONSTITUTION

19. Article 223 of the Constitution allows the National Government to spend monies that have not been appropriated by Parliament if the amount appropriated for any purpose under the Appropriation Act is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated by that Act, or money has been withdrawn from the Contingencies Fund.
20. In the Supplementary estimates II, the National Treasury has granted approval to disbursements amounting to **Ksh. 27.25 billion**; of which Ksh.16.61 billion is recurrent expenditure and Ksh.10.65 billion is development expenditure under Article 223 of the Constitution.
21. The Committee noted that the bulk of the Kshs. 16.61 billion recurrent expenditures under article 223 of the constitution are under the Ministry of Petroleum and Mining to cater for fuel price stabilization. In the development budget, Kshs. 10.65 billion has been disbursed of which Ksh. 8 billion has been released to the State Department for Infrastructure to complete the construction of ongoing roads. However, the Committee noted with concern that details of the specific projects under the road transport programme and the amounts already approved per project have not been provided.

22. The Committee raised concerns over the allocation towards enhanced operations and maintenance, salary shortfalls, construction of ongoing roads, and the Naivasha inland container depot which could have been reasonably provided for within the prevailing budget constraints during the annual budget process and should ideally not constitute a Supplementary budget. This is contrary to PFM regulation 40(4)(a) which clarifies that the purpose for which approval is sought for a Supplementary budget DOES NOT include expenditure that, although known when finalizing the original budget estimates, could not be accommodated within allocations.
23. The Committee noted that there is missing information with regard to expenditures approved in the Ministry of Foreign Affairs under Article 223 of the constitution. An amount of Ksh. 68.8 million was disbursed to the Ministry of Foreign Affairs but does not include the purpose of the expenditure contrary to the Speaker's ruling of 31st March 2022.

5.0 KEY PROPOSED REALLOCATIONS AND ADDITIONAL ALLOCATIONS

24. In the Supplementary estimates II, the National Treasury is seeking approval of reallocations and additional allocations amounting to **Ksh. 43.61 billion**. The reallocations and additional allocations have majorly been occasioned by an upward revision of AIA, low absorption of donor-financed projects, expenditure needs for completion of ongoing projects and support to the hunger safety net programme, among others.
25. The Committee noted that implementation of development programmes continues to be hampered by low absorption of development expenditure, especially for donor-funded projects. Major reductions in the development budget have been driven by this low absorptive capacity implying, that key targets and milestones will not be achieved. These programmes cut across key sectors including agriculture, health, water & Sanitation, and infrastructure development.
26. The Committee observed that major requests for additional funding are mostly in the infrastructure sector. This includes **Ksh. 16.49 billion** to the road transport programme towards completion of ongoing road projects, **Kshs. 9.38 billion** towards railway development programmes and **Ksh.1.36 billion** for school infrastructure development.

27. The Committee noted that adjustments in the recurrent budget are mainly on account of fuel price stabilization, enhancement of security surveillance, drought-related expenditures as well as increases in Appropriation-in-Aid. The additional expenditure pressures are partly attributed to the effects of the disruption of global supply chains as a result of the Russia-Ukraine war.

6.0 KEY OBSERVATIONS BY THE COMMITTEE

28. The Committee took note of the following:

- i. The information and explanatory notes provided for expenditure under Article 223 is not sufficient. Further, some of the money approved has not been disbursed to the spending agencies and no explanation has been submitted.
- ii. The implementation of development programmes continues to be hampered by low absorption of development expenditure, especially for donor-funded projects. Major reductions in the development budget have been driven by this low absorptive capacity implying that key targets and milestones may not be achieved as planned.
- iii. Pending bills continue to present a challenge despite efforts by the national government to settle them. The committee noted the need to enhance prudent resource management to contain the growth of pending bills.
- iv. The expenditure disbursed under Article 223 of the Constitution is within the required 10 percent threshold. However, 13 programmes have revisions exceeding the 10 percent threshold per programme which is contrary to section 43(2)(a) of the Public Finance Management Act.
- v. Delay in disbursement of the County Equitable Share continues to be an issue despite the reports of above target performance in revenue collection. This contravenes Article 219 of the constitution which states that the county's share of national revenue should be transferred to the county without delay or deduction.
- vi. There is an emerging trend by the National Treasury of submitting an addendum to the Supplementary estimates after they have been committed to the departmental committees for consideration. This dilutes the role of departmental committees in scrutinising supplementary estimates and reduces the credibility of the budget-making process.

7.0 RECOMENDATIONS BY THE COMMITTEE

7.1 NON FINANCIAL RECOMMENDATIONS

29. Arising from the aforementioned consultative engagements, the Committee recommends:

a. Expenditure Under Article 223

- i. **That**, in subsequent notifications of expenditure under Article 223, the National Treasury should provide detailed explanatory notes on actual programmes financed and justification informing each approval. This should include project name, background informing the request for resources and the rationale for approval.

b. Reallocations and Additional Allocations

- ii. **That**, from the FY 2022/2023, the National Treasury shall ensure that all requests for reallocations and additional allocations do not exceed the 10 percent threshold per programme as outlined in section 43(2)(a) of the Public Finance Management Act and attendant regulations.
- iii. **That**, by the end of December 2022, the National Treasury should review and update the framework for implementation of the donor-funded programs and align them to the budget cycle under devolution to enhance absorption of donor-funded development expenditure in line with the Busan Partnership for Effective Development Co-Operation of 2011.
- iv. **That**, in line with the PFM Act and related legislation, the National Treasury should develop and fully enforce guidelines to deter the continued spiralling of pending bills and report the progress to this House by the end of December 2022. These guidelines should include criminalizing commitments without budget provisions and that pending bills at the close of any financial year should not be higher than they were at the beginning.

7.2. FINANCIAL RECOMMENDATIONS

The Committee further recommends that this House approves the following:

c. Expenditure Under Article 223

- iii. That, **Kshs: 27,257,307,265** spent under Article 223 of the Constitution and as outlined in schedule III

d. Overall Supplementary Appropriations

- iv. That, additional expenditure of **Kshs. 70,847,524,597** as contained in schedule I, II and III forms the basis of the second Supplementary Appropriations Bill, 2022.

07/06/2022 12:06		SCHEDULE I		
		FINAL SUPPLEMENTARY II BUDGET ESTIMATES FY		
		2021/22		
<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
	Executive Office of the President	3,525,873,881	928,890,557	4,454,764,438
	0702000 Cabinet Affairs	84,884,646	-	84,884,646
	0703000 Government Advisory Services	63,819,000	(71,109,443)	(7,290,443)
	0704000 State House Affairs	3,306,902,252	-	3,306,902,252
1011	0734000 Deputy President Services	70,267,983	-	70,267,983
	0745000 Nairobi Metropolitan Services	-	1,000,000,000	1,000,000,000
	State Department for Interior and Citizen Services	(255,000,000)	200,000,000	(55,000,000)
	0601000 Policing Services	(485,000,000)	-	(485,000,000)
	0603000 Government Printing Services	-	-	-
1021	0605000 Migration & Citizen Services Management	31,000,000	200,000,000	231,000,000
	0625000 Road Safety	100,000,000	-	100,000,000
	0626000 Population Management Services	(100,000,000)	-	(100,000,000)
	0629000 General Administration and Support Services	199,000,000	-	199,000,000
	0630000 Policy Coordination Services	-	-	-
	State Department for Correctional Services	(800,000,000)	-	(800,000,000)
1023	0623000 General Administration, Planning and Support Services	-	-	-
	0627000 Prison Services	(800,000,000)	-	(800,000,000)
	0628000 Probation & After Care Services	-	-	-
	State Department for Devolution	600,000,000	-	600,000,000
	0712000 Devolution Services	613,348,672	-	613,348,672
1032	0732000 General Administration, Planning and Support Services	(13,348,672)	-	(13,348,672)
	0713000 Special Initiatives	-	-	-
1035	State Department for Development of the ASAL	-	(232,000,000)	(232,000,000)

07/06/2022 12:06		SCHEDULE I		
VOTE CODE	VOTE/PROGRAMME CODES & TITLE	FINAL SUPPLEMENTARY II BUDGET ESTIMATES FY		
		2021/22		
		GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
1055	0733000 Accelerated ASAL Development	-	(232,000,000)	(232,000,000)
1041	Ministry of Defence	1,760,000,000	-	1,760,000,000
	0801000 Defence	1,800,000,000	-	1,800,000,000
	0802000 Civil Aid	-	-	-
	0803000 General Administration, Planning and Support Services	(40,000,000)	-	(40,000,000)
1052	0805000 National Space Management	-	-	-
	Ministry of Foreign Affairs	999,470,555	-	999,470,555
	0714000 General Administration Planning and Support Services	16,800,000	-	16,800,000
	0715000 Foreign Relation and Diplomacy	982,670,555	-	982,670,555
	0741000 Economic and Commercial Diplomacy	-	-	-
1064	0742000 Foreign Policy Research, Capacity Development and Technical Cooperation	-	-	-
	State Department for Vocational and Technical Training	47,970,156	-	47,970,156
	0505000 Technical Vocational Education and Training	53,770,156	-	53,770,156
	0507000 Youth Training and Development	-	-	-
	0508000 General Administration, Planning and Support Services	(5,800,000)	-	(5,800,000)
	State Department for University Education	1,405,692,309	32,598,600	1,438,290,909
	0504000 University Education	1,329,060,309	32,598,600	1,361,658,909
1065	0506000 Research, Science, Technology and Innovation	73,132,000	-	73,132,000

07/06/2022 12:06		SCHEDULE I		
VOTE CODE	VOTE/PROGRAMME CODES & TITLE	FINAL SUPPLEMENTARY II BUDGET ESTIMATES FY 2021/22		
		GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
	0508000 General Administration, Planning and Support Services	3,500,000	-	3,500,000
	State Department for Early Learning & Basic Education	94,227,000	1,457,022,388	1,551,249,388
1066	0501000 Primary Education	12,600,000	1,365,022,388	1,377,622,388
	0502000 Secondary Education	-	92,000,000	92,000,000
	0503000 Quality Assurance and Standards	-	-	-
	0508000 General Administration, Planning and Support Services	81,627,000	-	81,627,000
	State Department for Post Training and Skills Development	-	-	-
1068	0508000 General Administration, Planning and Support Services	(4,546,813)	-	(4,546,813)
	0512000 Work Place Readiness Services	5,302,898	-	5,302,898
	0513000 Post Training Information Management	(756,085)	-	(756,085)
	State Department for Implementation of Curriculum Reforms	-	-	-
1069	0514000 Coordination of the Curriculum Reform Implementation	-	-	-
	The National Treasury	(978,500,000)	2,386,830,906	1,408,330,906
	0203000 Rail Transport	-	10,381,493,477	10,381,493,477
	0204000 Marine Transport	-	(2,240,000,000)	(2,240,000,000)
1071	0717000 General Administration Planning and Support Services	1,116,464,418	-	1,116,464,418
	0718000 Public Financial Management	(2,109,854,787)	(5,314,662,571)	(7,424,517,358)

07/06/2022 12:06		SCHEDULE I		
VOTE CODE	VOTE/PROGRAMME CODES & TITLE	FINAL SUPPLEMENTARY II BUDGET ESTIMATES FY		
		2021/22		
		GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
	0719000 Economic and Financial Policy Formulation and Management	12,912,646	(440,000,000)	(427,087,354)
	0720000 Market Competition	-	-	-
	0740000 Government Clearing services	1,977,723	-	1,977,723
	State Department for Planning	7,500,000	-	7,500,000
	0706000 Economic Policy and National Planning	1,777,564	-	1,777,564
	0707000 National Statistical Information Services	-	-	-
1072	0708000 Public Investment Management Monitoring and Evaluation Services	(770,718)	-	(770,718)
	0709000 General Administration Planning and Support Services	6,493,154	-	6,493,154
	Ministry of Health	877,569,230	(4,650,105,729)	(3,772,536,499)
	0401000 Preventive, Promotive & Reproductive Health	78,640,660	(4,061,780,050)	(3,983,139,390)
	0402000 National Referral & Specialized Services	812,717,552	50,430,770	863,148,322
1081	0403000 Health Research and Development	-	100,000,000	100,000,000
	0404000 General Administration, Planning & Support Services	188,787,953	-	188,787,953
	0405000 Health Policy, Standards and Regulations	(202,576,935)	(738,756,449)	(941,333,384)
1091	State Department of Infrastructure	(450,000,000)	27,152,000,000	26,702,000,000
	0202000 Road Transport	(450,000,000)	27,152,000,000	26,702,000,000
	State Department of Transport	-	-	-
1092	0201000 General Administration, Planning and Support Services	-	-	-
	0204000 Marine Transport	-	-	-
	0205000 Air Transport	-	-	-

07/06/2022 12:06		SCHEDULE I		
VOTE CODE	VOTE/PROGRAMME CODES & TITLE	FINAL SUPPLEMENTARY II BUDGET ESTIMATES FY 2021/22		
		GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
	0216000 Road Safety	-	-	-
1093	State Department for Shipping and Maritime	-	(80,000,000)	(80,000,000)
	0220000 Shipping and Maritime Affairs	-	(80,000,000)	(80,000,000)
	State Department for Housing and Urban Development	230,351,630	(2,550,000,000)	(2,319,648,370)
1094	0102000 Housing Development and Human Settlement	(42,100,000)	(2,750,000,000)	(2,792,100,000)
	0105000 Urban and Metropolitan Development	269,075,821	200,000,000	469,075,821
	0106000 General Administration Planning and Support Services	3,375,809	-	3,375,809
	State Department for Public Works	(31,900,000)	-	(31,900,000)
	0103000 Government Buildings	(13,180,285)	(1,920,370)	(15,100,655)
	0104000 Coastline Infrastructure and Pedestrian Access	-	1,920,370	1,920,370
1095	0106000 General Administration Planning and Support Services	(10,719,715)	-	(10,719,715)
	0218000 Regulation and Development of the Construction Industry	(8,000,000)	-	(8,000,000)
	Ministry of Environment and Forestry	(25,000,000)	(75,000,000)	(100,000,000)
	1002000 Environment Management and Protection	40,000,000	-	40,000,000
1108	1010000 General Administration, Planning and Support Services	-	-	-
	1012000 Meteorological Services	(65,000,000)	-	(65,000,000)
	1018000 Forests and Water Towers Conservation	-	(75,000,000)	(75,000,000)
	Ministry of Water, Sanitation and Irrigation	(29,653,052)	(3,755,500,000)	(3,785,153,052)
	1001000 General Administration, Planning and Support Services	(12,355,545)	-	(12,355,545)

07/06/2022 12:06		SCHEDULE I		
VOTE CODE	VOTE/PROGRAMME CODES & TITLE	FINAL SUPPLEMENTARY BUDGET ESTIMATES FY		
		2021/22	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES
1109	1004000 Water Resources Management	-	-	-
	1017000 Water and Sewerage Infrastructure Development	(17,297,507)	(3,645,500,000)	(3,662,797,507)
	1014000 Irrigation and Land Reclamation	-	-	-
	1015000 Water Storage and Flood Control	-	(200,000,000)	(200,000,000)
	1022000 Water Harvesting and Storage for Irrigation	-	90,000,000	90,000,000
1112	Ministry of Lands and Physical Planning	51,200,000	238,000,000	289,200,000
	0101000 Land Policy and Planning	51,200,000	238,000,000	289,200,000
	State Department for Information Communication and Technology & Innovation	-	(1,500,000,000)	(1,500,000,000)
1122	0207000 General Administration Planning and Support Services	440,612	-	440,612
	0210000 ICT Infrastructure Development	1,490,388	(1,500,000,000)	(1,498,509,612)
	0217000 E-Government Services	(1,931,000)	-	(1,931,000)
1123	State Department for Broadcasting & Telecommunications	-	-	-
	0207000 General Administration Planning and Support Services	-	-	-
	0208000 Information and Communication Services	-	-	-
	0209000 Mass Media Skills Development	-	-	-
	0221000 Film Development Services Programme	-	-	-
1132	State Department for Sports	5,500,000	-	5,500,000
	0901000 Sports	5,500,000	-	5,500,000
	State Department for Culture and Heritage	44,200,000	-	44,200,000
	0902000 Culture / Heritage	-	-	-

07/06/2022 12:06		SCHEDULE I FINAL SUPPLEMENTARY II BUDGET ESTIMATES FY 2021/22		
<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
1134	0903000 The Arts	-	-	-
	0904000 Library Services	44,200,000	-	44,200,000
	0905000 General Administration, Planning and Support Services	-	-	-
	Ministry of Energy	(50,000,000)	(8,347,000,000)	(8,397,000,000)
1152	0211000 General Administration Planning and Support Services	(2,973,000)	-	(2,973,000)
	0212000 Power Generation	(15,000,000)	-	(15,000,000)
	0213000 Power Transmission and Distribution	(18,027,000)	(8,481,000,000)	(8,499,027,000)
	0214000 Alternative Energy Technologies	(14,000,000)	134,000,000	120,000,000
1162	State Department for Livestock	(51,900,000)	(60,100,000)	(112,000,000)
	0112000 Livestock Resources Management and Development	(51,900,000)	(60,100,000)	(112,000,000)
	State Department for Fisheries, Aquaculture & the Blue Economy	(13,200,000)	170,000,000	156,800,000
1166	0111000 Fisheries Development and Management	(11,681,211)	(80,000,000)	(91,681,211)
	0117000 General Administration, Planning and Support Services	(1,518,789)	-	(1,518,789)
	0118000 Development and Coordination of the Blue Economy	-	250,000,000	250,000,000
1169	State Department for Crop Development & Agricultural Research	(21,900,000)	(5,076,943,800)	(5,098,843,800)
	0107000 General Administration Planning and Support Services	33,000,000	393,203,560	426,203,560
	0108000 Crop Development and Management	(49,900,000)	(5,217,147,360)	(5,267,047,360)

07/06/2022 12:06		SCHEDULE I		
VOTE CODE	VOTE/PROGRAMME CODES & TITLE	FINAL SUPPLEMENTARY II BUDGET ESTIMATES FY		
		GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
		(2,000,000)	(228,000,000)	(230,000,000)
		(3,000,000)	(25,000,000)	(28,000,000)
1173	State Department for Cooperatives	201,955,567	58,110,151	260,065,718
	0304000 Cooperative Development and Management	201,955,567	58,110,151	260,065,718
1174	State Department for Trade and Enterprise Development	52,500,000	(80,000,000)	(27,500,000)
	0307000 Trade Development and Promotion	52,500,000	(80,000,000)	(27,500,000)
	State Department for Industrialization	28,000,000	140,000,000	168,000,000
1175	0301000 General Administration Planning and Support Services	20,000,000	-	20,000,000
	0302000 Industrial Development and Investments	8,000,000	164,917,000	172,917,000
	0303000 Standards and Business Incubation	-	(24,917,000)	(24,917,000)
	State Department for Labour	63,335,000	(63,335,000)	-
1184	0910000 General Administration Planning and Support Services	5,900,000	-	5,900,000
	0906000 Promotion of the Best Labour Practice	400,000	-	400,000
	0907000 Manpower Development, Employment and Productivity Management	57,035,000	(63,335,000)	(6,300,000)
1185	State Department for Social Protection, Senior Citizen Affairs & Special Programs	1,040,000,000	473,700,000	1,513,700,000
	0908000 Social Development and Children Services	(12,904,464)	150,000,000	137,095,536
	0909000 National Social Safety Net	1,050,000,000	323,700,000	1,373,700,000
	0914000 General Administration, Planning and Support Services	2,904,464	-	2,904,464
	State Department for Petroleum and Mining	49,292,440,886	-	49,292,440,886

07/06/2022 12:06		SCHEDULE I FINAL SUPPLEMENTARY II BUDGET ESTIMATES FY 2021/22		
<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
1194	0215000 Exploration and Distribution of Oil and Gas	49,309,440,886	-	49,309,440,886
	1007000 General Administration Planning and Support Services	(17,000,000)	-	(17,000,000)
	1009000 Mineral Resources Management	-	(5,928,894)	(5,928,894)
	1021000 Geological Surveys and Geoinformation Management	-	5,928,894	5,928,894
1202	State Department for Tourism	678,889,000	-	678,889,000
	0306000 Tourism Development and Promotion	678,889,000	-	678,889,000
1203	State Department for Wildlife	1,790,000,000	-	1,790,000,000
	1019000 Wildlife Conservation and Management	1,790,000,000	-	1,790,000,000
	State Department for Gender	6,023,200	5,521,800	11,545,000
	0911000 Community Development	-	-	-
1212	0912000 Gender Empowerment	-	5,521,800	5,521,800
	0913000 General Administration, Planning and Support Services	6,023,200	-	6,023,200
	State Department for Public Service	7,000,000	100,100,000	107,100,000
	0710000 Public Service Transformation	1,000,000	100,100,000	101,100,000
1213	0709000 General Administration Planning and Support Services	6,000,000	-	6,000,000
	0747000 National Youth Service	-	-	-
1214	State Department for Youth Affairs	(13,000,000)	(1,333,683,462)	(1,346,683,462)
	0711000 Youth Empowerment	(13,000,000)	(1,333,683,462)	(1,346,683,462)
	State Department for East African Community	19,429,278	-	19,429,278
1221	0305000 East African Affairs and Regional Integration	19,429,278	-	19,429,278

07/06/2022 12:06		SCHEDULE I		
VOTE CODE	VOTE/PROGRAMME CODES & TITLE	FINAL SUPPLEMENTARY II BUDGET ESTIMATES FY		
		2021/22		
		GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
1222	State Department for Regional & Northern Corridor Development	50,000,000	503,000,000	553,000,000
	1013000 Integrated Regional Development	50,000,000	503,000,000	553,000,000
1252	State Law Office and Department of Justice	40,000,000	6,500,000	46,500,000
	0606000 Legal Services	16,000,000	-	16,000,000
	0607000 Governance, Legal Training and Constitutional Affairs	-	6,500,000	6,500,000
	0609000 General Administration, Planning and Support Services	24,000,000	-	24,000,000
1271	Ethics and Anti-Corruption Commission	260,000,000	-	260,000,000
	0611000 Ethics and Anti-Corruption	260,000,000	-	260,000,000
1281	National Intelligence Service	1,300,000,000	-	1,300,000,000
	0804000 National Security Intelligence	1,300,000,000	-	1,300,000,000
1291	Office of the Director of Public Prosecutions	-	-	-
	0612000 Public Prosecution Services	-	-	-
1311	Office of the Registrar of Political Parties	969,000,000	-	969,000,000
	0614000 Registration, Regulation and Funding of Political Parties	969,000,000	-	969,000,000
1321	Witness Protection Agency	(20,000,000)	-	(20,000,000)
	0615000 Witness Protection	(20,000,000)	-	(20,000,000)
2011	Kenya National Commission on Human Rights	(9,000,000)	-	(9,000,000)
	0616000 Protection and Promotion of Human Rights	(9,000,000)	-	(9,000,000)
2021	National Land Commission	(7,000,000)	-	(7,000,000)
	0116000 Land Administration and Management	(7,000,000)	-	(7,000,000)
	Independent Electoral and Boundaries Commission	-	-	-

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SCHEDULE I**FINAL SUPPLEMENTARY II BUDGET ESTIMATES FY**

2021/22

<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
2031	0617000 Management of Electoral Processes	-	-	-
	0618000 Delimitation of Electoral Boundaries	-	-	-
	The Commission on Revenue Allocation	(19,589,554)	-	(19,589,554)
2061	0737000 Inter-Governmental Transfers and Financial Matters	(19,589,554)	-	(19,589,554)
	Public Service Commission	-	-	-
	0725000 General Administration, Planning and Support Services	-	-	-
2071	0726000 Human Resource Management and Development	-	-	-
	0727000 Governance and National Values	-	-	-
	0744000 Performance and Productivity Management	-	-	-
	Salaries and Remuneration Commission	-	-	-
2081	0728000 Salaries and Remuneration Management	-	-	-
	Teachers Service Commission	2,221,286,774	-	2,221,286,774
	0509000 Teacher Resource Management	2,088,286,774	-	2,088,286,774
2091	0510000 Governance and Standards	-	-	-
	0511000 General Administration, Planning and Support Services	133,000,000	-	133,000,000
	National Police Service Commission	-	-	-
2101	0620000 National Police Service Human Resource Management	-	-	-
	Auditor General	41,000,000	(194,000,000)	(153,000,000)
2111	0729000 Audit Services	41,000,000	(194,000,000)	(153,000,000)
2121	Office of the Controller of Budget	(6,500,000)	-	(6,500,000)

07/06/2022 12:06		SCHEDULE I		
VOTE CODE	VOTE/PROGRAMME CODES & TITLE	FINAL SUPPLEMENTARY II BUDGET ESTIMATES FY		
		2021/22		
		GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES
2121	0730000 Control and Management of Public Finances	(6,500,000)	-	(6,500,000)
2131	Commission on Administrative Justice	(10,000,000)	-	(10,000,000)
	0731000 Promotion of Administrative Justice	(10,000,000)	-	(10,000,000)
2141	National Gender and Equality Commission	-	7,257,000	7,257,000
	0621000 Promotion of Gender Equality and Freedom from Discrimination	-	7,257,000	7,257,000
2151	Independent Policing Oversight Authority	(14,410,674)	-	(14,410,674)
	0622000 Policing Oversight Services	(14,410,674)	-	(14,410,674)
	Sub-Total: Executive	64,903,861,186	5,861,863,411	70,765,724,597
1261	The Judiciary	122,000,000	-	122,000,000
	0610000 Dispensation of Justice	122,000,000	-	122,000,000
2051	Judicial Service Commission	(13,200,000)	-	(13,200,000)
	0619000 General Administration, Planning and Support Services	(13,200,000)	-	(13,200,000)
	Sub-Total: Judiciary	108,800,000	-	108,800,000
2041	Parliamentary Service Commission	-	-	-
	0722000 Senate Affairs	-	-	-
2042	National Assembly	-	-	-
	0721000 National Legislation, Representation and Oversight	-	-	-
2043	Parliamentary Joint Services	-	-	-
	0723000 General Administration, Planning and Support Services	-	-	-
	0746000 Legislative Training Research & Knowledge Management	-	-	-

07/06/2022 12:06		SCHEDULE I		
<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>FINAL SUPPLEMENTARY II BUDGET ESTIMATES FY</u>		
		2021/22		
		<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
	<u>Sub-Total: Parliament</u>	-	-	-
	<u>TOTAL</u>	65,012,661,186	5,861,863,411	70,874,524,597

	07/06/2022 12:06		SCHEDULE II FINANCIAL RECOMMENDATIONS						
			COMMITTEE FINANCIAL RECOMMENDATIONS						Notes
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Recurrent		Development		Net Change		
			Reduction	Increase	Reduction	Increase			
	ENVIRONMENT AND NATURAL RESOURCES		-		(1,350,000,000)	130,000,000	(1,220,000,000)		
1108		Ministry of Environment and Forestry	-		-	-	-		
1108		1002000 Environment Management and Protection	-		-	-	-		
1108		1010000 General Administration, Planning and Support Services	-		-	-	-		
1108		1012000 Meteorological Services	-		-	-	-		
1108		1018000 Forests and Water Towers Conservation	-		-	-	-		
1109		Ministry of Water, Sanitation and Irrigation	-		(1,350,000,000)	130,000,000	(1,220,000,000)		
1109		1001000 General Administration, Planning and Support Services						-	
1109		1004000 Water Resources Management						-	
1109		1017000 Water and Sewerage Infrastructure Development			(1,150,000,000)	40,000,000	(1,110,000,000)		National Treasury Amendment: Reduce Ksh 1.15 billion (Development) on account of low absorption of development partner projects
									Increase Ksh. 30 Million (Development) for Northern Water Works Development Agency for the following Boreholes (Naiyaan Borehole in Kor-Ksh. 10 million, Salle Borehole in Kor-Ksh. 10 million and Rima Borehole in Kari-Ksh. 10 million and Rima Borehole in Kari-Ksh. 10 million) Increase Ksh. 10 million (Development) for Molo KMTC water borehole
1109		1014000 Irrigation and Land Reclamation						-	
1109		1015000 Water Storage and Flood Control			(200,000,000)		(200,000,000)		National Treasury Amendment: Reduce Ksh 200 million (Development) on account of low absorption of development partner projects
1109		1022000 Water Harvesting and Storage for Irrigation				90,000,000	90,000,000		Increase Ksh. 50 million (Development) for Ngariama Njukini water project in Kimyaga County.
									Increase Ksh 40 million (Development) for Navakholo Irrigation scheme
1203		State Department for Wildlife	-		-	-	-	-	
1203		1019000 Wildlife Conservation and Management	-		-	-	-	-	
1194		Ministry of Petroleum and Mining	-		-	-	-	-	
1194		1007000 General Administration Planning and Support Services	-		-	-	-	-	

	07/06/2022 12:06	SCHEDULE II FINANCIAL RECOMMENDATIONS							
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	COMMITTEE FINANCIAL RECOMMENDATIONS					Notes	
			Recurrent		Development		Net Change		
			Reduction	Increase	Reduction	Increase			
1066		0502000 Secondary Education	-			(100,000,000)		Reduce Ksh. 100 million (Development) from secondary school infrastructure improvement project	
1066		0503000 Quality Assurance and Standards	-			-			
1066		0508000 General Administration, Planning and Support Services	-	30,000,000		-	30,000,000	Increase Ksh. 30 million (Recurrent) to the Kenya National Commission for UNESCO (KHATOM)	
1068		State Department for Post Training and Skills Development	-	-		-	-		
1068		0508000 General Administration, Planning and Support Services				-	-		
1068		0512000 Workplace Readiness Services				-	-		
1068		0513000 Post-Training Information Management				-	-		
1069		State Department for Implementation of Curriculum Reforms	-	-		-	-		
1069		0514000 Coordination of the Curriculum Reforms Implementation	-	-		-	-		
2091		Teachers Service Commission	-	-		-	-		
2091		0509000 Teacher Resource Management	-	-		-	-		
2091		0510000 Governance and Standards	-	-		-	-		
2091		0511000 General Administration, Planning and Support Services	-	-		-	-		
				50,000,000	(15,000,000)	210,000,000	245,000,000		
1041	DEPARTMENTAL COMMITTEE ON DEFENCE & FOREIGN RELATIONS	Ministry of Defence	-	-		-	-		
1041		0801000 Defence							
1041		0802000 Civil Aid							
1041		0803000 General Administration, Planning and Support Services							
1041		0805000000 National Space Management							
1052		Ministry of Foreign Affairs	-	-		-	-		
1052		0714000 General Administration Planning and Support Services							
1052		0715000 Foreign Relation and Diplomacy							
1052		0741000 Economic and Commercial Diplomacy							
1052		0742000 Foreign Policy Research, Capacity Dev and Technical Cooperation							
1221		State Department for East African Community	-	-		-	-		

07/06/2022 12:06		SCHEDULE II FINANCIAL RECOMMENDATIONS						Notes				
Vote Code		Departmental Committee		VOTE/PROGRAMME CODES & TITLE		COMMITTEE FINANCIAL RECOMMENDATIONS						
						Recurrent			Development		Net Change	
						Reduction	Increase		Reduction	Increase		
1221		Departmental Committee	0305000 East African Affairs and Regional Integration									
1222			State Department for Regional & Northern Corridor Development	-	50,000,000	(15,000,000)	210,000,000	245,000,000	-			
1222			1013000 Integrated Regional Development	-	50,000,000	(15,000,000)	210,000,000	245,000,000				Reduce Ksh. 10 million (Development) from the Project Gum Arabic & Resigns Integrated Development-Northern Corridor Development. Reduce Ksh. 5 million (Development) from Ewaso Ng'iro North Catchment & Riparian Conservation project. Increase Ksh. 5 million (Development) towards Lake Basin Development Authority (LBDA) for construction of Iungu Primary School water borehole. Increase Ksh. 5 million (Development) towards LBDA to facilitate construction of Iungu Primary/Secondary School Borehole Increase Ksh. 5 million (Development) towards LBDA for the construction of Nyamagwa Health Centre/Secondary School Borehole
												Increase Ksh. 50 million (Recurrent) to LAPSET corridor Development Authority to cater for pending bills of unremitted statutory deductions rent arrears Increase Ksh. 60 million (Development) for LAPSET corridor resilient building programme - Kubhhalo dam Increase Ksh. 100 million (Development) towards LBDA for construction of water boreholes
1281			National Intelligence Service	-	-	-	-	-	-			Increase Ksh. 35 million (Development) to settle pending bills ENNDA
1281			0804000 National Security Intelligence						-			
			DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING	-	-	(1,940,517,975)	-	(1,940,517,975)				
1032			State Department for Devolution	-	-	-	-	-	(1,940,517,975)			

07/06/2022 12:06		SCHEDULE II FINANCIAL RECOMMENDATIONS						
		COMMITTEE FINANCIAL RECOMMENDATIONS						Notes
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Recurrent		Development			
			Reduction	Increase	Reduction	Increase	Net Change	
1091		0202000 Road Transport	-		(100,000,000)	2,761,000,000	2,661,000,000	
							Reduce Ksh. 100 million (Development) from the project 1091136000 upgrading of Roads in County Headquarters Increase Ksh. 100 million (Development) for Kolopot Drainage Structure	
							Increase Ksh. 1.56 billion (Development) for critical roads intervention	
							Increase Ksh. 100 million (Development) for emergency roads	
							Increase Ksh. 100 million (Development) for Museno-Muhudi-Kaimosi Road	
							National Treasury Amendment: Increase Ksh 901 million (Development) on account of reallocation of development partner projects	
1092		State Department of Transport	-			-	-	
1092		0201000 General Administration, Planning and Support Services	-			-	-	
1092		0204000 Marine Transport	-			-	-	
1092		0205000 Air Transport	-			-	-	
1092		0216000 Road Safety	-			-	-	
1093		State Department for Shipping and Maritime	-		(80,000,000)	-	(80,000,000)	
1093		0219000 Shipping and Maritime Affairs			(80,000,000)		(80,000,000)	
							National Treasury Amendment: Reduce Ksh 80 million (Development) on account of low absorption of development partner projects	
1094		State Department for Housing and Urban Development	-	284,075,821	-	-	284,075,821	
1094		0102000 Housing Development and Human Settlement						

07/06/2022 12:06		SCHEDULE II FINANCIAL RECOMMENDATIONS						
		COMMITTEE FINANCIAL RECOMMENDATIONS					Notes	
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Recurrent		Development		Net Change	
			Reduction	Increase	Reduction	Increase		
1094		0105000 Urban and Metropolitan Development		284,075,821			284,075,821	Increase Ksh. 139 million (Recurrent) owed by national Treasury to the Nanyuki, Nyahururu, Laikipia Municipalities in lieu of rates Increase Ksh. 145 million (Recurrent) towards state department of housing for unpaid lease rentals (New KCC)
1094		0106000 General Administration Planning and Support Services					-	
1095		State for Public Works	-	-	-	-	-	
1095		0103000 Government Buildings					-	
1095		0104000 Coastline Infrastructure and Pedestrian Access					-	
1095		0106000 General Administration Planning and Support Services					-	
1095		0218000 Regulation and Development of the Construction Industry					-	
THE DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS								
1252		State Law Office and Department of Justice	-	1,132,000,000	-	-	1,132,000,000	
1252		0606000 Legal Services	-	-	-	-	-	
1252		0607000 Governance, Legal Training and Constitutional Affairs	-				-	
1252		0609000 General Administration, Planning and Support Services	-	-	-	-	-	
1271		Ethics and Anti-Corruption Commission	-	-	-	-	-	
1271		0611000 Ethics and Anti-Corruption					-	
1291		Office of the Director of Public Prosecutions	-	-	-	-	-	
1291		0612000 Public Prosecution Services	-	-			-	
1311		Office of the Registrar of Political Parties	-	1,000,000,000	-	-	1,000,000,000	
1311		0614000 Registration, Regulation and Funding of Political Parties		1,000,000,000			1,000,000,000	Increase Ksh. 1 billion (Recurrent) towards ORPP to cater for funding of political parties arrears
1321		Witness Protection Agency	-	-	-	-	-	
1321		0615000 Witness Protection	-		-	-	-	
2011		Kenya National Commission on Human Rights	-	-	-	-	-	
2011		0616000 Protection and Promotion of Human Rights					-	

	07/06/2022 12:06		SCHEDULE II FINANCIAL RECOMMENDATIONS						
			COMMITTEE FINANCIAL RECOMMENDATIONS						
			Recurrent		Development			Notes	
			Reduction	Increase	Reduction	Increase	Net Change		
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE							
2031		Independent Electoral and Boundaries Commission	-	-	-	-	-		
2031		0617000 Management of Electoral Processes							
2031		0618000 Delineation of Electoral Boundaries							
2131		Commission on Administrative Justice	-	10,000,000	-	-	10,000,000		
2131		0731000 Promotion of Administrative Justice		10,000,000	-	-	10,000,000	Increase Ksh. 10 million (Recurrent) towards the African Ombudsman and mediators association (AOMA) and international Ombudsman institute (IOI)	
1261		The Judiciary	-	122,000,000	-	-	122,000,000		
1261		0610000 Dispensation of Justice	-	122,000,000			122,000,000	Increase Ksh. 122 million (Recurrent) to cater for court awards ~Jubilee Insurance vs the Judiciary	
2051		Judicial Service Commission	-	-	-	-	-		
2051		0619000 General Administration, Planning and Support Services					-		
	DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION								
1122		State Department for Information Communication and Technology & Innovation	-	-	(1,500,000,000)	-	(1,500,000,000)		
1122		0207000 General Administration Planning and Support Services					-		
1122		0210000 ICT Infrastructure Development	-	-	(1,500,000,000)		(1,500,000,000)	National Treasury Amendment: Reduce Ksh 1.5 billion (Development) on account of low absorption of development partner projects	
1122		0217000 E-Government Services					-		
1123		State Department for Broadcasting & Telecommunications	-	-	-	-	-		
1123		0207000 General Administration Planning and Support Services	-		-	-	-		
1123		0208000 Information and Communication Services	-		-	-	-		
1123		0209000 Mass Media Skills Development	-		-	-	-		
1123		0221000 Film Development Services	-		-	-	-		
	DEPARTMENTAL COMMITTEE ON ADMINISTRATION & NATIONAL SECURITY		-	180,000,000	-	-	180,000,000		

	07/06/2022 12:06		SCHEDULE II FINANCIAL RECOMMENDATIONS							Notes
			COMMITTEE FINANCIAL RECOMMENDATIONS							
			Recurrent			Development				
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Reduction	Increase		Reduction	Increase	Net Change		
1011		Executive Office of the President	-	-		-	-	-		
1011		0702000 Cabinet Affairs	-					-		
1011		0703000 Government Advisory Services						-		
1011		0704000 State House Affairs	-					-		
1011		0734000 Deputy President Services						-		
1011		0745000 Nairobi Metropolitan Services						-		
1021		State Department for Interior and Citizen Services	-	180,000,000		-	-	180,000,000		
1021		0601000 Policing Services		150,000,000				150,000,000	Increase Ksh. 150 million (Recurrent) for DCI to facilitate security operation ahead of the 2022 General elections	
1021		0603000 Government Printing Services						-		
1021		0605000 Migration & Citizen Services Management						-		
1021		0625000 Road Safety						-		
1021		06256000 Population Management Services						-		
		0629000 General Administration and Support Services		30,000,000				30,000,000	Increase Ksh 30 million (Recurrent) to presidential delivery unit to enhance operations	
		0630000 Policy Coordination Services		-				-		
1023		State Department for Correctional Services	-	-		-	-	-		
1023		0623000 General Administration, Planning and Support Services						-		
1023		0627000 Prison Services						-		
1023		0628000 Probation & After Care Services						-		
1213		State Department for Public Service	-	-		-	-	-		
1213		0710000 Public Service Transformation						-		
1213		0709000 General Administration Planning and Support Services						-		
2071		Public Service Commission	-	-		-	-	-		
2071		0725000 General Administration, Planning and Support Services						-		
2071		0726000 Human Resource Management and Development						-		
2071		0727000 Governance and National Values						-		
2071		0744000 Performance and Productivity Management						-		
2101		National Police Service Commission	-	-		-	-	-		
2101		0620000 National Police Service Human Resource Management		-				-		
2151		Independent Policing Oversight Authority	-	-		-	-	-		
2151		0622000 Policing Oversight Services						-		

	07/06/2022 12:06	SCHEDULE II FINANCIAL RECOMMENDATIONS						
			COMMITTEE FINANCIAL RECOMMENDATIONS					
			Recurrent		Development			Notes
			Reduction	Increase	Reduction	Increase	Net Change	
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE						
	DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES							
1173		State Department for Cooperatives	-	72,500,000	(115,000,000)	225,000,000	182,500,000	
						50,000,000	50,000,000	
1173		0304000 Cooperative Development and Management				50,000,000	50,000,000	Increase Ksh. 30 million (Development) for Kenya National Trading Corporation (KNTC) to facilitate refurbishment of Changamwe, Mombasa warehouse Increase Ksh. 20 million (Development) to revive the collapsed Mini coffee factory
1174		State Department for Trade and Enterprise Development	-	52,500,000	(115,000,000)	35,000,000	(27,500,000)	
1174		0307000 Trade Development and Promotion		52,500,000	(115,000,000)	35,000,000	(27,500,000)	Reduce Ksh. 20 million (Development) from the funds in Kenya National Multi Commodities Exchange (KOMEX) from contracted technical services Reduce Ksh. 95 million (Development) from Kenya Institute of Business Training Increase Ksh. 5 million (Recurrent) for the finalization of the Kenya-US Free Trade Agreement. Increase Ksh. 10 million (Recurrent) to settle pending bills in Finance and Procurement Services Increase Ksh. 20 million (Recurrent) to pay outstanding commitments in Kenya Consumer Protection Advisory Committee (KECOPAC) Increase Ksh. 15 million (Recurrent) for regional trade and export in Kenya National Multi Commodities Exchange (KOMEX)
								Increase Ksh. 2.5 million (Recurrent) to facilitate SMEs get external market access and for market development under KEPROBA Increase Ksh. 35 million (Development) to cater for refurbishment of newly acquired offices under KENAS
1175		State Department for Industrialisation	-	20,000,000	-	140,000,000	160,000,000	

	07/06/2022 12:06		SCHEDULE II FINANCIAL RECOMMENDATIONS							
			COMMITTEE FINANCIAL RECOMMENDATIONS							Notes
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Recurrent		Development		Net Change			
			Reduction	Increase	Reduction	Increase				
1175		0301000 General Administration Planning and Support Services		20,000,000			20,000,000		Increase Ksh 20 million (Recurrent) to settle commitments that have already been incurred HQ administrative services which catered for emergency foreign travel and hospitality bills that have occurred on account of requests from the presidency	
1175		0302000 Industrial Development and Investments				140,000,000	140,000,000		Increase Ksh. 20 million (Development) for Nyando Apparels and Value Addition Center .	
1175		0303000 Standards and Business Incubation						-	Increase Ksh. 70 million (Development) for modernization of RIVATEX	
1081		Ministry of Health	-	26,000,000	(126,000,000)	100,000,000	-		Increase Ksh. 50 million (Development) to facilitate completion of Karichen apparels and value addition center	
1081		0401000 Preventive, Promotive & Reproductive Health	-	26,000,000	(126,000,000)	100,000,000	-			
1081		0402000 National Referral & Specialized Services		26,000,000	(126,000,000)		(100,000,000)		Reduce Ksh. 26 million (Development) from the construction of the second tower block project	
1081		0403000 Health Research and Development							Gatundu Hospital.	
1081		0404000 General Administration, Planning & Support Services							Increase Ksh. 26 million (Recurrent) for	
1081		0405000 Health Policy, Standards and Regulations							Mathare Teaching and Referral Hospital for procurement of drugs and pharmaceuticals for mental health patients	
1152		State Department for Energy	-	11,500,000,000	(4,531,000,000)	-	6,969,000,000		National Treasury Amendment: Reduce Ksh 100 million (Development) on account of low absorption of development partner projects	
1152		0211000 General Administration Planning and Support Services	-	-	(4,531,000,000)	-	(4,531,000,000)		Increase Ksh. 100 million (Development) for KMTC infrastructure	

	07/06/2022 12:06		SCHEDULE II FINANCIAL RECOMMENDATIONS						
			COMMITTEE FINANCIAL RECOMMENDATIONS						
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Recurrent		Development		Net Change	Notes	
			Reduction	Increase	Reduction	Increase			
1152		0212000 Power Generation							
1152		0213000 Power Transmission and Distribution			(4,531,000,000)		(4,531,000,000)	National Treasury Amendment: Reduce Ksh 4,531 billion (Development) on account of low absorption of development partner projects	
1152		0214000 Alternative Energy Technologies							
1194		Ministry of Petroleum and Mining		11,500,000,000			11,500,000,000		
1194		0215000 Exploration and Distribution of Oil and Gas		11,500,000,000			11,500,000,000	National Treasury Amendment: Increase Ksh 11.5 billion (Recurrent) to cater for fuel price stabilisation	
	COMMITTEE ON LABOUR AND SOCIAL WELFARE								
1184		State Department for Labour	(150,000,000)	63,335,000	(63,335,000)	150,000,000	-		
1184		0910000 General Administration Planning and Support Services		5,900,000			5,900,000	Increase Ksh. 5.9 million (Recurrent) for Head 0001 item 2210400	
1184		0906000 Promotion of the Best Labour Practice		400,000			400,000	Increase Ksh. 400 thousand (Recurrent) for Head 005 items 2210800	
1184		0907000 Manpower Development, Employment and Productivity Management		57,035,000	(63,335,000)		(6,300,000)	Reduce Ksh. 63 million (Development) from development expenditure	
								Increase Ksh. 57 million (Recurrent) for Head 0010 items 2210300 2210400 and 2210800	
1185		State Department for Social Protection, Pensions & Senior Citizen Affairs	(150,000,000)	-		150,000,000	-		
1185		0908000 Social Development and Children Services				150,000,000	150,000,000	Increase Ksh. 150 million (Development) for completion of Isiolo and Murang'a Children's home	
1185		0909000 National Social Safety Net	(150,000,000)				(150,000,000)	Reduce Ksh. 150 million(Recurrent) from relief and rehabilitation	
1185		0914000 General Administration, Planning and Support Services					-		
1212		State Department for Gender							
1212		0911000 Community Development					-		
1212		0912000 Gender Empowerment					-		
1212		0913000 General Administration, Planning and Support Services					-		
1214		State Department for Youth							
1214		0711000 Youth Empowerment							

	07/06/2022 12:06		SCHEDULE II FINANCIAL RECOMMENDATIONS						
			COMMITTEE FINANCIAL RECOMMENDATIONS						Notes
Vote Code	Departmental Committee	VOTE/PROGRAMME CODES & TITLE	Recurrent		Development		Net Change		
			Reduction	Increase	Reduction	Increase			
2141		National Gender and Equality Commission	-	-	-	-	-		
2141		0621000 Promotion of Gender Equality and Freedom from Discrimination							
1035		State Department for Development of the ASAL	-	-	-	-	-		
1035		0733000 Accelerated ASAL Development					-		
1213		State Department for Public Service	-	-	-	-	-		
1213		0747000 National Youth Service					-		
	COMMITTEE ON SPORTS, CULTURE AND TOURISM								
1132		State Department for Sports	-	26,200,000	-	-	26,200,000		
1132		0901000 Sports					-		
1134		State Department for Culture and Heritage	-	26,200,000	-	-	26,200,000		
1134		0902000 Culture / Heritage							
1134		0903000 The Arts							
1134		0904000 Library Services		26,200,000				Increase Ksh. 26.2 million (Recurrent) for salary shortfalls for the month of May and June 2022	
1134		0905000 General Administration, Planning and Support Services					-		
1202		State Department for Tourism	-	-	-	-	-		
1202		0306000 Tourism Development and Promotion					-		
	BUDGET & APPROPRIATIONS COMMITTEE		-	-	-	-	-		
		Parliament	-	-	-	-	-		
2041		Parliamentary Service Commission	-	-	-	-	-		
2041		0722000 Senate Affairs					-		
2042		National Assembly	-	-	-	-	-		
2042		0721000 National Legislation, representation and oversight					-		
2043		Parliamentary Joint Services	-	-	-	-	-		
2043		0723000 General Administration, planning and support services					-		
2043		Legislative Training Research & Knowledge Management					-		
2111		Auditor General	-	-	-	-	-		
2111		0729000 Audit Services					-		
		Total Expenditure	(240,000,000)	13,614,110,821	(10,838,852,975)	4,386,000,000	6,921,257,846		

**SCHEDULE III: SUMMARY OF THE APPROVALS GRANTED UNDER ARTICLE 223 OF THE CONSTITUTION IN THE FY 2021/2022
SUPPLEMENTARY ESTIMATES NO.2**

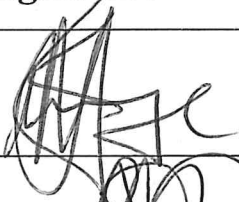

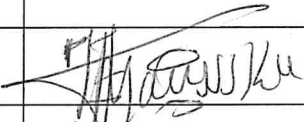

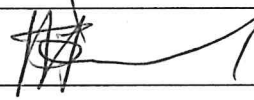

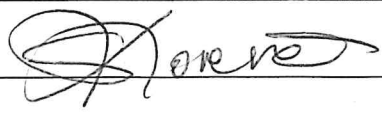
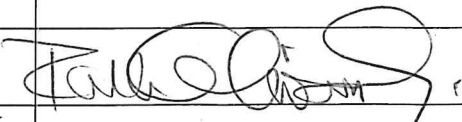
Vote and Programme Details	National Treasury Approval Dates	Amount Disbursed/Payment	Disbursement Dates	Remarks/Purpose	Committee's Decision
1021 State Department for Interior and Citizen Services		260,000,000			Approved
0629000 General Administration and Support Services	25/04/2022	260,000,000			
22113000 Other Operating Expenses		260,000,000		Funds were granted to cater for the State Burial of the third President of Republic of Kenya	
1032 State Department for Devolution		200,000,000			Approved
0712000 Devolution Services	13/05/2022	200,000,000	13/05/2022	Provision for the Afrieties. Ksh200million funded by exchequer and Ksh.400million funded through AIA	
2210801 Catering services		80,000,000			
2210600 Rental of Produced ASSETS					
2211311 Contracted Technical services		120,000,000			
1071 The National Treasury		1,000,000,000			Approved
0203000 Rail Transport	25/03/2022	1,000,000,000		Naivasha Inland Container depot-Longonot station	
2630201 Capital grants		1,000,000,000			
1091 State Department for Infrastructure	-	8,650,000,000			Approved
0202000 Road Transport	31/03/2022 & 16/5/2022	8,650,000,000	6/3/2022 & 2/6/2022	Funds for completion of ongoing roads construction	
2630201 Capital grants		8,650,000,000		Funds for completion of ongoing roads construction & Ksh. 650 million for the Compensation of Kenya Railways Retirees	
1169 State Department for Crop Development & Agricultural Research		1,000,000,000			Approved
0108000 Crop Development and Management	04/04/2022	1,000,000,000	05/05/2022	Provision to cater for the fertilizer subsidy	
2630201 Capital grants		1,000,000,000			
1185 State Dpt for Social Protection, Senior Citizens Affairs & Special Programs		337,866,379			Approved

0909000 National Social Safety Net	14/4/2022	337,866,379		Relief food interventions to mitigate the effects of drought	
2211307 Transport Costs and Charges					
2211399 Other Operating Expenses					
2640201 Emergency Relief		337,866,379			
1194 Ministry of Petroleum and Mining	-	15,809,440,886		Approved	
0215000 Exploration and Distribution of Oil and Gas	13/04/2022 & 24/03/2022 & 25/5/2022	15,809,440,886	13/04/2022 & 24/03/2022 & 25/5/2022	Funds to cater for fuel price stabilization	
2520202 Oil Market Price Stabilization		7,539,440,886			
2520203 Refund to Petroleum Development Fund (PDL)		8,270,000,000			
GRAND TOTAL		27,257,307,265.0			

ADOPTION SCHEDULE

Budget and Appropriations Committee

Date 06.06.22 Time..... Sitting: 2nd 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



MINUTES OF THE 29th SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE HELD AT HILTON GARDEN INN HOTEL, PAVILION CONFERENCE HALL ON MONDAY, 6TH JUNE 2022, AT 2.00 P.M.

PRESENT:

1. **Hon. Kanini Kega, CBS, M.P.- Chairperson**
2. **Hon. Benard Masaka Shinali, M.P.- Vice Chairperson**
3. Hon. (CPA) John Mbadi, EGH, CBS, M.P.
4. Hon. Emmanuel Wangwe, CBS, M.P.
5. Hon. (CPA) Moses K. Lessonet, CBS, M.P.
6. Hon. Alfred Kiptoo Keter, M.P.
7. Hon. Sarah Paulata Korere, M.P.
8. Hon. Wangari Mwaniki, OGW, M.P.
9. Hon. (CPA) Francis Kuria Kimani, M.P.
10. Hon. Mercy Wanjiku Gakuya, M.P.
11. Hon. Paul Abuor, M.P.
12. Hon. (Eng.) Mark Nyamita, M.P.
13. Hon. James Gichuki Mugambi, MBS, M.P.
14. Hon. Florence C. K. Bore, M.P
15. Hon. Masalino Arbelle, M.P.

ABSENT WITH APOLOGY:

1. Hon. Millie Odhiambo, M.P.
2. Hon. Richard Onyonka, M.P.
3. Hon. Badi Twalib, M.P.
4. Hon. Samwel Moroto, M.P.
5. Hon. (Dr.) Makali Mulu, M.P.
6. Hon. Jude Njomo, M.P.
7. Hon. Josephine Naisula Lesuuda, OGW, M.P.
8. Hon. Sakwa Bunyasi, M.P.
9. Hon. Fatuma Gedi Ali, CBS, M.P.
10. Hon. Joseph Manje, M.P.
11. Hon. Samuel Atandi, M.P.
12. Hon. Danson Mwashako, M.P.

PARLIAMENTARY BUDGET OFFICE

- | | |
|-------------------------|------------------------|
| 1. Dr. Martin Masinde | Senior Deputy Director |
| 2. Dr. Benjamin Ng'imor | Senior Fiscal Analyst |
| 3. Dr. Abel Nyagwachi | Fiscal Analyst I |
| 4. Mr. Job Mugalavai | Fiscal Analyst III |
| 5. Ms. Judith Kiprop | Fiscal Analyst III |

6. Mr. Jibril Mohammed	Fiscal Analyst III
7. Mr. Michael K. Kiminza	Fiscal Analyst III
8. Mr. Ringene M. Wilson	Fiscal Analyst III
9. Ms. Loice Obayo	Fiscal Analyst III

COMMITTEE SECRETARIAT

1) Mr. Joseph Ndirangu	Fiscal Analyst I/ Lead Clerk
2) Mr. Danson Kachumbo	Fiscal Analyst I
3) Ms. Pauline Wanjiru	Hansard Reporter
4) Mr. Moses Kariuki	Seargent at Arms
5) Ms. Christine Maeri	Audio Officer
6) Mr. George Mbaluka	Office Attendant

AGENDA

1. *Preliminaries & Confirmation of Agenda*
2. *Consideration and adoption of the draft report on Supplementary Estimates No.2 for FY2021/22*
3. *Any Other Business (A.O.B)*

MIN. NO. NA/BAC/2022/144: PRELIMINARY

The Chairperson welcomed the committee members to the meeting and called the meeting to order at 2.30 P.M. Thereafter, invited the Secretariat to submit the draft report on Supplementary Estimates No. 2 for FY 2021/22.

MIN. NO. NA/BAC/2022/145: ADOPTION OF THE DRAFT REPORT ON SUPPLEMENTARY ESTIMATES NO.2 FOR FY 2021/22

The Parliamentary Budget office took members through the draft report. The report was unanimously adopted after it was proposed by Hon. Paul Abuor, M.P. and seconded by Hon. Emmanuel Wangwe, CBS, M.P. After deliberations the report was adopted as follows: -

1.0 INTRODUCTION

a. Background

1. The Supplementary estimates II for the financial year 2021/2022 have been prepared at a time when the country is facing various internal and external challenges, such as drought, rising cost of basic commodities, election-related uncertainties, increase in fuel prices and

volatilities in the global economy among others. However, revenue collection has performed well and is estimated to have been above the set target by Ksh. 14.2 billion for the July 2021 – March 2022 period.

2. The Supplementary estimates II seek to adjust overall expenditure upwards by Ksh. 70. 87 billion from the Supplementary estimates I level. The purpose of this Supplementary budget is to cater for the approval of money issued and spent under Article 223 of the constitution as well as seek approval for reallocations and additional expenditures relating to fuel price stabilization, security-related expenditure, drought mitigation expenditure, and to accommodate adjustments in projects financed by the development partners among others.
3. The overall proposed budget increase from the original approved estimates is Ksh. 210. 61 billion, which is a **10.5 percent** variation. Although the National Treasury had sought special approval, the Committee noted that the expenditure approved under Article 223 of the Constitution is still within the required threshold. The Committee also observed that 13 programmes have revisions exceeding the 10 percent threshold per programme which is contrary to section 43(2)(a) of the Public Finance Management Act.
4. Total cumulative expenditure for the year has underperformed by **Ksh. 20.7 billion** which is attributed to low absorption of the development budget as well as below target transfers to county governments. As at the end of April 2022, exchequer disbursement for the development budget stood at 63.5%; the recurrent budget at 78.6%, and transfers to counties at 70.5%. The Committee was concerned as to why the counties are not getting their allocations on time especially given the exceptional revenue performance. This is contrary to Article 219 of the constitution which provides that the county's share of national revenue should be transferred to the county without delay or deduction.
5. The Committee observed that, although the country is facing serious drought-related challenges, the provisions under Supplementary II may not be sufficient to effectively address these needs. According to Famine Early Warning Systems Network, drought interventions resource requirement stood at approximately Ksh. 16 billion as at May 2022. The Committee further noted that drought-related interventions are scattered across various MDAs and there isn't a centralized and coordinated approach to drought mitigation. This is despite the existence of the National Drought Management Authority which is mandated

to exercise overall coordination over all matters relating to drought risk management; and to establish mechanisms that will end drought emergencies in Kenya.

6. The Committee was concerned that the Supplementary estimates II also seek to reallocate Ksh. 3.5 billion from the Contingencies Fund. The fund is established to cater for urgent and unforeseen needs for expenditure for which there is no other authority. It is noted that in the Committee's report on the first supplementary budget for FY 2021/2022, it was specifically recommended that any funds withdrawn from the contingency fund should be outlined on a separate schedule when the supplementary estimates are submitted to the House. The circumstances or background informing the reallocation should therefore be made very clear.
7. The Committee noted with concern the emerging trend by the National Treasury of submitting an addendum to the Supplementary estimates after they have been committed to the departmental committees for consideration. This dilutes the role of departmental committees in scrutinising supplementary estimates and reduces the credibility of the budget-making process.

b. State of the Economy

8. The economic growth outlook underpinning the Supplementary estimates II is projected at 6.0 percent for 2022 and is predicated on a favourable weather outlook that will support the agriculture sector as well as recovery in the service sector. The Committee noted the ongoing drought poses a downside risk to this growth. Additional risks to the economic growth include increased cost of production due to increased input prices especially in the manufacturing sector; disruptions in global supply chains, and a possible slowdown in investment that may be occasioned by election-related uncertainties.
9. Food inflation has been the main driver of overall inflation increasing from 8.8 percent in July 2021 to 12.2 percent by April 2022. The high food inflation is driven by retail prices of basic food commodities. Additional inflationary pressures are also emanating from high fuel prices due to rising international crude oil prices whose negative effect on the *wananchi* has partly been offset by the Government's fuel subsidy programme.
10. Short-term interest rates (Treasury bills and interbank rates) have been rising and may continue to rise given the recent upward revision of the Central Bank Rate from 7.0% to 7.5%. This may be partly attributed to the increased appetite for domestic borrowing by the

Government. Growth in private sector credit rose to 10.9 percent in March 2022 from 7.7 percent in March 2021, reflecting a positive credit growth as most sectors continued to recover. This growth was supported by the following sectors: Consumer durables (15.0 percent), Transport and Communication (14.3 percent), Manufacturing (13.1 percent), Business services (9.5 percent) and Trade (8.5 percent). However, the committee noted that this growth may be slowed by electioneering uncertainties as investors await the policy direction of the next government.

11. Remittances from the diaspora remain the key buffer in cushioning the Kenyan Shilling against exchange rate volatilities. Remittance inflows increased by 18.6 percent in April 2022 to USD 355.0 million compared to USD 299.3 million in April 2021. The Kenyan Shilling depreciated against the USD from Ksh. 107.95 in April 2021 to Ksh. 116.15 in May 2022. In addition, the overall balance of payments declined due to the worsening current account deficit. This deterioration is partly attributed to high import value as a result of rising international prices of commodities such as crude oil, steel and machinery.

c. Financing the Supplementary Estimates II

12. The total revenue projected in the Supplementary estimates II for FY 2021/2022 is Ksh. 2,192 billion; a Ksh. 153 billion increase from the initial projection of Ksh. 2,100 billion in the original approved budget. One of the main drivers of the upward revision in total revenue projection is an expected Ksh. 77 billion increase in Appropriations-in-Aid (A-in-A) collection. However, over the past couple of financial years, actual A-in-A collected has been lower than the amount projected at the beginning of the financial year. If A-in-A for FY 2021/2022 underperforms, it may result in the National Treasury not meeting the expected total revenue collection for FY 2021/2022.
13. The National Treasury has revised the Ordinary Revenue projection upwards by Ksh. 75 billion from Ksh 1,775 billion to Ksh. 1,851 billion. The main drivers of this increase are the upward revision in VAT, other tax revenue, and excise duty by Ksh. 41 billion, Ksh. 21 billion and Ksh. 15 billion respectively.
14. The fiscal deficit including grants in the Supplementary estimates II has expanded by Ksh. 94.7 billion from Ksh. 929.7 billion to Ksh. 1,024.3 billion. It is expected that the expanded deficit will be mainly financed by additional external borrowing. However, it should be noted that the fiscal deficit is premised on increased revenue collection. Any

underperformance of revenue collection relative to the revised targets may result in a larger fiscal deficit which could lead to additional borrowing.

2.0 EXPENDITURE UNDER ARTICLE 223 OF THE CONSTITUTION

15. Article 223 of the Constitution allows the National Government to spend monies that have not been appropriated by Parliament if the amount appropriated for any purpose under the Appropriation Act is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated by that Act, or money has been withdrawn from the Contingencies Fund.
16. In the Supplementary estimates II, the National Treasury has granted approval to disbursements amounting to **Ksh. 27.25 billion**; of which Ksh.16.61 billion is recurrent expenditure and Ksh.10.65 billion is development expenditure under Article 223 of the Constitution.
17. The Committee noted that the bulk of the Kshs. 16.61 billion recurrent expenditures under article 223 of the constitution are under the Ministry of Petroleum and Mining to cater for fuel price stabilization. In the development budget, Kshs. 10.65 billion has been disbursed of which Ksh. 8 billion has been released to the State Department for Infrastructure to complete the construction of ongoing roads. However, the Committee noted with concern that details of the specific projects under the road transport programme and the amounts already approved per project have not been provided.
18. The Committee raised concerns over the allocation towards enhanced operations and maintenance, salary shortfalls, construction of ongoing roads, and the Naivasha inland container depot which could have been reasonably provided for within the prevailing budget constraints during the annual budget process and should ideally not constitute a Supplementary budget. This is contrary to PFM regulation 40(4)(a) which clarifies that the purpose for which approval is sought for a Supplementary budget DOES NOT include expenditure that, although known when finalizing the original budget estimates, could not be accommodated within allocations.
19. The Committee noted that there is missing information with regard to expenditures approved in the Ministry of Foreign Affairs under Article 223 of the constitution. An amount of Ksh. 68.8 million was disbursed to the Ministry of Foreign Affairs but does not include the purpose of the expenditure contrary to the Speaker's ruling of 31st March 2022.

3.0 KEY PROPOSED REALLOCATIONS AND ADDITIONAL ALLOCATIONS

20. In the Supplementary estimates II, the National Treasury is seeking approval of reallocations and additional allocations amounting to **Ksh. 43.61 billion**. The reallocations and additional allocations have majorly been occasioned by an upward revision of AIA, low absorption of donor-financed projects, expenditure needs for completion of ongoing projects and support to the hunger safety net programme, among others.
21. The Committee noted that implementation of development programmes continues to be hampered by low absorption of development expenditure, especially for donor-funded projects. Major reductions in the development budget have been driven by this low absorptive capacity implying, that key targets and milestones will not be achieved. These programmes cut across key sectors including agriculture, health, water & Sanitation, and infrastructure development.
22. The Committee observed that major requests for additional funding are mostly in the infrastructure sector. This includes **Ksh. 16.49 billion** to the road transport programme towards completion of ongoing road projects, **Kshs. 9.38 billion** towards railway development programmes and **Ksh.1.36 billion** for school infrastructure development.
23. The Committee noted that adjustments in the recurrent budget are mainly on account of fuel price stabilization, enhancement of security surveillance, drought-related expenditures as well as increases in Appropriation-in-Aid. The additional expenditure pressures are partly attributed to the effects of the disruption of global supply chains as a result of the Russia-Ukraine war.

KEY OBSERVATIONS BY THE COMMITTEE

24. The Committee took note of the following:
- i. The information and explanatory notes provided for expenditure under Article 223 is not sufficient. Further, some of the money approved has not been disbursed to the spending agencies and no explanation has been submitted.
 - ii. The implementation of development programmes continues to be hampered by low absorption of development expenditure, especially for donor-funded projects. Major reductions in the development budget have been driven by this low absorptive capacity implying that key targets and milestones may not be achieved as planned.

- iii. Pending bills continue to present a challenge despite efforts by the national government to settle them. The committee noted the need to enhance prudent resource management to contain the growth of pending bills.
- iv. The expenditure disbursed under Article 223 of the Constitution is within the required 10 percent threshold. However, 13 programmes have revisions exceeding the 10 percent threshold per programme which is contrary to section 43(2)(a) of the Public Finance Management Act.
- v. Delay in disbursement of the County Equitable Share continues to be an issue despite the reports of above target performance in revenue collection. This contravenes Article 219 of the constitution which states that the county's share of national revenue should be transferred to the county without delay or deduction.
- vi. There is an emerging trend by the National Treasury of submitting an addendum to the Supplementary estimates after they have been committed to the departmental committees for consideration. This dilutes the role of departmental committees in scrutinising supplementary estimates and reduces the credibility of the budget-making process.

RECOMMENDATIONS BY THE COMMITTEE

NON-FINANCIAL RECOMMENDATIONS

25. Arising from the aforementioned consultative engagements, the Committee recommends:

a. Expenditure Under Article 223

- i. **That**, in subsequent notifications of expenditure under Article 223, the National Treasury should provide detailed explanatory notes on actual programmes financed and justification informing each approval. This should include project name, background informing the request for resources and the rationale for approval.

b. Reallocations and Additional Allocations

- ii. **That**, from the FY 2022/2023, the National Treasury shall ensure that all requests for reallocations and additional allocations do not exceed the 10 percent threshold per programme as outlined in section 43(2)(a) of the Public Finance Management Act and attendant regulations.
- iii. **That**, by the end of December 2022, the National Treasury should review and update the framework for implementation of the donor-funded programs and align them to the budget cycle under devolution to enhance absorption of donor-funded development expenditure in line with the Busan Partnership for Effective Development Co-Operation of 2011.

- iv. **That**, in line with the PFM Act and related legislation, the National Treasury should develop and fully enforce guidelines to deter the continued spiralling of pending bills and report the progress to this House by the end of December 2022. These guidelines should include criminalizing commitments without budget provisions and that pending bills at the close of any financial year should not be higher than they were at the beginning.

FINANCIAL RECOMMENDATIONS

The Committee further recommends that this House approves the following:

a. Expenditure Under Article 223

- i. That, **Kshs. 27,257,307,265** spent under Article 223 of the Constitution and as outlined in schedule III

b. Overall Supplementary Appropriations

- ii. That, **Kshs. 70,847,524,597 for Expenditure under 223 and** reallocations and additional expenditure amounting to **Kshs. 43,617,217,332** as contained in schedule I, II and III form the basis of the second Supplementary Appropriations Bill 2022.

MIN.NO.NA/BAC/2022/146: ANY OTHER BUSINESS & ADJOURNMENT

There being no other matters to consider, the meeting was adjourned at 5.00 p.m.

SIGNED


.....
HON. KANINI KEGA, CBS, M.P.

CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE


.....
DATE

MINUTES OF THE 28th SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE HELD AT HILTON GARDEN INN HOTEL, PAVILION CONFERENCE HALL ON MONDAY, 6TH JUNE 2022, AT 9.00 A.M.

PRESENT:

1. **Hon. Kanini Kega, CBS, M.P.- Chairperson**
2. **Hon. Benard Masaka Shinali, M.P.- Vice Chairperson**
3. Hon. (CPA) John Mbadi, EGH, CBS, M.P.
4. Hon. Emmanuel Wangwe, CBS, M.P.
5. Hon. (CPA) Moses K. Lessonet, CBS, M.P.
6. Hon. Alfred Kiptoo Keter, M.P.
7. Hon. Sarah Paulata Korere, M.P.
8. Hon. Wangari Mwaniki, OGW, M.P.
9. Hon. (CPA) Francis Kuria Kimani, M.P.
10. Hon. Mercy Wanjiku Gakuya, M.P.
11. Hon. Paul Abuor, M.P.
12. Hon. (Eng.) Mark Nyamita, M.P.
13. Hon. James Gichuki Mugambi, MBS, M.P.
14. Hon. Florence C. K. Bore, M.P.
15. Hon. Masalino Arbelle, M.P.

ABSENT WITH APOLOGY:

1. Hon. Millie Odhiambo, M.P.
2. Hon. Richard Onyonka, M.P.
3. Hon. Badi Twalib, M.P.
4. Hon. Samwel Moroto, M.P.
5. Hon. (Dr.) Makali Mulu, M.P.
6. Hon. Jude Njomo, M.P.
7. Hon. Josephine Naisula Lesuuda, OGW, M.P.
8. Hon. Sakwa Bunyasi, M.P.
9. Hon. Fatuma Gedi Ali, CBS, M.P.
10. Hon. Joseph Manje, M.P.
11. Hon. Samuel Atandi, M.P.
12. Hon. Danson Mwashako, M.P.

THE NATIONAL TREASURY

1. **Hon. Ukur Yatani, EGH**
2. Mr. Albert Mwenda
3. Mr. Stanely Kamau
4. Mr. Benard Ndungu
5. Mr. Francis Anyona
6. Ms. Miriam Musyoki
7. Mr. Alex Saitoti

Cabinet Secretary

Director General

Director General

Director General

Director, Budget

Assistant Director

Parliamentary Liaison Officer

PARLIAMENTARY BUDGET OFFICE

1. Dr. Martin Masinde	Senior Deputy Director
2. Dr. Benjamin Ng'imor	Senior Fiscal Analyst
3. Dr. Abel Nyagwachi	Fiscal Analyst I
4. Mr. Job Mugalavai	Fiscal Analyst III
5. Ms. Judith Kiprop	Fiscal Analyst III
6. Mr. Jibril Mohammed	Fiscal Analyst III
7. Mr. Michael K. Kiminza	Fiscal Analyst III
8. Mr. Ringene M. Wilson	Fiscal Analyst III
9. Ms. Loice Obayo	Fiscal Analyst III

COMMITTEE SECRETARIAT

1) Mr. Joseph Ndirangu	Fiscal Analyst I/ Lead Clerk
2) Mr. Danson Kachumbo	Fiscal Analyst I
3) Ms. Pauline Wanjiru	Hansard Reporter
4) Mr. Moses Kariuki	Seargent at Arms
5) Ms. Christine Maeri	Audio Officer
6) Mr. George Mbaluka	Office Attendant

AGENDA

1. *Preliminaries & Confirmation of Agenda*
2. *Considering submissions by Departmental Committees on their consideration of Supp II Estimates for FY 2021/22*
3. *Meeting with the Cabinet Secretary, National Treasury*
4. *Consideration and adoption of the draft report on Supplementary Estimates No.2 for FY2021/22Any Other Business (A.O.B)*

MIN. NO. NA/BAC/2022/142: PRELIMINARY

The Chairperson welcomed the committee members to the meeting and called the meeting to order at 9.30 a.m. The Chairperson informed the Committee that the Appropriations Bill, 2022 would be up for debate on Tuesday 7th June 2022 at 2.30 p.m. as well as the report on the Supplementary Estimates II for the year 2021/22. He therefore urged the Committee to be in the House to enable the debate to progress and the matters to concluded by latest Thursday 9th July 2022 when the House will proceed for *Sine Die*.

The Chairman also informed that this was likely the last meeting of the Budget and Appropriations committee for the 12th Parliament and while thanking the Members for their co-operation, proposed a final farewell meeting by the Committee Members.

MIN. NO. NA/BAC/2022/143: CONSIDERING SUBMISSIONS BY DEPARTMENTAL COMMITTEES ON THEIR CONSIDERATION OF SUPP II ESTIMATES FOR FY 2021/22

After deliberations, the Committee approved the following reallocations: -

Departmental Committee	VOTE/PROGRAMME CODES & TITLE	COMMITTEE FINANCIAL RECOMMENDATIONS	Notes
		Net Change	
	Ministry of Water, Sanitation and Irrigation	(1,320,000,000)	
	1017000 Water and Sewerage Infrastructure Development	(1,120,000,000)	<i>National Treasury Ammendment: Reduce Ksh 1.15 billion (Development) on account of low absorption of development partner projects Increase Ksh. 30 Million (Development) for Northern Water Works Development Agency for the following Boreholes (Nahgaan Borehole in Korr-Ksh. 10 million, Salle Borehole in Korr -Ksh. 10 million and Ririma Borehole in Kargi-Ksh. 10 million)</i>
	1015000 Water Storage and Flood Control	(200,000,000)	<i>National Treasury Ammendment: Reduce Ksh 200 million (Development) on account of low absorption of development partner projects</i>
DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK		(598,000,000)	
	State Department for Livestock	(60,000,000)	
	0112000 Livestock Resources Management and Development	(60,000,000)	Reduce Ksh. 60 million (Development) from Establishment of Livestock Export Zone -Lamu.
	State Department for Fisheries, Aquaculture & the Blue Economy	(20,000,000)	

Departmental Committee	VOTE/PROGRAMME CODES & TITLE	COMMITTEE FINANCIAL RECOMMENDATIONS	Notes
		Net Change	
	Ministry of Water, Sanitation and Irrigation	(1,320,000,000)	
	0111000 Fisheries Development and Management	(70,000,000)	Reduce Ksh. 80 million (Development) from Aquaculture Technology Development and Innovation Transfers Increase Ksh 10 million (Recurrent) to Kenya Fisheries Marketing Authority for operationilization
	0118000 Development and Coordination of the Blue Economy	50,000,000	Reduce Ksh. 150 million (Development) from Liwatoni Ultra-Modern Fish Hub Increase Ksh. 200 million (Development) for Blue Economy Capacity Building for deep sea fishing
	State Department for Crop Development & Agricultural Research	(518,000,000)	
	0107000 General Administration Planning and Support Services	110,000,000	Increase Ksh. 110 Million (Development) for Sugar Reforms Project
	0108000 Crop Development and Management	(400,000,000)	<i>National Treasury Ammendment: Reduce Ksh 400 million (Development) on account of low absorption of development partner projects</i>
	0109000 Agribusiness and Information Management	(228,000,000)	<i>National Treasury Ammendment: Reduce Ksh 198 million (Development) on account of low absorption of development partner projects</i> Reduce Ksh. 30 million (Development) from Embryo Transfer Project-KAGRC
EDUCATION AND RESEARCH		-	
	State Department for University Education	70,000,000	
	0504000 University Education	70,000,000	Increase Ksh 70 million (Recurrent) to the University of Nairobi

Departmental Committee	VOTE/PROGRAMME CODES & TITLE	COMMITTEE FINANCIAL RECOMMENDATIONS	Notes
		Net Change	
	Ministry of Water, Sanitation and Irrigation	(1,320,000,000)	
	State Department for Early Learning & Basic Education	(70,000,000)	
	0502000 Secondary Education	(100,000,000)	Reduce Ksh. 100 million (Development) from secondary school infrastructure improvement project
	0503000 Quality Assurance and Standards	-	
	0508000 General Administration, Planning and Support Services	30,000,000	Increase Ksh. 30 million (Recurrent) to the Kenya National Commission for UNESCO (KHATOM)
	State Department for Regional & Northern Corridor Development	-	
	1013000 Integrated Regional Development	-	<p>Reduce Ksh. 10 million (Development) from the Project Gum Arabic & Resins Integrated Development-Northern Corridor Development.</p> <p>Reduce Ksh. 5 million (Development) from Ewaso Ng'iro North Catchment & Riparian Conservation project.</p> <p>Increase Ksh. 5 million (Development) towards Lake Basin Development Authority (LBDA) for construction of Irungu Primary School water borehole.</p> <p>Increase Ksh. 5 million (Development) towards LBDA to facilitate construction of Irungu Primary/Secondary School Borehole</p> <p>Increase Ksh. 5 million (Development) towards LBDA for the construction of Nyamagwa Health Centre/Secondary School Borehole</p>
	The National Treasury	(1,940,517,975)	

Departmental Committee	VOTE/PROGRAMME CODES & TITLE	COMMITTEE FINANCIAL RECOMMENDATIONS	Notes
		Net Change	
	Ministry of Water, Sanitation and Irrigation	(1,320,000,000)	
	0718000 Public Financial Management	(1,940,517,975)	<i>National Treasury Amendment: Reduce Ksh 1.94 billion (Development) on account of low absorption of development partner projects</i>
DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS AND HOUSING		821,000,000	
	State Department of Infrastructure	901,000,000	
	0202000 Road Transport	901,000,000	Reduce Ksh. 100 million (Development) from the project 1091136000 upgrading of Roads in County Headquarters Increase Ksh. 100 million (Development) for Kolopot. Drainage Structure
			Reduce Ksh. 50 million (Development) from 1091156701 Reduce Ksh. 50 million (Development) from 1091156801 Reduce Ksh. 50 million (Development) from 1091156901 Redduce Ksh. 50 million (Development) from 1091157001 Reduce Ksh. 50 million (Development) from 109152001 Reduce Ksh. 50 million (Development) from 1091141001 Reduce Ksh. 50 million (Development) from 1091114701 Increase Ksh. 350 million (Development) for critical roads

Departmental Committee	VOTE/PROGRAMME CODES & TITLE	COMMITTEE FINANCIAL RECOMMENDATIONS	Notes
		Net Change	
	Ministry of Water, Sanitation and Irrigation	(1,320,000,000)	
			<i>National Treasury Amendment: Increase Ksh 901 million (Development) on account of reallocation of development partner projects</i>
	State Department for Shipping and Maritime	(80,000,000)	
	0219000 Shipping and Maritime Affairs	(80,000,000)	<i>National Treasury Amendment: Reduce Ksh 80 million (Development) on account of low absorption of development partner projects</i>
DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION		(1,500,000,000)	
	State Department for Information Communication and Technology & Innovation	(1,500,000,000)	
	0210000 ICT Infrastructure Development	(1,500,000,000)	<i>National Treasury Amendment: Reduce Ksh 1.5 billion (Development) on account of low absorption of development partner projects</i>
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES		-	
	State Department for Cooperatives	-	
	State Department for Trade and Enterprise Development	(65,000,000)	

Departmental Committee	VOTE/PROGRAMME CODES & TITLE	COMMITTEE FINANCIAL RECOMMENDATIONS	Notes
		Net Change	
	Ministry of Water, Sanitation and Irrigation	(1,320,000,000)	
	0307000 Trade Development and Promotion	(65,000,000)	Reduce Ksh. 20 million (Development) from the funds in Kenya National Multi Commodities Exchange (KOMEX) from contracted technical services Reduce Ksh. 95 million (Development) from Kenya institute of Business Training
			Increase Ksh. 5 million (Recurrent) for the finalization of the Kenya-US Free Trade Agreement. Increase Ksh. 10 million (Recurrent) to settle pending bills in Finance and Procurement Services Increase Ksh. 20 million (Recurrent) to pay outstanding commitments in Kenya Consumer Protection Advisory Committee (KECOPAC) Increase Ksh. 15 million (Recurrent) for regional trade and export in Kenya National Multi Commodities Exchange (KOMEX)
	State Department for Industrialisation	65,000,000	
	0302000 Industrial Development and Investments	65,000,000	Increase Ksh. 20 million (Development) for Nyando Apparels and Value Addition Center . Increase Ksh. 45 million (Development) for modernization of RIVATEX
COMMITTEE ON HEALTH		(100,000,000)	
	Ministry of Health	(100,000,000)	

Departmental Committee	VOTE/PROGRAMME CODES & TITLE	COMMITTEE FINANCIAL RECOMMENDATIONS	Notes
		Net Change	
	Ministry of Water, Sanitation and Irrigation	(1,320,000,000)	
	0402000 National Referral & Specialized Services	(100,000,000)	<p>Reduce Ksh. 26 million (Development) from the construction of the second tower block project Gatundu Hospital.</p> <p>Increase Ksh. 26 million (Recurrent) for Matahre Teaching and Referral Hospital for procurement of drugs and pharmaceuticals for mental health patients</p> <p><i>National Treasury Ammendment: Reduce Ksh 100 million (Development) on account of low absorption of development partner projects</i></p>
DEPARTMENTAL COMMITTEE ON ENERGY		6,969,000,000	
	State Department for Energy	(4,531,000,000)	
	0213000 Power Transmission and Distribution	(4,531,000,000)	<p><i>National Treasury Ammendment: Reduce Ksh 4.531 billion (Development) on account of low absorption of development partner projects</i></p>
	0214000 Alternative Energy Technologies	-	
	Ministry of Petroleum and Mining	11,500,000,000	
	0215000 Exploration and Distribution of Oil and Gas	11,500,000,000	<p><i>National Treasury Ammendment: Increase Ksh 11.5 billion (Recurrent) to cater for fuel price stabilisation</i></p>
COMMITTEE ON LABOUR AND SOCIAL WELFARE		-	
	State Department for Labour	-	

Departmental Committee	VOTE/PROGRAMME CODES & TITLE	COMMITTEE FINANCIAL RECOMMENDATIONS	Notes
		Net Change	
	Ministry of Water, Sanitation and Irrigation	(1,320,000,000)	
	0910000 General Administration Planning and Support Services	5,900,000	Increase Ksh. 5.9 million (Recurrent) for Head 0001 item 2210400
	0906000 Promotion of the Best Labour Practice	400,000	Increase Ksh. 400 thousand (Recurrent) for Head 005 items 2210800
	0907000 Manpower Development, Employment and Productivity Management	(6,300,000)	Reduce Ksh. 63 million (Development) from development expenditure Increase Ksh. 57 million (Recurrent) for Head 0010 items 2210300 2210400 and 2210800
	State Department for Social Protection, Pensions & Senior Citizen Affairs	-	
	0908000 Social Development and Children Services	150,000,000	Increase Ksh. 150 million (Development) for completion of Isiolo and Murang'a Childrens home
	0909000 National Social Safety Net	(150,000,000)	Reduce Ksh. 150 million (Recurrent) from relief and rehabilitation
	0914000 General Administration, Planning and Support Services	-	
	Total Expenditure	2,331,482,025	
	Parliament	-	
	Judiciary	-	
	Executive	2,331,482,025	
			2,301,482,025

MIN. NO. NA/BAC/2022/143: MEETING WITH NATIONAL TREASURY TO DISCUSS THE SUPPLEMENTARY ESTIMATES NO. 2 FOR FY 2021/22

The presentation from the National Treasury highlighted that: -

I. FISCAL PERFORMANCE OF THE FY 2021/22 BUDGET, JULY TO APRIL 2022

1. Revenue performance for the period ending April 2022 remained strong supported by improved business environment due to easing of COVID-19 containment measures and implementation of targeted stimulus interventions by the Government. This revenue performance is attributed to improved performance recorded in both domestic and import related revenue streams.
2. Cumulatively, actual total revenue collection – including Ministerial Appropriation in Aid (A-i-A) for the period was Ksh 1,718.9 billion compared to the revised target of Ksh 1,723.9 billion. This revenue performance was below target by Ksh 5.0 billion on account of underperformance registered in Ministerial A-i-A of Ksh 24.1 billion. Ordinary revenue was however above target by Ksh 19.1 billion. Total revenue for the period grew by 20.7% compared to a contraction of 3.0% recorded in similar period in the FY 2020/21 when total revenue was Ksh 1,423.8 billion (See Table 1).
3. The above target performance in Ordinary revenue was mainly attributed to surpluses registered in Value Added Tax (VAT) of Ksh 16.3 billion and income tax of Ksh 8.2 billion. Excise taxes and import duty were below target by KSh 2.8 billion and KSh 2.5 billion respectively. ‘Other Revenue’ category performance was largely on target in the period under review.

Table 1: Cumulative Revenue Performance FY 2021/22 (Ksh Billions)

Revenue (Ksh billions)	Apr-21		Apr-22					
	Prel. Issues	% of GDP	Revised Target	Prel. Issues	Deviation	% of GDP	Performance Rate	Growth
TOTAL REVENUE	1,423.8	12.6%	1,723.9	1,718.9	(5.0)	13.6%	99.7%	20.7%
Ordinary revenue	1,269.8	11.2%	1,493.2	1,512.2	19.1	12.0%	101.3%	19.1%
Import Duty	89.1	0.8%	96.2	93.7	(2.5)	0.7%	97.4%	5.2%
Excise Taxes	180.6	1.6%	209.2	206.4	(2.8)	1.6%	98.6%	14.2%
Income Tax	542.1	4.8%	670.9	679.2	8.2	5.4%	101.2%	25.3%
o/w PAYE	288.4	2.6%	361.4	376.0	14.6	3.0%	104.0%	30.4%
o/w Other Income Tax	253.7	2.2%	309.5	303.1	(6.4)	2.4%	97.9%	19.5%
Value Added Tax (VAT)	330.6	2.9%	405.9	422.2	16.3	3.3%	104.0%	27.7%
o/w VAT (Domestic)	158.3	1.4%	193.7	202.3	8.6	1.6%	104.5%	27.8%
o/w VAT (Imports)	172.4	1.5%	212.3	219.9	7.6	1.7%	103.6%	27.6%
Other Revenue	127.4	1.1%	111.0	110.8	(0.1)	0.9%	99.9%	-13.0%
Ministerial AIA	154.0	1.4%	230.7	206.6	(24.1)	1.6%	89.6%	34.2%
Recurrent	86.7	0.8%	166.4	143.3	(23.1)	1.1%	86.1%	65.3%
Development	67.3	0.6%	64.4	63.3	(1.0)	0.5%	98.4%	-5.9%
GDP	11,353.0	100%	12,646.2	12,646.2	-	100.1%	100.0%	11.4%

EXPENDITURES

4. Total expenditure and net lending for the period amounted to Ksh 2,317.7 billion, which was below the target of Ksh 2,442.6 billion, by Ksh 125.0 billion. This was largely on account of below target disbursement of recurrent expenditure Ksh 57.5 billion, development expenditure by Ksh 40.5 billion and county governments by Ksh 27.0

billion. Total expenditure and net lending for the period grew by 13.9 percent compared to the similar period in the last financial year (See Table 2).

Table 2. Cumulative Expenditure as at 30th April 2022 (Ksh Billions)

	Apr-21	Apr-22				Revised Estimates
	Actual	Target	Actual	Deviation	% Growth	Jun-22
TOTAL EXPENDITURE AND NET LENDING	2,035.7	2,442.6	2,317.7	(125.0)	13.9%	3,215.2
1. Recurrent Expenditure	1,387.1	1,703.7	1,646.2	(57.5)	18.7%	2,162.3
Domestic Interest	318.5	380.6	371.3	(9.3)	16.6%	479.2
Foreign Interest due	83.0	95.8	96.2	0.3	15.9%	126.1
Pensions & Other CFS	76.4	101.3	93.9	(7.4)	22.9%	137.3
Contribution to Civil Ser Pension	5.9	19.7	22.4	2.7	0.0%	20.8
Operations & Maintenance	419.3	509.9	488.7	(21.2)	16.6%	652.8
Wages & Salaries	406.7	438.5	438.5	0.0	7.8%	526.6
Ministerial Recurrent AIA	77.5	158.0	135.2	(22.7)	74.6%	219.4
2. Development	399.5	451.0	410.5	(40.5)	2.8%	643.0
Domestically Financed (Gross)	264.6	297.3	303.4	6.1	14.7%	383.3
Foreign Financed	134.9	149.7	107.0	(42.6)	0.0%	252.9
Net Lending	-	-	-	0.0	0.0%	-
Equalization Fund	-	4.0	-	(4.0)	0.0%	6.8
3. County Transfer	249.0	288.0	261.0	(27.0)	4.8%	409.9
o/w Equitable Share	220.6	270.5	261.0	(9.5)	18.3%	370.0
4. Contingency Fund	-	-	-	0.0	0.0%	-

5. Overall, fiscal deficit including grants (on cash basis) for the period ending April 2022 was Ksh 544.3 billion (4.3% of GDP) against a target of Ksh 682.5 billion (5.4% of GDP). The Grants for the period were Ksh 20.9 billion against a target of Ksh 36.2 billion registering a shortfall of Ksh 15.3 billion.

II. RESPONSES TO VARIOUS ISSUES RAISED BY THE COMMITTEE

6. The Committee requested for specific responses on the FY 2021/22 Supplementary Estimates No.2. The National Treasury responses are as follows:

Question No. 1: To state whether the proposed reallocations of resources will be absorbed noting that there is only one month to the end of the current financial year;

Response No.1

During the preparation and review of the FY 2021/22 Supplementary Estimates No.2, the National Treasury approved reallocation to cater for emerging priorities, areas with deficiency budgetary allocations and also to clear negatives in cases where MDAs had incurred expenditure. The reallocations have been done within the provision of the PFMA, 2012 and its attendant regulation.

Question No. 2: To provide an updated schedule of all the monies approved and disbursed under Article 223 of the Constitution this should be accompanied by a list of all projects:

Response No.2

7. The National Treasury has approved additional Expenditures amounting to Ksh.70.9 billion under Article 223 of the Constitution to cater for fuel stabilization, drought related expenditure and other emerging priorities. Out of this amount Ksh.27.3 billion has been

disbursed. Details of the monies approved under Article 223 of the Constitution are provided in Annex 1.

Question No.3: A brief report on the status of the implementation of donor-funded development projects affected in supplementary estimates II clearly indicating completion date and absorption rate;

Response No. 3

8. allow me to apprise you on the status of implementation of donor-funded development projects affected in Supplementary Estimates No. II clearly indicating completion date and absorption rate.
9. I wish to indicate that disbursements of additional conditional allocations to counties in the FY2021/22 delayed due to lack of legal framework for county disbursements. The Act, which provides a framework for county disbursement, known as the County Governments Additional Allocations Act, 2022 was assented into law on 29th April, 2022 and later became operational on 13th May, 2022.
10. It was therefore our considered view that with less than two month to the end of the FY2021/22, counties were unlikely to fully absorb the allocated funds under the CARA framework. The donor funded development projects implemented under the County Governments Additional Allocations Act, 2022 were therefore reduced by about 50 percent. The details of the affected projects are provided in Annex 2.

Question No. 4: Explanation on why the additional revenue collection could not have been used to reduce the fiscal deficit.

Response No.4:

11. The additional revenue is as a result of good work by the Kenya Revenue Authority (KRA). It would have been the wish of the National Treasury to use these resources to reduce the fiscal deficit. However due new developments such as Ukraine-Russia war which has led to global increases to fuel prices, it was necessary for the Government to subsidize fuel prices to cushion citizens against the high prices. In this regard, the additional resources from revenue and savings from the rationalization of budget have been directed towards financing of the emerging unforeseen expenditure priorities such as Fuel Price stabilization, security related expenditures, drought mitigation expenditures among others.

Question No. 5: Strategies to tame and settle the spiralling of pending bills, especially at a transitional time and in view of above-target revenue collection

Response No.5

12. It is the objective of the Government to clear all valid pending bills as well as ensuring that MDAs spend within the limits appropriated by the National Assembly and Assented

to by H.E the President of the Republic of Kenya. Over the years, the National Treasury has been urging MDAs to ensure that payment of the pending bills forms the first charge during the implementation of the budget. The National Treasury will endeavour to allocate resources to clear validated historical pending bills in the subsequent budgets.

13. The following are some of the proposed strategies to tame and settle the spiralling pending bills.

i) Procurement of good and services should meet the threshold laid out in the Public Financial Management Act, the Public Procurement and Disposal of Assets Act and other applicable laws and regulations. This will ensure the Government obtains optimum value for money spent on procurement of goods, works and services.

ii) Contracts should not be awarded without the necessary budgetary allocations and provisions first being made. Accounting Officers should not enter into contracts and financial commitments that are not fully funded and within the budget.

iii) There should be strict adherence to the original contract provision, but where a variation is unavoidable, it should be strictly in accordance with the terms of the contract. Any variation beyond the limits stated in the contract should be treated as a new contract and tendered for.

iv) Government entities to be encouraged to form independent multi-disciplinary monitoring and evaluation units to follow-up on project implementation on an on-going basis. This would help curb incidences of deliberate and expensive violation of contract provisions, and in particular would introduce prudent management decisions during project implementation.

v) Severe penalties including blacklisting should be imposed on consultants, contractors and suppliers who are found to have engaged in making frivolous or fraudulent claims. In addition, such cases to be forwarded to EACC for investigations and possible prosecution.

Question No. 6: An explanation of why disbursement to counties has been below target despite the above target revenue performance.

Response No. 6

14. It is true that revenue target on tax revenue has largely been met. However, inflows from the other revenue components has not been met. Revenue from External sources such as commercial borrowing takes times to mobilize and is usually received towards end of financial year. This therefore overstretches funding from ordinary revenue in the course of the year. Demands on key priorities areas such as fuel stabilization, Covid-19 recovery strategies, free Day Secondary and Primary Education, Public Debt repayment, infrastructural development among others puts a strain on the ordinary revenue.

15. This notwithstanding, the National Treasury has managed to fund all the Counties up to the 3rd quarter and has started funding the 4th quarter for the Counties. The disbursement so far made comprise of 79.2% of the total county Equitable share. In addition, the

National Treasury is committed to disburse all the county funds by the close of the Financial Year 2021/2022.

Question No. 7: A brief account of resources expended towards drought mitigation since July 2021 and the overall resource requirement to effectively manage drought-related emergencies

Response No. 7

16. Since July 2021 to date MDAs have requested for additional expenditure amounting to Ksh.12.1 billion to cater for drought mitigation. Out of this amount, the National Assembly approved additional Ksh.8.2 billion in FY 2021/22 Supplementary Estimates No.1 while Ksh. 1.3 billion is proposed under FY 2021/22 Supplementary Estimates No.2. The details of the expenditures are provided in Annex 3.

Question No. 8: To provide the financial status of the contingencies fund and reasons for seeking reallocation of money from the fund.

Response No.8

17. Pursuant to Section 20 of the Public Finance Management Act, 2012, the Capital for the Contingencies Fund should not exceed Ksh. 10 billion. As of 3rd June 2022, the balances in the Contingency Fund amount to Ksh.7 billion. This amount excludes Ksh.3.5 billion which had been appropriated under the National Treasury to replenish withdrawals from the Contingency Fund as and when made. During the finalization of the FY 2021/22 Supplementary Estimates No. 2, there were no withdrawals made from the Fund. Hence the provision of the Ksh.3.5 billion under the Treasury was rationalized to cater for emerging expenditure priorities.

After the presentation, the Chairperson welcomed members of the Committee to comment on the presentation. The following were the Committee concerns:

1. The Committee sought to know what actionable strategies that are there to tame the piling of pending bills. The Committee observed that what the National Treasury had presentation was largely suggestions and not concrete actionable plans to tame the problem of pending bills.
2. The Committee sought to know how many programs had been allocated in Nakuru for drought relief mitigation program.
3. The Committee sought to know the specific roads that had been funded by the Kshs 8 billion in the supplementary budget. The National Treasury submitted that the roads are a) Lamu-Ijara- Garissa Road b) Eastern bypass and Mombasa Makupa Bridge.
4. The Members of the Committee were concerned that the Fuel Subsidy approach to stabilize fuel prices was not sustainable and therefore the National Treasury needed to develop an exit strategy to sunset the fuel subsidy approach which forms the bulk of the supplementary budget. Members recommended a long-

term approach to the fuel price stabilization that would revert it to the forces of demand and supply in price determination.

5. Members were concerned that the Lamu- Ijara -Garissa Road which is projected to cost Kshs 4 billion was very costly considering that the road is not being built to bitumen standard.
 6. Members sought to know the National Treasury position on the matter of debt ceiling. The National Treasury explained that it had brought a proposal to the National Assembly to shift from a numerical value to a debt anchor, however the same was not supported by the relevant committee and therefore as at transitional measure, the National Treasury has proposed an increase of Kshs 1 trillion to allow leg room for financing of the next financial year and to allow.
-

MIN.NO.NA/BAC/2022/143: ANY OTHER BUSINESS & ADJOURNMENT

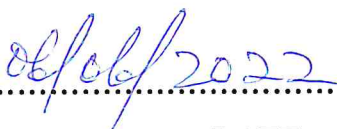
There being no other matters to consider, the meeting was adjourned at 1.00 p.m. The next sitting will be at 2 p.m.

SIGNED



.....
HON. KANINI KEGA, CBS, M.P.

CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE



.....
DATE

MINUTES OF THE 27th SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE HELD AT HILTON GARDEN INN HOTEL, PAVILION CONFERENCE HALL ON THURSDAY, 2ND JUNE 2022, AT 9.00 A.M.

PRESENT:

1. **Hon. Kanini Kega, CBS, M.P.- Chairperson**
2. **Hon. Benard Masaka Shinali, M.P.- Vice Chairperson**
3. Hon. (CPA) John Mbadi, EGH, CBS, M.P.
4. Hon. Samwel Moroto, M.P.
5. Hon. (Dr.) Makali Mulu, M.P.
6. Hon. Alfred Kiptoo Keter, M.P.
7. Hon. (CPA) Moses K. Lessonet, CBS, M.P.
8. Hon. Sarah Paulata Korere, M.P.
9. Hon. Paul Abuor, M.P.
10. Hon. (Eng.) Mark Nyamita, M.P.
11. Hon. James Gichuki Mugambi, MBS, M.P.
12. Hon. Florence C. K. Bore, M.P.
13. Hon. Mercy Wanjiku Gakuya, M.P.
14. Hon. (CPA) Francis Kuria Kimani, M.P.
15. Hon. Joseph Manje, M.P.
16. Hon. Samuel Atandi, M.P.
17. Hon. Masalino Arbelle, M.P.

ABSENT WITH APOLOGY:

1. Hon. Emmanuel Wangwe, CBS, M.P.
2. Hon. Millie Odhiambo, M.P.
3. Hon. Richard Onyonka, M.P.
4. Hon. Badi Twalib, M.P.
5. Hon. Jude Njomo, M.P.
6. Hon. Josephine Naisula Lesuuda, OGW, M.P.
7. Hon. Wangari Mwaniki, OGW, M.P.
8. Hon. Sakwa Bunyasi, M.P.
9. Hon. Fatuma Gedi Ali, CBS, M.P.
10. Hon. Danson Mwashako, M.P.

PARLIAMENTARY BUDGET OFFICE

- | | |
|------------------------|------------------------|
| 1. Dr. Martin Masinde | Senior Deputy Director |
| 2. Dr. Abel Nyagwachi | Fiscal Analyst I |
| 3. Mr. Job Mugalavai | Fiscal Analyst III |
| 4. Ms. Judith Kiprop | Fiscal Analyst III |
| 5. Mr. Jibril Mohammed | Fiscal Analyst III |

6. Mr. Michael K. Kiminza	Fiscal Analyst III
7. Mr. Ringene M. Wilson	Fiscal Analyst III
8. Ms. Loice Obayo	Fiscal Analyst III

COMMITTEE SECRETARIAT

1) Mr. Joseph Ndirangu	Fiscal Analyst I/ Lead Clerk
2) Mr. Danson Kachumbo	Fiscal Analyst I
3) Ms. Pauline Wanjiru	Hansard Reporter
4) Mr. Moses Kariuki	Seargent at Arms
5) Ms. Christine Maeri	Audio Officer
6) Mr. George Mbaluka	Office Attendant

AGENDA

1. *Preliminaries & Confirmation of Agenda*
2. *Briefing on the unpacking of the Supplementary Estimates II for FY 2021/22*
3. *Review of submissions by Departmental Committees on their consideration of the Supp. Estimates for FY 2021/22*
4. *Any Other Business (A.O.B)*

MIN. NO. NA/BAC/2022/138: PRELIMINARY

The Chairperson welcomed the committee members to the meeting and called the meeting to order at 9.30 a.m. The Chairperson informed the Committee that the Speaker was not able to put the question in the House of the report on the Committee of Supply on Tuesday, 31st May 2022 because there was no quorum and beseeched Members to ensure they attend today's afternoon session. Thereafter, the Committee invited the Parliamentary Budget Office to submit its report.

MIN. NO. NA/BAC/2022/139: BRIEFING ON THE UNPACKING OF THE SUPPLEMENTARY ESTIMATES NO. 2 OF FINANCIAL YEAR 2021/22

The presentation from the Parliamentary Budget Office highlighted that: -

1. The second supplementary budget for the financial year 2021/2022 has been prepared at a time when the country is facing various internal and external challenges such as drought in most parts of the country, election-related uncertainties, the rising cost of basic commodities, high fuel prices and volatilities at the global economy among others. However, revenue collection has performed well and is estimated to have been above the set target by **Ksh. 14.2 billion** for the July 2021 – March 2022 period.

2. The supplementary estimates seek to adjust overall expenditure upwards by **Ksh. 63.95 billion** from the supplementary I budget level. The purpose is to cater for the regularization of approved expenditures granted under article 223 of the constitution and seek approval for reallocations and additional expenditures relating to fuel price stabilization, security-related expenditure, drought mitigation expenditure, and to accommodate adjustments in projects financed by the development partners.
3. It is noted that the overall proposed budget increase from the approved annual estimates level is **Ksh. 203.69 billion**. This is a **10.5 percent change** which is slightly higher than the threshold of 10 percent provided under article 223 of the constitution. The National Treasury has therefore indicated that it is requesting a special approval of the additional expenditure by the National Assembly.
4. It is further noted that the supplementary II budget has been submitted to Parliament one month to the end of the financial year which raises concern as to whether there will be adequate time for implementation of proposed expenditure revisions.
5. Total cumulative expenditure has underperformed by **Ksh. 20.7 billion** which is attributed to low absorption of the development budget as well as below target transfers to county governments. As at the end of April 2022, exchequer disbursement for development expenditure stood at 63.5%, recurrent at 78.6% and transfers to counties at 70.5%. It is not clear why counties are not getting their allocations on time especially given the exceptional revenue performance. Article 219 of the constitution provides that the county's share of national revenue should be transferred to the county without delay and deduction.
6. This supplementary budget also seeks to reallocate Ksh. 3.5 billion from the allocation for the Contingencies fund. The fund is established to cater for urgent and unforeseen needs for expenditure for which there is no other authority. It's not clear the circumstances or the background informing the reallocation of the money and its adherence to section 22 of the public finance management act.
7. Although the country is facing drought-related challenges, the provisions under supplementary II may not be sufficient to effectively address these needs. According to the Kenya Food Security Alert of May 2022 by the Famine Early Warning Systems, drought Interventions resource requirement stood at approximately Ksh. 16 billion. Further, drought-related interventions are scattered across various MDAs, and there lacks a centralized and coordinated approach to drought mitigation despite the existence of the National Drought Management Authority, which is mandated to exercise overall coordination over all matters relating to drought risk management and to establish mechanisms, that will end drought emergencies in Kenya. Some of the drought-related expenditures proposed in supplementary II are presented in table 1.

I. Overall Proposed Changes in the Supplementary II

8. The supplementary estimates propose an additional **Kshs 176.86 billion** in recurrent expenditure and only **Kshs 26.82 billion** in development expenditure from the actually approved estimates. This implies that the key driver of supplementary budgeting is majorly recurrent expenditure. Further, the bulk of these changes is under the Executive

indicating that whereas other arms of the government are implementing their budgets as approved, the Executive is lagging. The following table provides a summary of the overall proposed changes in the supplementary II Estimates for 2021/2022:

Table 2: Variation of the FY 2021/22 Budget Estimates (Kshs. Billions)

		Original Estimates	Supplementary Estimates 1	Supplementary Estimates 2	Changes from Original	Changes from Supplementary 1	% Change from Supplementary 1
Executive	<i>Recurrent</i>	1,222.23	1,346.37	1,398.02	175.79	51.65	3.8%
	<i>Development</i>	663.98	677.89	690.21	26.23	12.32	1.8%
	Total	1,886.21	2,024.26	2,088.23	202.02	63.97	3.2%
Parliament	<i>Recurrent</i>	35.82	36.01	36.01	0.19	0.00	0.0%
	<i>Development</i>	2.07	2.40	2.40	0.33	0.00	0.0%
	Total	37.89	38.41	38.41	0.52	0.00	0.0%
Judiciary	<i>Recurrent</i>	15.58	16.48	16.46	0.88	-0.02	-0.1%
	<i>Development</i>	2.33	2.59	2.59	0.26	0.00	0.0%
	Total	17.91	19.07	19.05	1.14	-0.02	-0.1%
CFS	<i>Public Debt Service</i>	1,169.17	1,151.29	1,151.29	- 17.88	0.00	0.0%
	<i>Pensions etc.</i>	158.06	158.19	158.20	0.14	0.01	0.0%
	Total	1,327.23	1,309.48	1,309.49	- 17.74	0.01	0.0%
Overall	<i>Recurrent</i>	1,273.63	1,398.86	1,450.49	176.86	51.63	3.7%
	<i>Development</i>	668.38	682.88	695.20	26.82	12.32	1.8%
	<i>CFS</i>	1,327.23	1,309.48	1,309.49	- 17.74	0.01	0.0%
	Total	3,269.24	3,391.22	3,455.18	185.94	63.95	1.9%

II. Expenditure under Article 223 of the Constitution

- Article 223 of the Constitution allows the National Government to spend monies that have not been appropriated by Parliament if the amount appropriated for any purpose under the Appropriation Act is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated by that Act; or money has been withdrawn from the Contingencies Fund. In the supplementary II budget estimates, the National Treasury has granted approvals under Article 223 of the Constitution amounting to **Ksh. 29 billion**; of which Ksh.19 billion is recurrent and Ksh.10 billion is development. Of this amount, **Ksh. 26 billion** has already been disbursed to the spending agencies. However, the submission by the National Treasury indicated that the disbursed amount was **Ksh. 24.8 billion**.

10. **The following are the main expenditure items under article 223 of the constitution:**

i. Fuel price stabilization-	Kshs. 15,809,440,886
ii. Fertilizer subsidy-	Kshs. 1,000,000,000
iii. State burial of the third president of the Republic of Kenya -	Kshs. 260,000,000
iv. Africities summit-	Kshs. 600,000,000
v. Naivasha inland container depot- Longonot station-	Kshs. 1,000,000,000
vi. Ongoing roads construction-	Kshs. 8,000,000,000
vii. Enhancement of operations and maintenance-	Kshs. 1,410,000,000

III. Key Proposed Reallocations and Additional Allocations

11. The reallocations and additional allocations under the supplementary II budget have majorly been occasioned by an upward revision of AIA, low absorption of donor-financed projects, expenditure needs for completion of ongoing projects, and support to the hunger safety net programme, among others. In total, the National Treasury is seeking reallocations and additional allocations amounting to **Ksh. 35.63 billion** in recurrent and **Ksh. 2.31 billion** in development expenditure.
12. The implementation of development programmes continues to be hampered by low absorption of development expenditure, especially for donor-funded projects. Major reductions in the development budget have been driven by this low absorptive capacity implying that key targets and milestones will not be achieved. These programmes are majorly in key sectors including agriculture, health, water & Sanitation, and infrastructure development. Major requests for additional funding are mostly in the infrastructure sector under the road and railway development programmes and school infrastructure development.

iv. Financing of the Supplementary II Estimates 2021/2022

13. The total revenue projected in the 2021/22 Supplementary estimates II, has increased by Ksh. 153 billion from the approved budget of Ksh. 2,100 billion (16.5% of GDP) to Ksh. 2,192 (17.3% of GDP). One of the main drivers of the upward revision in total revenue projection is an expected Ksh. 77 billion increases in Appropriations in Aid (A in A) collection. However, over the past couple of financial years, actual A in A collected has been lower than the amount projected during the budget-making process therefore, the underperformance of A in A may result in the National Treasury not meeting the expected total revenue collection for 2021/22.
14. The National Treasury has revised upwards the target for Ordinary Revenue projection by Ksh. 75 billion from Ksh 1,775 billion (14.3% of GDP) to Ksh. 1,851 billion (14.3% of GDP). The main drivers of increased projections of ordinary revenue are the upward revision in VAT, other tax revenue and excise duty by Ksh. 41 billion, Ksh. 21 billion and Ksh. 15 billion respectively. However, despite the impressive collection in tax revenue relative to the targets set at the beginning of the financial year, it is expected that due to the impact of adverse weather conditions coupled with the impact of the Russia Ukraine war on the global supply chain the additional revenue collection

projected in the second quarter of 2022 may not be achieved. Consequently, the revised targets set for VAT and other tax revenue collection may not be achieved.

15. The fiscal deficit including grants in the submitted supplementary II estimates has expanded by Ksh. 94.7 billion from Ksh. 929.7 billion (7.5% of GDP) to Ksh. 1,024.3 billion (8.1% of GDP). The expanded fiscal deficit is expected to be mainly financed by additional external borrowing however, it should be noted that the expected fiscal deficit is premised on increased revenue collection therefore, the underperformance of revenue collection relative to the adjusted targets may result in a larger actual fiscal deficit which may contribute to additional borrowing.

After the presentation, the Chairperson welcomed members of the Committee to comment on the presentation. The following were the Committee concerns:

- i. The Committee sought to know whether the additional expenditure of Kshs 63.9 was within the 10 percent threshold as provided for under article 223 of the constitution on supplementary budget.
- ii. An explanation was sought as to why there is a variance on the submission of the amount already disbursed in the Article 223 schedule where it is Kshs. 24Billion but upon counterchecking it is Kshs. 26 billion.
- iii. The Committee requested to be provided with breakdown of expenditures from the National Treasury to establish the specific areas where expenditures had been varied.
- iv. It was observed that some items that had been provided for in the supplementary estimates 1 were not included in the final appropriation.

MIN. NO. NA/BAC/2022/140: REVIEW OF SUBMISSIONS BY DEPARTMENTAL COMMITTEES ON THEIR CONSIDERATION OF THE SUPP. ESTIMATES FOR FY 2021/22

The presentation from the Parliamentary Budget Office highlighted that: -

DEPARTMENTAL COMMITTEE	VOTE/PROGRAMME CODES & TITLE	PROPOSED AMENDMENTS
Environment and Natural Resources		
	Ministry of Water, Sanitation and Irrigation	
	1001000 General Administration, Planning and Support Services	
	1004000 Water Resources Management	
	1017000 Water and Sewerage Infrastructure Development	National Treasury Amendment: Reduce Ksh 1.15 billion (Development) on account of low absorption of development partner projects

DEPARTMENTAL COMMITTEE	VOTE/PROGRAMME CODES & TITLE	PROPOSED AMENDMENTS
	1014000 Irrigation and Land Reclamation	
	1015000 Water Storage and Flood Control	Reduce Ksh 200 million (Development) on account of low absorption of development partner projects
	1022000 Water Harvesting and Storage for Irrigation	
Departmental Committee on Lands		
Departmental Committee on Agriculture and Livestock		
	State Department for Crop Development & Agricultural Research	
	0107000 General Administration Planning and Support Services	
	0108000 Crop Development and Management	Reduce Ksh 400 million (Development) on account of low absorption of development partner projects
	0109000 Agribusiness and Information Management	Reduce Ksh 198 million (Development) on account of low absorption of development partner projects
	0120000 Agricultural Research & Development	
Education And Research		
Departmental Committee on Defence & Foreign Relations		
Departmental Committee on Finance and National Planning		
	State Department for Devolution	
	0712000 Devolution Services	
	0732000 General Administration, Planning and Support Services	
	0713000 Special Initiatives	
	The National Treasury	
	0203000 Rail Transport	
	0204000 Marine Transport	
	0717000 General Administration Planning and Support Services	

DEPARTMENTAL COMMITTEE	VOTE/PROGRAMME CODES & TITLE	PROPOSED AMENDMENTS
	0718000 Public Financial Management	Reduce Ksh 1.94 billion (Development) on account of low absorption of development partner projects
	0719000 Economic and Financial Policy Formulation and Management	
	0720000 Market Competition	
	0740000 Government Clearing	
	Services	
Departmental Committee on Transport, Public Works and Housing		
	State Department of Infrastructure	
	0202000 Road Transport	Increase Ksh 901 million (Development) on account of reallocation of development partner projects
	State Department for Shipping and Maritime	
	0219000 Shipping and Maritime Affairs	Reduce Ksh 80 million (Development) on account of low absorption of development partner projects
The Departmental Committee on Justice and Legal Affairs		
Departmental Committee on Communication, Information and Innovation		
	State Department for Information Communication and Technology & Innovation	
	0207000 General Administration Planning and Support Services	
	0210000 ICT Infrastructure Development	Reduce Ksh 1.5 billion (Development) on account of low absorption of development partner projects
	0217000 E-Government Services	
Departmental Committee on Administration & National Security		
Departmental Committee on Trade, Industry and Cooperatives		

DEPARTMENTAL COMMITTEE	VOTE/PROGRAMME CODES & TITLE	PROPOSED AMENDMENTS
Committee on Health		
	Ministry of Health	
	0401000 Preventive, Promotive & Reproductive Health	
	0402000 National Referral & Specialized Services	Reduce Ksh 100 million (Development) on account of low absorption of development partner projects
	0403000 Health Research and Development	
	0404000 General Administration, Planning & Support Services	
	0405000 Health Policy, Standards and Regulations	
Departmental Committee on Energy	State Department for Energy	
	0211000 General Administration Planning and Support Services	
	0212000 Power Generation	
	0213000 Power Transmission and Distribution	Reduce Ksh 4.531 billion (Development) on account of low absorption of development partner projects
	0214000 Alternative Energy Technologies	
	Ministry of Petroleum and Mining	
	0215000 Exploration and Distribution of Oil and Gas	Increase Ksh 11.5 billion (Recurrent) to cater for fuel price stabilisation

MIN.NO.NA/BAC/2022/141: ANY OTHER BUSINESS & ADJOURNMENT

There being no other matters to consider, the meeting was adjourned at 12.00 noon. The next sitting will be Monday, 6th May 2022.

SIGNED



HON. KANINI KEGA, CBS, M.P.

CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE



DATE