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REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON BLUE ECONOMY, WATER AND
IRRIGATION

REPORT ON BUDGET IMPLEMENTATION REVIEW FOR THE FINANCIAL YEAR
2023-2024, FOR THE FOLLOWING SPENDING AGENCIES:

VOTE 1109: STATE DEPARTMENT FOR WATER & SANITATION

VOTE 1104: STATE DEPARTMENT FOR IRRIGATION

VOTE 1166: STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 03 APR 2025	DAY: THURSDAY
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CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

APRIL, 2025

Table of Contents

ABBREVIATIONS	3
PART I	4
1.0 PREFACE	4
1.1 ESTABLISHMENT OF THE COMMITTEE.....	4
1.2 SUBJECT OF THE COMMITTEE.....	4
1.3 COMMITTEE MEMBERSHIP	5
1.4 COMMITTEE SECRETARIAT.....	6
1.5 OVERVIEW OF THE EXAMINATION OF THE 2023/2024 BUDGET ESTIMATES.....	7
1.6 ACKNOWLEDGEMENT	7
2.0 BROAD OVERVIEW OF THE FY 2023/2024 BUDGET ESTIMATES	8
PART III.....	11
3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES.....	11
3.1 STATE DEPARTMENT FOR WATER AND SANITATION	11
3.2 STATE DEPARTMENT FOR IRRIGATION.....	15
3.3 STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES	17
3.4 REPORT ON COMMITTEE INSPECTION VISITS	20
PART IV	22
4.0 COMMITTEE OBSERVATIONS.....	22
PART V	24
5.0 COMMITTEE RECOMMENDATIONS	24

ABBREVIATIONS

FY	Financial Year
AIA	Appropriations in Aid
GoK	Government of Kenya
MDAs	Ministries, Departments and Agencies
O & M	Operations and Maintenance
KEWI	Kenya Water Institute
WWDA	Water Works Development Agency
WSTF	Water Sector Trust Fund
KEWATRI	Kenya Water Training and Research Institute
SCMPs	Sub-Catchment Management Plans
PPP	Public-Private Partnerships
PIPs	Privately Initiated Proposals
WSPs	Water Service Providers
RAP	Resettlement Action Plan
NWHA	National Water Harvesting and Storage Authority
NIA	National Irrigation Authority
JICA	Japan International Cooperation Agency
ABDP	Aquaculture Business Development Programme
KEMFSED	Kenya Marine Fisheries and Socio-Economic Development
MSP	Marine Spatial Plan
IUU	Illegal, Unreported and Unregulated
WRA	Water Resource Authority
CGAA	County Government Additional Allocation
WSDP	Water and Sanitation Development Project
ABDP	Agriculture Business Development Project

PART 1

1.0 PREFACE

1.1 Establishment of the Committee

1. The Departmental Committee on Blue Economy, Water and Irrigation is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandates pursuant to the **Standing Order 216 (5)** are as follows:
 - i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - ii. *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
 - iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - iv. *To study and review all legislation referred to it;*
 - v. *To study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - vi. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
 - viii. *To examine treaties, agreements and conventions;*
 - ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - xi. *To examine any questions raised by Members on a matter within its mandate.*

1.2 Subject of the Committee

2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters of: use and regulation of water resources, irrigation, fisheries development including promotion of aquaculture, fish farming, marine fisheries, the sustainable use of ocean resources for economic growth and improved livelihoods, except seaports and marine transport.
3. In executing its mandate, the Committee oversees the following government ministries and departments and agencies (MDAs), namely:
 - i. The State Department for Water and Sanitation
 - ii. The State Department for Irrigation
 - iii. The State Department for Blue Economy and Fisheries

1.3 Committee Membership

4. The Departmental Committee on Blue Economy, Water and Irrigation was constituted by the House on 27th October, 2022 and comprises of the following Members:

Chairperson

Hon. Bowen David Kangogo, MP - **Chairperson**
Marakwet East Constituency
United Democratic Alliance Party

Vice- Chairperson

Hon. Kemero Maisori Marwa, MP - **Vice- Chairperson**
Kuria East Constituency
United Democratic Alliance Party

Hon. Mohamed Abdikadir Hussein, MP
Lagdera Constituency
Orange Democratic Movement

Hon. Tandaza Kassim Sawa, MP
Matuga Constituency
Amani National Congress

Hon. Chepkwony Charity Kathambi, MP
Njoro Constituency
United Democratic Alliance Party

Hon. William Kamket, MP
Tiaty Constituency
KANU

Hon. Buyu Rozaah Akinyi, MP
Kisumu West Constituency
Orange Democratic Party

Hon. Eng. Paul Nzengu, MP
Mwingi North Constituency
Wiper Democratic Party

Hon. Were Charles Ong'ondo, MP
Kasipul Constituency
Orange Democratic Party

Hon. Dorothy Muthoni Ikiara, MP
Nominated
United Democratic Alliance Party

Hon. Nebart Bernard Muriuki, MP
Mbeere South Constituency
Independent Member

Hon. Mnyazi Amina Laura, MP
Malindi Constituency
Orange Democratic Movement

Hon. Adow Mohamed Aden, MP
Wajir South Constituency
Orange Democratic Party

Hon. Eric Wamumbi, MP
Mathira Constituency
United Democratic Alliance Party

Hon. Gachagua, MP
Ndaragwa Constituency
United Democratic Alliance Party

1.4 Committee Secretariat

5. The Committee is facilitated by the following staff

Mr. Nicodemus K. Maluki
Clerk Assistant I/Head of Secretariat

Ms. Ivy Kageha
Clerk Assistant III

Dr. Benjamin Ngimor
Principal Fiscal Analyst

Ms. Lynette Otieno
Senior Legal Counsel

Ms. Veron D. Aluoch
Research Officer III

Ms. Joyce Wachera
Hansard Officer

Mr. Allan Gituku
Sergeant-At-Arms

Ms. Fridah Ngari
Media Relations Officer

Mr. Eugene Luteshi
Audio Officer

1.5 Overview of the examination of the 2023/2024 Budget Estimates

6. Budget Implementation Review is part of the oversight and monitoring role of Parliament, in the implementation of the Budget as passed by the House, and it is in line with Articles 95 and 228(6) of the Constitution and Standing Order 216(5) (ba). When passing the Budget for FY 2023/2024, Parliament approved allocations for each vote against programmes, outputs, and targets. In addition, as per House resolutions, a list of planned development projects reconcilable with the development expenditure was approved. This information is what forms the basis for monitoring the progress and extent to which the planned targets and outputs are met.
7. The Committee held eleven (11) consultative meetings with Ministries, Department and Agencies between 11th and 24th September, 2024. This was preceded by a briefing by the Parliamentary Budget Office. Further, the Committee undertook inspection visits between 28th and 1st December, 2024.

1.6 Acknowledgement

8. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. I wish to express my appreciation to the Honourable Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.
9. Finally, the Committee wishes to thank all the Ministries, Departments and Agencies under its purview for their participation in scrutinizing the FY 2023/2024 Budget Estimates.
10. It is therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Blue Economy, Water and Irrigation to submit its Report on the Budget Implementation review for the FY 2023/2024.

Hon. David Bowen Kangogo, M.P. CBS

Chairperson, Departmental Committee on Blue Economy, Water and Irrigation

PART II

2.0 BROAD OVERVIEW OF THE FY 2023/2024 BUDGET ESTIMATES

a. State Department for Water and Sanitation

11. In FY 2023/24, the State Department had an approved budget estimate of Kshs. 50.37 Billion comprising of Kshs. 5.687 Billion for recurrent expenditure and Kshs. 44.683 Billion for development expenditure. The recurrent expenditure was to be funded from GoK Exchequer of Kshs. 3.426 Billion and Appropriations-in-Aid (A-i-A) of Kshs. 2.261 Billion while the development expenditure was to be funded from GoK Exchequer of Kshs. 13.837 Billion, donor loans of Kshs. 28.06 Billion and donor grants of Kshs. 2.786 Billion.
12. At the end of the financial year, the State Department had received a total of Kshs. 38.793 Billion of which Kshs. 5.107 Billion was for recurrent expenditure and Kshs. 33.686 Billion was for development expenditure. The total funds received accounted for 77 percent of total approved Estimates indicating the State Department did not receive Kshs. 11.577 Billion. For recurrent expenditure, the total funds received accounted for 90 percent of total approved Estimates with Kshs. 580 Million not being received. The shortfall comprised of Kshs. 50 Million from GoK Exchequer and Kshs. 530 Million from A-i-A. For development expenditure, the total funds received accounted for 75 percent of total approved Estimates with Kshs. 10.997 Billion not being received. The shortfall comprised of Kshs. 6.192 Billion from GoK Exchequer, Kshs. 4.373 Billion from donor loans and Kshs. 433 Million from donor grants.
13. With the allocated funds, the State Department had an actual expenditure at the end of the year of Kshs. 38.793 Billion comprising of Kshs. 5.107 Billion of recurrent expenditure and Kshs. 33.686 Billion of development expenditure. It was able to absorb all the funding it received for both recurrent and development expenditures. Table 1 provides a summary of the budget performance for the State Department.

Table 1: Summary of FY 2022/23 Budget Performance (Kshs. millions)

		Appro ved Estim ates	Actual Receipts	Actual Expenditure	Differences	
					Actual Receipts & Approved Estimates	Actual Expenditure & Actual Receipts
Recurrent	GoK Exchequer	3,426	3,376	3,376	(50)	-
	AIA	2,261	1,731	1,731	(530)	-
	Sub-Total	5,687	5,107	5,107	(580)	-
Development	GoK Exchequer	13,837	7,645	7,645	(6,192)	-
	Donor Loans	28,060	23,687	23,687	(4,373)	-
	Donor Grants	2,786	2,353	2,353	(433)	-
	Sub-Total	44,683	33,686	33,686	(10,997)	-
Total		50,370	38,793	38,793	(11,577)	-

b. State Department for Irrigation

14. In FY 2023/24, the State Department had an approved budget estimate of Kshs. 22.158 Billion comprising of Kshs. 1.554 Billion for recurrent expenditure and Kshs. 20.604 Billion for development expenditure. The recurrent expenditure was to be funded from GoK Exchequer of Kshs. 1.146 Billion and Appropriations-in-Aid (A-i-A) of Kshs. 408 Million while the development expenditure was to be funded from GoK Exchequer of Kshs. 11.942 Billion, donor loans of Kshs. 8.492 Billion and donor grants of Kshs. 170 Million.
15. At the end of the financial year, the State Department had received a total of Kshs. 19.262 Billion of which Kshs.1.423 Billion was for recurrent expenditure and Kshs. 17.839 Billion was for development expenditure. The total funds received accounted for 87 percent of total approved Estimates indicating the State Department did not receive Kshs. 2.896 Billion. For recurrent expenditure, the total funds received accounted for 92 percent of total approved Estimates with Kshs. 131 Million not received. The shortfall comprised of Kshs. 12 Million from GoK Exchequer and Kshs. 119 Million from A-i-A. For development expenditure, the total funds received accounted for 87 percent of total approved Estimates with Kshs. 2.765 Billion not received. The shortfall comprised of Kshs. 231 million from GoK Exchequer, Kshs. 2.414 Billion from donor loans and Kshs. 120 Million from donor grants.
16. With the allocated funds, the State Department had an actual expenditure at the end of the year of Kshs.19.262 Billion comprising of Kshs. 1.423 Billion of recurrent expenditure and Kshs. 17.839 Billion of development expenditure. It was able to absorb all the funding it received for both recurrent and development expenditures. Table 2 provides a summary of the budget performance for the State Department.

Table 2: Summary of FY 2023/24 Budget Performance (Kshs. millions)

		Approved Estimates	Actual Receipts	Actual Expenditure	Differences	
					Actual Receipts & Approved Estimates	Actual Expenditure & Actual Receipts
Recurrent	GoK Exchequer	1,146	1,134	1,134	(12)	-
	AIA	408	289	289	(119)	-
	Sub-Total	1,554	1,423	1,423	(131)	-
Development	GoK Exchequer	11,942	11,711	11,711	(231)	-
	Donor Loans	8,492	6,078	6,078	(2,414)	-
	Donor Grants	170	50	50	(120)	-
	Sub-Total	20,604	17,839	17,839	(2,765)	-
Total		22,158	19,262	19,262	(2,896)	-

c. State Department for Blue Economy and Fisheries

17. In FY 2023/24, the State Department had an approved budget estimate of Kshs. 10.757 Billion comprising of Kshs. 2.821 Billion for recurrent expenditure and Kshs. 7.936 Billion for development expenditure. The recurrent expenditure was to be funded from GoK Exchequer of Kshs. 2.751 Billion and A-i-A of Kshs. 70 Million while the

development expenditure was to be funded from GoK Exchequer of Kshs. 3.72 Billion and donor loans of Kshs. 4.216 Billion.

18. At the end of the financial year, the State Department had received a total of Kshs. 10.041 Billion of which Kshs. 2.736 Billion was for recurrent expenditure and Kshs. 7.305 billion was for development expenditure. The total funds received accounted for 93 percent of total approved Estimates indicating the State Department did not receive Kshs. 716 million. For recurrent expenditure, the total funds received accounted for 97 percent of total approved Estimates with Kshs. 85 Million not received. The shortfall comprised of Kshs. 65 Million from GoK Exchequer and Kshs. 20 Million from A-i-A. For development expenditure, the total funds received accounted for 92 percent of total approved Estimates with Kshs. 631 Million not received. The shortfall comprised of Kshs. 472 Million from GoK Exchequer and Kshs. 159 Million from donor loans.
19. With the allocated funds, the State Department had an actual expenditure at the end of the year of Kshs. 10.041 Billion comprising of Kshs. 2.736 Billion of recurrent expenditure and Kshs. 7.305 Billion of development expenditure. It was able to absorb all the funding it received for both recurrent and development expenditures. Table 3 provides a summary of the budget performance for the State Department.

Table 3: Summary of FY 2023/24 Budget Performance (Kshs. millions)

		Approved Estimates	Actual Receipts	Actual Expenditure	Differences	
					Actual Receipts & Approved Estimates	Actual Expenditure & Actual Receipts
Recurrent	GoK Exchequer	2,751	2,686	2,686	(65)	-
	AIA	70	50	50	(20)	-
	Sub-Total	2,821	2,736	2,736	(85)	-
Development	GoK Exchequer	3,720	3,248	3,248	(472)	-
	Donor Loans	4,216	4,057	4,057	(159)	-
	Sub-Total	7,936	7,305	7,305	(631)	-
Total		10,757	10,041	10,041	(716)	-

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

20. The Departmental Committee on Blue Economy, Water and Irrigation held meetings with the Ministries, Departments and Agencies under its purview to interrogate the budget implementation for FY 2023/24. The Committee requested the Ministries, Departments and Agencies (MDA's) under its purview to provide information on Budget Implementation for FY 2023/24 as provided for in the National Assembly Standing Order 216.
21. The Committee between 10th and 12th September, 2024 and on 24th September, 2024 met with relevant Ministries, Departments and Agencies to consider the full year report on the budget implementation for FY 2023/24.
22. Further, between 28th November and 1st December, 2024 the Committee conducted site visits to projects and programmes in the Coastal region of the Country.
23. The MDAs included Ministry of Water, Sanitation and Irrigation and State Department for Blue Economy and Fisheries. The following are the highlights of the submissions by the Ministries, Departments and Agencies under the Committee's purview.

3.1 State Department for Water and Sanitation

24. The Cabinet Secretary, State Department for Water, Sanitation and Irrigation appeared before the Committee on 11th and on 24th September, 2024 and briefed on the budget implementation for FY 2023/24 for the State Department for Water and Sanitation as follows:
 - i. Total approved budget for the State Department for the FY 2023/2024 was Kshs. 50.37 Billion of which Kshs. 5.687 Billion was recurrent and Kshs. 44.683 Billion was development expenditure. The total expenditure for FY 2023/24 was Kshs. 39.793 Billion of which Kshs. 5.107 Billion was recurrent and Kshs. 33.686 Billion was development expenditure. This translates to 90% absorption rate for recurrent and 75% for development expenditure.
 - ii. The total recurrent Exchequer receipts for FY 2023/24 was Kshs. 3.375 Billion while A-i-A collected was Kshs. 1.731 Billion.
 - iii. The State Department's total development receipts were Kshs 33.686 Billion comprising of Kshs. 20.477 Billion exchequer and Kshs. 13.2 Billion A-i-A (Direct Payments).
 - iv. Gross recurrent allocation for FY 2023/24 was Kshs. 5.687 Billion of which Kshs. 540 Million was salaries for headquarter staff, Kshs. 5.037 Billion recurrent transfers (GoK plus A-i-A) and Kshs. 109 Million others recurrent (O & M). the total expenditure for the Financial Year was Kshs. 5.107 Billion translating to an absorption percentage of 90%.

- v. The State Department's gross development allocation was Kshs. 44.68 Billion, of which Kshs. 28.06 Billion, Kshs. 2.786 Billion and Kshs.13.837 Billion were allocations for Loans, Grants and GoK respectively. Total Expenditures were Kshs. 23.687 Billion, Kshs.2.353 Billion and Kshs. 7.645 Billion for Loans, Grants and GoK respectively. This translates to an absorption rate of 85% for Loans, 85% for Grants and 55% for GoK.
 - vi. During the FY 2023/24, the State Department incurred a total of Kshs. 4.5 Billion in spending bills from its Agencies as follows: Kshs. 684 million by KEWI, Kshs.128 Million by WRA, Kshs. 1.1 Billion by Northern WWDA, Kshs. 152 Million by Tanathi WWDA, Kshs. 580 Million by Athi WWDA, Kshs. 300 Million by Lake Victoria South WWDA, Kshs. 150 Million by Coast WWDA, Kshs. 226 Million by Lake Victoria North WWDA, Kshs. 31 Million by RCGWRETREA, Kshs. 468 Million by Tana WWDA, Kshs. 761 Million by Central Rift Valley WWDA and Kshs. 5 Million by WSTF.
25. The State Department for Water and Sanitation identified the following successes, weaknesses, opportunities and threats during the implementation of the budget for the FY 2023/24:

Strengths

- i. In FY 2023/24, the State Department put in place plans, systems, and mechanisms to gradually achieve universal access to water and sanitation. This was to be accomplished through both short-term and long-term interventions, including increasing water harvesting and storage capacity, constructing and expanding sewerage systems, developing and expanding water supply and sanitation networks. In the implementation of this programmes and projects, the State Department realized an increase in water coverage from 70% FY 2022/23 to 73% FY 2023/24 and access to safely managed sanitation increased from 32 % in FY 2022/23 to 33% in FY 2023/24.
- ii. In the period under review, the National Sanitation Management Policy received Cabinet approval and was sent to the Office of the Attorney General for forwarding to Parliament. The Water (Amendment) Bill was in Parliament awaiting mediation, while the Kenya Water Training and Research Institute (KEWATRI) Bill was finalized and forwarded to the Cabinet for approval. National validation for the Hydrologists (Amendment) Bill was completed and validation for the Hydrologists Rules and Regulations completed and forwarded to the Office of the Attorney General.
- iii. The State Department expedited the construction of large multipurpose dams, including Thwake Dam which is 93% complete and will provide 150,000 cubic meters of water daily to Makueni County and Konza City. Furthermore, twenty-three (23) small dams and water pans were constructed, adding 1.3 million cubic meters of surface water storage. Nineteen (19) water and sanitation projects were completed and rehabilitated across the Country. In addition, water connections was extended to one hundred and thirty-three (133) public institutions, whereas seven (7) Sub-Catchment Management Plans (SCMPs) were developed, eight (8) springs protected, and twenty-seven (27) gauging stations rehabilitated.

- iv. Under Public-Private Partnerships (PPP), eight (8) dams received Privately Initiated Proposals (PIPs), with three proposals (Sabaki Carrier, Lamu Advanced Desalination Plant, and Londiani Dam Water Supply and Irrigation Project) having received PIP approval, while five (5) proposals (Maragua IV, Mzima II Pipeline, Ndarugu II, Two Rivers, and Deep-Sea Desalination Projects) are currently under due diligence and evaluation.

Weaknesses

- v. **Inadequate mechanism for coordination and collaboration between National and County governments** - The lack of a clear mechanism for handing over completed national water and sewerage projects to county Water Service Providers (WSPs), complications with managing loan obligations, and difficulties in operating and maintaining these transferred assets hinders the sustainability of the development and management of water services and sewerage infrastructure.
- vi. **The sector's workforce is aging** - faced with rapidly changing technology thus affecting effective and efficient service delivery.

Opportunities

- vii. **Public-Private Partnerships (PPPs)** - Alternative financing mechanisms like PPPs, commercial financing and self-financing. These collaborations between Government and private entities have driven innovation and investment in water services and infrastructure.
- viii. **Climate Financing** - To support projects that enhance resilience to climate change, such as building flood-resistant infrastructure, improving water storage, rainwater harvesting, and promoting renewable energy use while protecting ecosystems vital to water resources.
- ix. **Desalination** - of seawater or brackish water to produce fresh water suitable for drinking, irrigation, and industrial use.
- x. **Technological Advancements** - The upscaling of technology like smart meters, remote sensing, and data analytics has enhanced water management, efficiency, and monitoring. These advancements are expected to address issues such as high levels of non-revenue water, energy inefficiencies, and infrastructure maintenance.
- xi. **Sustainable Practices** - There is an increasing opportunity to adopt sustainable water practices, including water recycling, rainwater harvesting, and conservation programs, to tackle water scarcity and mitigate environmental impact.

Threats

- xii. **Climate Change** - The effects of climate change and associated extreme weather events threaten sustainable development and impacts negatively on the water sector for instance flooding and drought, leading to destruction of water infrastructures, reduced water resources quantities and quality from siltation of

- water, reduced water flows in rivers and springs, high turbidity in dams and rivers which leads to high cost in water treatment.
- xiii. **Pollution of water resources** - Contamination of water resources as a result of low sewerage coverage (16%), industrial effluent discharge in the water sources poses a major threat to water quality and public health.
 - xiv. **Encroachment or improper land use practices** - especially along the riparian leads to reduced water resources quantities and quality as manifested in siltation of water reservoirs leading to reduced lifespan for the water storage structures, reduced water flows in rivers and springs, high turbidity in dams and rivers hence high cost in water treatment.
 - xv. **Fluctuations in the Kenyan shilling against the dollar** - affect funding levels for donor-funded projects, increase material and service costs, and impact the project's financial stability due to changes in exchange rates and debt obligations
26. The State Department for Water and Sanitation identified the following challenges during the implementation of the Budget for the FY 2023/24:
- i. **Non-revenue Water** - The current levels of Non-revenue Water stand at 43% with the largest water losses being through illegal connections, leaks due to dilapidated infrastructure and commercial losses (flat rate supply).
 - ii. **High Cost of Resettlement Action Plan (RAP)** - The rising cost of compensation for land presents a serious challenge to water and sewerage infrastructure development. Beside the escalating cost of land, there is the long timelines for acquisition of such land which potential results into delayed implementation of infrastructure development.
 - iii. **Budget cuts/rationalization** - considering the huge financial requirement in implementing the sector's programs/projects leads to delayed project implementation.
 - iv. **Delayed exchequer releases** - hinders the timely implementation of budgeted activities.
 - v. **Trans-boundary water resources conflicts** - Trans- County conflicts on water resources as well as Inter-communal disputes and disagreements/conflicts hinders development of water & sewerage infrastructure and the demand for a share of the revenues generated from water resources obtained from their areas.
 - vi. **Low investment in the water and sanitation sector** - The rate of increase in investments in water and sanitation is not commensurate with the increase in population and rapid urbanization.
 - vii. High energy cost of water production and treatment of low-quality water impeding affordability of water thus low coverage.
 - viii. **Non-recovery of loans for infrastructures developed using donor funds** - Water and Sewerage infrastructure are developed by the Water Works Development Agencies (WWDA) and transferred to the County governments for management and maintenance in line with the Water Act 2016. County

governments have not been remitting these revenues to the National Treasury as expected and this has occasioned a fiscal deficit.

- ix. **Court Injunctions** - A case has been filed against Water Resources Regulations that bans Water Resources Authority from licensing and collection of revenue for water abstraction.

3.2 State Department for Irrigation

27. The Cabinet Secretary appeared before the Committee on 12th September, 2024 and briefed on the budget implementation for FY 2022/23 for the State Department for Irrigation as follows:

- i. In FY 2023/24, the State Department had an approved budget estimate of Kshs. 22.158 Billion comprising of Kshs. 1.554 Billion for recurrent expenditure and Kshs. 20.604 Billion for development expenditure.
 - ii. The gross expenditure for the FY 2023/24 amounts to Kshs.1,423 Million representing a budget absorption of 91.58% against an approved gross budget allocation of Kshs.1,554 Million for the recurrent budget. The low absorption rate is highly attributed to under collection of the budgeted A-i-A.
 - iii. To support the recurrent expenditure, the State Department received total revenues of Kshs.1,435,224,876.12 comprising of exchequer receipts of Kshs. 1,145,755,129.30 and actual A-i-A collection of Kshs. 289,469,746.82.
 - iv. The budgeted A-i-A for FY 2023/24 was Kshs.408 Million, however, the actual A-i-A collected amounted to Kshs.289 million. The under collection of A-i-A is due to the high costs of maintaining drilling equipment under National Water and Harvesting Authority (NWHSA), low remittance of fees by farmers citing low financial capacity as a result of crop and property loss and reduced cropping acreage in schemes under National Irrigation Authority (NIA).
 - v. The gross development expenditure amounted to Kshs.17,839 Million against a budget allocation of Kshs.20,604 Million translating to a budget absorption of 87% as at 30th June, 2024. The low absorption rate is attributed to low donor absorption rate.
 - vi. The total exchequer disbursed to the State Department for the FY 2023/24 for development expenditure amounted to Kshs.13.2 Billion comprising of Kshs.11.7 Billion for GoK and Kshs.1.5 Billion for donor revenue funding.
 - vii. The State Department through its agency, the National Water Harvesting & Storage Authority has accumulated historical pending bills amounting to Kshs.1.8 Billion comprising of Kshs. 675 Million for court awards, Kshs. 45.9 Million for legal fees and Kshs. 1.09 billion for unpaid certified development works.
 - viii. The State Department has one stalled project, the Badasa Dam, which stalled at 56 percent physical completion status. Financing for the project will be prioritized in FY 2025/26 budget allocation.
28. The State Department for Irrigation identified the following successes, weaknesses, opportunities and threats during the implementation of the budget for the FY 2023/24:

Strengths

- i. An experienced and well-trained workforce.
- ii. The full release of exchequer for the GoK funded projects.
- iii. The strategic shift to focus on completion of projects nearing completion.
- iv. Stakeholder support and sustained engagements.
- v. Demand for irrigation services by the public.
- vi. High absorption rate of the total allocated GoK funds.
- vii. Continuous monitoring and evaluation of programmes and projects.
- viii. Approved Organizational Structure.

Weaknesses

- ix. Inadequate funding of both Recurrent and Development expenditure leading to slow implementation of projects and activities.
- x. Frequent budget revisions affecting critical items like Fuel, Foreign and Local Travel among others.
- xi. High inflation rate prompting cost variation of projects.
- xii. Pending bills - The sector has pending bills of Ksh.1.8 Billion mainly under National Water Harvesting and Storage Authority occasioned by court awards.
- xiii. High Cost of Resettlement Action Plan (RAP) and Land acquisition/compensation; The rising cost of compensation for land presents a serious challenge to irrigation infrastructure development as well as long timelines for acquisition land which potentially results into delayed implementation of infrastructure developments.
- xiv. Over establishment and skill gap/mismatch leading to idle skills at NWWSA.
- xv. Lack of financial skills to establish viability and structuring of the PPP dams.

Opportunities

- xvi. Presence of development partners such as the World Bank, JICA, and Government of Germany.
- xvii. Blended financing in implementation of Small-Holder Irrigation Programme to ensure sustainability.

- xviii. Presence of policy, legal and regulatory documents such as the National Irrigation Act, 2019, National Irrigation Regulations, 2021.
- xix. Privately initiated proposal for Private Public Partnerships Projects.
- xx. Advanced technology in irrigation services.
- xxi. Establishment of County Irrigation Development Units to undertake irrigation management in Counties.
- xxii. Collaborations with other MDAs to foster sector linkages.

Threats

- xxiii. Inadequate staff based on existing organization structure.
- xxiv. Inadequate budget allocation to the sector despite the huge demand for irrigation services.
- xxv. Inadequate capacity of farmers to uptake irrigation services once infrastructure is developed.
- xxvi. Vandalism of developed irrigation infrastructure.
- xxvii. Mid-year budget cuts.
- xxviii. Pending bills and stalled projects.
- xxix. Climate change and changing weather patterns, resulting to pressure on irrigation services.
- xxx. County government low prioritization of funding to the irrigation sector.
- xxxi. Poor water resources conservation resulting to depleting water levels.
- xxxii. Lack of licencing framework on irrigation water tariffs.

3.3 State Department for Blue Economy and Fisheries

29. The Cabinet Secretary appeared before the Committee on 10th September, 2024 and briefed on the budget implementation for FY 2022/23 for the State Department for Blue Economy and Fisheries as follows:

- i. In FY 2023/24, the State Department had approved Budget Estimates of Kshs. 10,757.03 Million comprising of Kshs. 7,935.88 Million under Development and Kshs. 2,821.15 Million in Recurrent Budget.
- ii. The State Department received a total of Ksh. 5,934.05 Million in exchequers disbursements comprising of Ksh. 2,686.26 Million and Kshs. 3,247.79 Million for Recurrent and Development expenditures respectively. Ksh. 4,056.93 Million donor funding was received under the Aquaculture Business Development Programme (ABDP) and Kenya Marine Fisheries and Socio-Economic

- Development (KEMFSED) project. Included in the donor funding is Loan A-i-A amounting to Ksh.636.07 Million under the KEMFSED project. A total of Ksh. 49.50 Million A-i-A was collected by the Kenya Marine and Fisheries Research Institute (Ksh. 15.70 Million), Kenya Fisheries Service (Ksh. 22.00 Million) and Kenya Fishing Industries Corporation (Ksh 11.80 Million).
- iii. The State Department achieved an overall absorption rate of 93.34% in the FY 2023/24. This comprises of 96.92% under Recurrent budget and 92.07% under Development.
 - iv. Fisheries Development and Management programme had the highest budget allocation of Ksh. 8,298.45 Million followed by Development and Coordination of the Blue Economy programme with Ksh. 2,187.69 Million. The General Administration, Planning and Support Services programme had an allocation of Ksh. 270.89 Million. In terms of absorption, Fisheries Development and Management programme was 92.93%, Development and Coordination of the Blue Economy programme 95.79% and General Administration, Planning and Support Services programme 85.99%.
30. The State Department for Blue Economy and Fisheries identified the following successes, weaknesses, opportunities and threats during the implementation of the budget for the FY 2023/24:

Strengths

- i. Marine Spatial Plan (MSP) - Established Marine Spatial Plan (MSP) Project Governance structure under the blue economy; undertook social and environmental assessment framework for the MSP and undertook stakeholders' consultations and data validation on the MSP process.
- ii. Developed the First Draft of Reviewed Tuna Management and Development Strategy 2023.
- iii. Developed Draft National Aquaculture Policy.
- iv. Infrastructure Development - Completed development of Vanga fish landing site in Kwale County; completed development of Ngomeni fish landing site in Kilifi County; completed development of Kichwa cha Kati fish landing site in Kilifi County and completed development of Mulukhoba fish landing site in Busia County.

Weaknesses

- v. Inadequate staff, staffing imbalance (technical vs support services), capacity gaps and aging workforce in the State Department.
- vi. Inadequate operational facilities.
- vii. Late disbursement and insufficient funds allocated to the State Department affected budget implementation.
- viii. Inadequate specialized training institutions for fishers, fish farmers, traders, processors and other stakeholders along the fish value chain.

- ix.
- x. Weak data management systems (collection, storage, analysis and dissemination).
- xi. Weak M&E systems on implementation projects and programmes.
- xii. Slow execution of contracts by contractors

Opportunities

- xiii. Conducive environment for investment in Blue Economy.
- xiv. Political good will for Blue Economy and Fisheries.
- xv. A robust private sector
- xvi. Technology advancement.
- xvii. Vast blue economy and Fisheries Resources.
- xviii. Strong partnerships and collaborations in the sub sector.
- xix. Huge market demand for Blue Economy and Fisheries products.
- xx. Increased awareness amongst stakeholders on ecosystem approach to fisheries management and development.
- xxi. Policy, legal and institutional framework for the blue economy and Fisheries management and development.

Threats

- xxii. Late disbursement of development funds.
- xxiii. Political instabilities within the Country and in the region.
- xxiv. Insecurity and internal conflicts.
- xxv. Negative impacts of climate change.
- xxvi. Conflicts arising from fisheries resource use in trans-boundary waters like in Lakes Turkana and Victoria.
- xxvii. Environmental degradation.
- xxviii. HIV and AIDS pandemic.
- xxix. IUU fishing in our waters.
- xxx. Overfishing of Kenya's water bodies such as Lake Victoria and the inshore coastal waters.
- xxxi. Inadequate funding that may affect the implementation of the planned projects /programmes and the operations of the State Department

3.4 Report on Committee Inspection visits

Liwatoni Ultra-Modern Fish Processing Plant

31. The Committee conducted an inspection visit at Liwatoni Ultra-Modern Fish Processing Plant in Mombasa between 28th November and 1st December, 2024 to assess the implementation status of the project that began in 2021 and is being undertaken in 2 phases.
32. The first phase had been scheduled for December 2023. However, due to delays by the original contractor, the timelines were not met and this led to the government disengaging the contractor when the period lapsed.
33. A new contractor was identified by the government and the project completion date revised to June 2027. The project cost was revised to approximately Kshs. 2 Billion. As of 30th June 2024, the total expenditure was Kshs. 900 Million and the project was at 45% physical completion status. The Committee observed that there was an unavailability of technical officials from the State Department involved in the project.
34. The Liwatoni Ultra-Modern Fish Processing Plant is a flagship government project in the blue economy sub-sector, with the objective of improving fish production and strengthening livelihoods of communities in the coastal region of Kenya.
35. The Project is expected to create about 3,000 direct jobs and generate revenue up to about Kshs. 15 Billion annually when operational. Further, the completion of the Plant will position Kenya as a preferred landing facility for both local and foreign fishing vessels, thus generating additional revenue to the country licensing of vessels.



Members of DC Blue Economy, Water and Irrigation during the Inspection Visit at Liwatoni Fisheries Complex on 29th November, 2024



Review and consideration of Reports on Fish Stock Assessment

PART IV

4.0 COMMITTEE OBSERVATIONS

36. The Committee having considered the submissions by the Ministries, Departments and Agencies under its purview made a number of observations.

A) State Department for Water and Sanitation

37. The budget absorption rate for recurrent expenditure in FY 2023/24 was 90 percent. This indicates that Kshs. 580 Million was not received comprising of Kshs. 50 million from GoK Exchequer and Kshs. 530 Million from A-i-A. The low absorption rate in recurrent expenditure is mainly attributed to under collection of the budgeted A-i-A. The Committee noted that the under collection in A-i-A was due to three (3) constitutional petitions seeking to suspend implementation of some water user charges collected by Water Resources Authority (WRA) as prescribed in the Water Resources Regulations, 2021. This prevented the WRAs capacity to collect its projected A-i-A.
38. The budget absorption rate for development expenditure in FY 2023/24 was 75 percent. The State Department had an expenditure shortfall of Kshs. 10.997 Billion was not received comprising of Kshs. 6.192 Billion from GoK Exchequer, Kshs. 4.373 Billion from donor loans and Kshs. 433 Million from donor grants. The low absorption rate development expenditure is highly attributed to lower receipt of GoK exchequer and donor loans. The Committee noted that the low absorption of funds is attributed to inadequate provision of counterpart funding, delays in approval of County Government Additional Allocation Act, 2023 and mid-year adjustment of budget allocations through supplementary estimates. This low absorption of donor funds has been a persistent challenge for the State Department and has impacted on implementation of critical development projects.
39. During the FY 2023/24, the State Department incurred a total of Kshs. 4.5 Billion in pending bills from its Agencies. The pending bills are attributed to mid-year budget cuts on ongoing projects through the various Supplementary Estimates.

B) State Department for Irrigation

40. The budget absorption rate for recurrent expenditure in FY 2023/24 was 92 percent. This indicates that Kshs. 131 Million was not received comprising of Kshs. 12 Million from GoK Exchequer and Kshs. 119 Million from A-i-A. The low absorption rate in recurrent expenditure is mainly attributed to under collection of the budgeted A-i-A. The Committee noted that the under collection of A-i-A is due to high costs of maintaining drilling equipment under the National Water Harvesting and Storage Authority (NWHSA), low remittance of fees by farmers citing low financial capacity as a result of crop and property loss and reduced cropping acreage in schemes under National Irrigation Authority (NIA).
41. The budget absorption rate for development expenditure in FY 2023/24 was 87 percent. The State Department had an expenditure shortfall of Kshs. 2.765 Billion comprising of Kshs. 231 Million from GoK Exchequer, Kshs. 2.414 Billion from donor loans and Kshs. 120 Million from donor grants. This indicates that the low absorption

rate is highly attributed to lower receipt of donor loans that the Committee noted that is attributed to inadequate provision of counterpart funding and mid-year adjustment of budget allocations through Supplementary Estimates. This low absorption of donor funds has been a persistent challenge for the State Department and has impacted on implementation of critical development projects.

42. The National Water Harvesting & Storage Authority has accumulated historical pending bills amounting to Kshs. 1.8 Billion comprising of Kshs. 1.09 Billion for unpaid certified development works, Kshs. 675 Million for court awards relating to unpaid development works and Kshs. 45.9 Million for legal fees incurred to defend cases relating to pending bills. The pending bills were mainly attributed to mid-year budget cuts on ongoing projects through the Supplementary Estimates.

C) State Department for Blue Economy and Fisheries

43. The budget absorption rate for recurrent expenditure in FY 2023/24 was 97 percent. This indicates that Kshs. 85 Million was not received comprising of Kshs. 65 Million from GoK Exchequer and Kshs. 20 Million from A-i-A. The low absorption rate in recurrent expenditure is mainly attributed to lower receipt of GoK exchequer.
44. The budget absorption rate for development expenditure in FY 2023/24 was 92 percent. This indicates that Kshs. 631 Billion was not received comprising of Kshs. 472 Billion from GoK Exchequer and Kshs. 159 Billion from donor loans. This indicates that the low absorption rate is highly attributed to lower receipt of GoK exchequer.

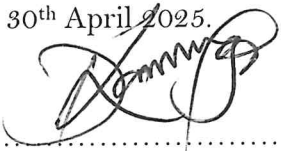
PART V

5.0 COMMITTEE RECOMMENDATIONS

45. The Committee recommends **THAT:**

- a) **Shortfalls in release of GoK Exchequer** – One of the key contributors to poor budget performance for the three (3) State Departments has been the lack of full release of exchequer issues for both recurrent and development expenditures. This has led to delays in implementation of scheduled activities and development projects, and accumulation of pending bills. To ensure the Country achieves value for money, the National Government should ensure all budgeted GoK exchequer funds are provided to the State Departments to support their scheduled expenditures.
- b) **Delayed releases of GoK Exchequer** – The delayed in exchequer releases by the National Treasury has affected the timely implementation of the budget for all the three (3) State Departments. To ensure effectiveness and efficiency in budget implementation, the National Government should ensure GoK exchequer funds are released to the State Departments in a timely manner.
- c) **Provision of adequate counterpart funding for donor funded projects** – Most donor funded projects in all the three (3) State Departments have been delayed due to lack of counterpart funding by the National Government. This is because the counterpart funding is mainly utilized in preliminary stages of project implementation including resettlement action plan (RAP). Without the GoK counterpart funding, the projects stalled at the inception stages since the donor funding cannot be accessed without the preliminary stages of the projects being finalized. To ensure donor funded projects are effectively implemented, the government should ringfence counterpart funding for donor projects when preparing future budget estimates.
- d) **Timely approval of the annual County Government Additional Allocation Act (CGAA Act, 2023)** - The delay in implementation of CGAA Act, 2023 led to the poor absorption of the Water and Sanitation Development Project (WSDP) under the State Department for Water and Sanitation and the Agriculture Business Development Project (ABDP) under the State Department for Blue Economy and Fisheries. To ensure these donors funded projects are effectively implemented and the Country achieves value for money for the borrowed funds, Parliament should ensure timely approval of the future CGAA Acts.
- e) **Curtailement of mid-year adjustments in budgets** – The mid-year reduction of funds for projects has adversely affected budget performance, led to slowdown in the completion of development projects and created huge pending bills in all the three (3) State Departments. To ensure effective and efficient use of resources, the National Government should guarantee predictability in the budget process by minimizing the number of Supplementary Budgets in any financial year.
- f) **Oversight of A-i-A** – The three (3) State Departments have had shortfalls in collecting their budgeted A-i-A and this has led to overreliance of the respective State Departments on GoK exchequer for their recurrent expenditures. Some of the challenges are attributed to lack of sufficient legal frameworks for collection of the A-i-A and court injunctions that have banned collection of some levies. To understand the challenges in collection of A-i-A, the three (3) State Departments should provide a report to the Committee on the status of all A-i-As they collect by 30th April 2025.

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Signed.....

HON. BOWEN KANGOGO, MP., CBS
CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON BLUE ECONOMY, WATER AND
IRRIGATION

Date.....03/04/2025.



THE NATIONAL ASSEMBLY

13TH PARLIAMENT - FOURTH SESSION - 2025

DEPARTMENTAL COMMITTEE ON BLUE ECONOMY, WATER AND IRRIGATION

MEMBERS ATTENDANCE SCHEDULE

DATE: 1ST APRIL 2025 START: 10:35AM END: 11:49AM

VENUE: Comm. RM. 25, 5TH FLOOR BUNGLE TOWER, PARLIAMENT

AGENDA: CONSIDERATION & ADOPTION OF COMMITTEE REPORT ON BUDGET IMPLEMENTATION FOR FY 2023/24

NO.	NAME	SIGNATURE
1.	Hon. Bowen David Kangogo, MP – Chairperson	
2.	Hon. Kemero Maisori Marwa Kitayama, MP – Vice- Chairperson	
3.	Hon. Chepkwony Charity Kathambi, MP	
4.	Hon. William Kamket, MP	VIRTUAL ATTENDANCE
5.	Hon. Buyu Rozaah Akinyi, MP	
6.	Hon. Eng. Nzengu Paul Musyimi, MP	
7.	Hon. Eng. Tandaza Kassim Sawa, MP	VIRTUAL ATTENDANCE
8.	Hon. Were Charles Ong'ondo, MP	
9.	Hon. Mohamed Abdikadir Hussein, MP	
10.	Hon. Gachagua George, MP	VIRTUAL ATTENDANCE
11.	Hon. Eric Wamumbi, MP	
12.	Hon. Dorothy Muthoni Ikiara, MP	VIRTUAL ATTENDANCE
13.	Hon. Eng. Nebart Bernard Muriuki, MP	
14.	Hon. Mnyazi Amina Laura, MP	
15.	Hon. Adow Mohamed Aden, MP	

Forwarded by:

Signed: Date: 1/4/2025
Mr. Nicodemus K. Maluki
First Clerk Assistant – Committee Clerk

Approved by:

Signed: _____ Date: _____
Ms. Rose M. Wanjohi,
Senior Clerk Assistant/ Head of Department- Productive Sector
Directorate of Departmental Committees

THE NATIONAL ASSEMBLY
PAPERS Laid
DATE: 03 APR 2025
Tabled
BY:
CLERK AT
THE TABLE