

**PARLIAMENT OF KENYA****THE NATIONAL ASSEMBLY****THE HANSARD**

Thursday, 11<sup>th</sup> June 2020

The House met at 2.30 p.m.

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

**PRAYERS****PAPERS LAID**

**Hon. Speaker:** Majority Whip.

**Hon. Emmanuel Wangwe** (Navakholo, JP): Hon. Speaker, I beg to lay the following Papers on the Table of the House:

List of Nominees to fill vacancies in National Government Constituency Development Fund Committees in the following constituencies:

1. Chuka-Igambang'ombe;
2. Embakasi Central;
3. Embakasi North;
4. Emgwen;
5. Emurua Dikirr;
6. Garissa Township;
7. Kabuchai;
8. Kajiado East;
9. Kapenguria;
10. Kasarani;
11. Keiyo South;
12. Kimilili;
13. Kinango;
14. Kisumu Central;
15. Kitutu Chache North;
16. Lamu East;
17. Lamu West;
18. Loima;
19. Makadara;
20. Mandera South;
21. Mogotio;
22. Muhoroni;
23. Mwala;
24. Mwatate;

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25. Nakuru Town East;
26. North Mugirango;
27. Nyakach;
28. Nyando;
29. Nyatike;
30. Ruaraka;
31. Sabatia;
32. Saku;
33. Starehe;
34. Subukia;
35. Suna East;
36. Wajir South;
37. Balambala; and,
38. Garsen.

Treasury Memorandum on Public Accounts Committee Report on National Government Accounts for the Financial Year 2016/2017 from the National Treasury.

Legal Notice No. 78 relating to the Standards (Verification of Conformity to Standards and Other Applicable Regulations) Order, 2020 and the Explanatory Memorandum from the Ministry of Industrialization, Trade and Enterprise Development.

Thank you.

**Hon. Speaker:** Very well. The first one is referred to the Public Accounts Committee while the Regulations are referred to the Committee on Delegated Legislation to process as appropriate.

Next Order.

## NOTICE OF MOTION

### APPROVAL OF NOMINEES FOR APPOINTMENT TO CONSTITUENCY COMMITTEES OF NG-CDF

**Hon. Maoka Maore** (Igembe North): Hon. Speaker, I beg to give notice of the following Motion:

THAT, pursuant to the provisions of Section 43(4) and Regulation 5(10) of the National Government Constituencies Development Fund 2015, this House approves the list of nominees for appointment to the following 38 constituencies committees of the National Government Constituencies Development Fund, laid on the Table of this House on Thursday, 11<sup>th</sup> June, 2020.

1. Chuka-Igambang'ombe;
2. Embakasi Central;
3. Embakasi North;
4. Emgwen;
5. Emurua Dikirr;
6. Garissa Township;
7. Kabuchai;
8. Kajiado East;
9. Kapenguria;
10. Kasarani;
11. Keiyo South;

12. Kimilili;
13. Kinango;
14. Kisumu Central;
15. Kitutu Chache North;
16. Lamu East;
17. Lamu West;
18. Loima;
19. Makadara;
20. Mandera South;
21. Mogotio;
22. Muhoroni;
23. Mwala;
24. Mwatate;
25. Nakuru Town East;
26. North Mugirango;
27. Nyakach;
28. Nyando;
29. Nyatike;
30. Ruaraka;
31. Sabatia;
32. Saku;
33. Starehe;
34. Subukia;
35. Suna East;
36. Wajir South;
37. Balambala; and,
38. Garsen.

Thank you, Hon. Speaker.

**Hon. Speaker:** Very well. Next Order. First Question is by Member for Gilgil Town, Hon. Martha Wangari.

### ORDINARY QUESTIONS

*Question No.052/2020*

ARREST AND DETENTION OF JOHN MBURU MWAURA IN SOUTH SUDAN

**Hon. (Ms.) Martha Wangari** (Gilgil, JP): Thank you, Hon. Speaker.

Hon. Speaker, I rise to ask Question No. 52 of 2020 to the Cabinet Secretary for Foreign Affairs:

- (i) Could the Cabinet Secretary provide the circumstances that led to the arrest and detention of one John Mburu Mwaura of Identity Card Number 4276078 in the Republic of South Sudan?
- (ii) Could the Ministry consider providing legal assistance to the said person with a view to ensuring his release?

- (iii) Could the Cabinet Secretary provide the number, identities and other relevant details of other Kenyans imprisoned in the Republic of South Sudan, and the reasons for their incarceration?

**Hon. Speaker:** The Question is referred to the Departmental Committee on Defence and Foreign Relations.

Next Question is by the Member for Mumias East, Hon. Benjamin Jomo Washiali.

*Question No.056/2020*

COMPLETION OF STALLED IBOKOLO-SHIANDA-MALAHA-NAVAKHOLO ROAD IN KAKAMEGA

**Hon. Benjamin Washiali** (Mumias East, JP): Thank you, Hon. Speaker. Pursuant to the provisions of Standing Order 42A (5), I rise to ask Question No. 56 of 2020 to the Cabinet Secretary for Transport, Infrastructure, Housing, Public Works and Urban Development:

- (i) Could the Cabinet Secretary explain why the construction of Ibokolo-Shianda-Malaha-Navakholo Road in Kakamega County, that was launched in 2016, has stalled?
- (ii) Could the Cabinet Secretary indicate when the said project is expected to resume and when it is expected to be completed?

I thank you, Hon. Speaker.

**Hon. Speaker:** Question is referred to the Departmental Committee on Transport, Public Works and Housing to be responded to. Next Question is by the Member for Kathiani, Hon. Robert Mbui.

*Question No.057/2020*

ISSUANCE OF IDENTITY CARD TO ANNA MULILI SOO

**Hon. Robert Mbui** (Kathiani, WDM-K): Thank you, Hon. Speaker. I rise to ask Question No.57 of 2020 to the Cabinet Secretary for Interior and Coordination of National Government.

- (i) Could the Cabinet Secretary explain why an application regarding correction of the date of birth details on the national identity card by one Anna Mulili Soo of ID No. 31250776, an elderly person from Kaani Location in Kathiani Constituency, was rejected by the Registrar?
- (ii) Could the Ministry consider facilitating the issuance of a new National ID Card to the applicant considering that she submitted all the requisite application documents to National Registration Bureau as stipulated in the Registration of Persons Act?

Thank you, Hon. Speaker.

**Hon. Speaker:** Question is referred to the Departmental Committee on Administration and National Security to be responded to by the Cabinet Secretary. The next Question is by the Member for Tinderet, Hon. Julius Melly.

*Question No.058/2020*

## STATUS OF ROADS IN NANDI AND KISUMU COUNTIES

**Hon. Julius Melly** (Tinderet, JP): Thank you, Hon. Speaker. I rise to ask Question No. 58 of 2020 to the Cabinet Secretary for Transport, Infrastructure, Housing, Public Works and Urban Development:

- (i) Could the Cabinet Secretary provide the status of the improvement to bitumen standards of Timboroa-Meteitei-Kopera Road in Nandi and Kisumu counties?
- (ii) Could the Cabinet Secretary explain the delays in the rehabilitation and construction of the 23-kilometre Kebeneti (Kericho) Border-Tinderet-Maraba Road and state when the construction is expected to resume?

I thank you, Hon. Speaker.

**Hon. Speaker:** The Question is referred to the Departmental Committee on Transport, Public Works and Housing to be responded to.

The next question, being Question No. 24 of 2020, was to be asked by the Member for Kwale County, Hon. Zuleikha Hassan, who has requested for a deferment.

*(Hon. (Ms.) Zuleikha Hassan stood up in her place)*

You have come!

**Hon. (Ms.) Zuleikha Hassan** (Kwale CWR, ODM): Yes, I made it. I was on Mombasa Road and there was traffic jam, but I have made it. I have come from Kwale right now.

Thank you.

**Hon. Speaker:** You can see the efficiency of Parliament; the request had already been conveyed. Proceed, Hon. Zuleikha.

*Question No.024/2020*

## PROVISION OF WATER TO RESIDENTS OF MWACHE IN KINANGO

**Hon. (Ms.) Zuleikha Hassan** (Kwale CWR, ODM): Thank you, Hon. Speaker. I rise to ask Question No. 24 of 2020 to the Cabinet Secretary for Water, Sanitation and Irrigation:

- (i) Who are the direct beneficiaries of the water supply from Mwache Dam which was to be constructed by the national Government in Kwale County?
- (ii) Why were the residents of Kinango Constituency, where the dam is located, not considered as priority beneficiaries, and could the Ministry consider urgently providing water to the said residents?
- (iii) When will the residents of Mwache area in Kwale County, who were displaced to pave way for the construction of the dam by the national Government, be compensated for loss of land, crops and other properties?

**Hon. Speaker:** The Question is referred to the Departmental Committee on Environment and Natural Resources to be responded to within the shortest time possible.

Next Order.

**BILL***First Reading*

## THE POVERTY ERADICATION AUTHORITY BILL

*(Order for First Reading read – Read the First Time and ordered to be referred to the relevant Departmental Committee)*

Next Order.

**MOTION**

## APPROVAL OF NOMINEES FOR APPOINTMENT TO CONSTITUENCY COMMITTEES OF NG-CDF

**Hon. Speaker:** Chairman, Hon. Maore. Sorry, Hon. Maore. There is a small matter with that Motion. We will come back to it.  
Leader of the Majority Party.

**STATEMENT**BUSINESS FOR THE WEEK COMMENCING 16<sup>TH</sup> TO 18<sup>TH</sup> JUNE, 2020

**Hon. Aden Duale** (Garissa Township, JP): Thank you, Hon. Speaker. Pursuant to the provisions of Standing Order 42A, I rise to give a Statement on behalf of the House Business Committee, which met today at 9.30 a.m. to prioritize business for consideration.

On Tuesday next week, we will consider the Committee of Supply on the Budget Estimates of Recurrent and Development expenditure for the year ending 30<sup>th</sup> June 2021, in both the morning and afternoon sittings. It is our hope that we should conclude the Committee of Supply by the end of the afternoon sitting on Tuesday so as to pave way for the publication of the Appropriations Bill, 2020 that ends the budget cycle for 2020/2021.

It is also anticipated that the Departmental Committee on Finance and National Planning will table its report on the Finance Bill, 2020 on Tuesday, 16<sup>th</sup> June 2020 and, thereafter, prioritize the Bill for Second Reading on Thursday, 18<sup>th</sup> June 2020.

It is important for Members to note that both the Finance Bill, 2020 and the Appropriations Bill, 2020 ought to be passed and ready for assent by His Excellency the President by 30<sup>th</sup> June 2020 in accordance with the provisions of the Public Finance Management Act, 2012 as amended by the House last year. It is for this reason that the House Business Committee has given priority to these Bills to be considered before the end of the month.

On Motions, there will be approval of the Mediated Version of the County Governments (Amendment) Bill (Senate Bill No.11 of 2017), the Mediated Version of the County Governments (Amendment) Bill (Senate Bill No. 7 of 2017), the Second Reading of the Refugees Bill, 2019 and the Committee of the whole House on the Tea Bill (Senate Bill No. 36 of 2018).

Finally, the House Business Committee will reconvene on Thursday, 18<sup>th</sup> June 2020 to consider business for the coming week.

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I now lay this Statement on the Table of the House.

*(Hon. Aden Duale laid the document on the Table)*

**Hon. Speaker:** Very well. We now proceed with the Motion by Hon. Maore. However, I just want to alert you that the Motion has a maximum of eight minutes from now. Proceed, please.

## MOTION

### APPROVAL OF NOMINEES FOR APPOINTMENT TO CONSTITUENCY COMMITTEES OF NG-CDF

**Hon. Maoka Maore** (Igembe North, JP): Hon. Speaker, I beg to move the following Motion:

THAT, pursuant to the provisions of Section 43(4) and Regulation 5(10) of the National Government Constituency Development Fund (NG-CDF), 2015, this House approves the list of nominees for appointment to the following 17 Constituency Committees of the National Government Constituency Development Fund, laid on the Table of the House on Thursday, 4<sup>th</sup> June 2020.

### **1. BELGUT CONSTITUENCY**

NO.	NAME	CATEGORY	STATUTORY PROVISION FOR ASSUMPTION OF POSITION
1.	Dennis Bett	Male Youth Representative	Re-appointment, pursuant to Sec.43(8)
2.	Ngenoh Henry Kipsang	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Lilian Chemutai Maritim	Female Youth Representative	Re-appointment, pursuant to Sec.43(8)
4.	Tecler Chepkemoi	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)
5.	Kurgat Evans	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	Charles Kiprono Kerich	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)
7.	Emily Chelangat Sawe Kirui	Nominee of the Constituency Office (Female)	Re-appointment, pursuant to Sec.43(8)

## **2. BOBASI CONSTITUENCY**

<b>NO.</b>	<b>NAME</b>	<b>CATEGORY</b>	<b>STATUTORY PROVISION FOR ASSUMPTION OF POSITION</b>
1.	Mathew Temo Ondieki	Male Youth Representative	Re-appointment, pursuant to Sec.43(8)
2.	Samuel Karuru Mariaka	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Vane Gesare Nyabigo	Female Youth Representative	Re-appointment, pursuant to Sec.43(8)
4.	Jane Kwamboka Oboko	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)
5.	Otucho Doctor Nyongesa	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	Naftali Mbaka Omari	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)
7.	Luciah Nyakundi	Nominee of the Constituency Office (Female)	Re-appointment, pursuant to Sec.43(8)

## **3. BOMET CENTRAL CONSTITUENCY**

<b>NO.</b>	<b>NAME</b>	<b>CATEGORY</b>	<b>STATUTORY PROVISION FOR ASSUMPTION OF POSITION</b>
1.	Kibet Rotich	Male Youth Representative	Re-appointment, pursuant to Sec.43(8)
2.	Kenneth Langat	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Janeth Chemngetich	Female Youth Representative	Re-appointment, pursuant to Sec.43(8)
4.	Janet Cherotich Koech	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)



5.	Lazurus Kibet Cheruiyot	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	Ezekiel Kipkirui Langat	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)
7.	Lucy Chepngeno	Nominee of the Constituency Office (Female)	Re-appointment, pursuant to Sec.43(8)

#### **4. BUMULA CONSTITUENCY**

<b>NO.</b>	<b>NAME</b>	<b>CATEGORY</b>	<b>STATUTORY PROVISION FOR ASSUMPTION OF POSITION</b>
1.	Godfey Juma Makandai	Male Youth Representative	Fresh-appointment, pursuant to Sec.43(3)
2.	William Wamalwa Namasake	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Silvia Namarome Wafula	Female Youth Representative	Fresh-appointment, pursuant to Sec.43(3)
4.	Linnet Nekesa Marumbu	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)
5.	Valetine Khisa Mamai	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	Cyphrine Wasilwa Muchanga	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)
7.	Roselyne Mukhwana	Nominee of the Constituency Office (Female)	Fresh-appointment, pursuant to Sec.43(3)

#### **5. DAGORETTI NORTH CONSTITUENCY**

<b>NO.</b>	<b>NAME</b>	<b>CATEGORY</b>	<b>STATUTORY PROVISION FOR ASSUMPTION OF POSITION</b>
1.	Erick Nyandiko	Male Youth Representative	Re-appointment, pursuant to Sec.43(8)

2.	James Kihara Waweru	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Leunidah Nyotah Joshua	Female Youth Representative	Re-appointment, pursuant to Sec.43(8)
4.	Leonard Ochuka Odera	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
5.	Joseck W. Tsuma	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)
6.	Doris Kanini Mule	Nominee of the Constituency Office (Female)	Re-appointment, pursuant to Sec.43(8)

#### **6. GALOLE CONSTITUENCY**

<b>NO.</b>	<b>NAME</b>	<b>CATEGORY</b>	<b>STATUTORY PROVISION FOR ASSUMPTION OF POSITION</b>
1.	Ali Mohamed Kusow	Male Youth Representative	Re-appointment, pursuant to Sec.43(8)
2.	Godhana Nathan Oddo	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Maryam Mohamud	Female Youth Representative	Re-appointment, pursuant to Sec.43(8)
4.	Habhibo Rahma Salat	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)
5.	Idris Tuna Shambaro	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	Ali Komora Makorani	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)
7.	Ubah Mohamed Gudow	Nominee of the Constituency Office (Female)	Re-appointment, pursuant to Sec.43(8)

**7. GEM CONSTITUENCY**

<b>NO.</b>	<b>NAME</b>	<b>CATEGORY</b>	<b>STATUTORY PROVISION FOR ASSUMPTION OF POSITION</b>
1.	Stephene Okoth Angaya	Male Youth Representative	Re-appointment, pursuant to Sec.43(8)
2.	Jared Abayo Onyango	Male Adult Representative	Fresh-appointment, pursuant to Sec.43(3)
3.	Maureen Anyango Omoro	Female Youth Representative	Re-appointment, pursuant to Sec.43(8)
4.	Winnie Tuju Oyieng	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)
5.	Bernard Otieno Ogutu	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	Maurice Menya Marari	Nominee of the Constituency Office (Male)	Fresh-appointment, pursuant to Sec.43(3)
7.	Caroline Akinyi Opala	Nominee of the Constituency Office (Female)	Fresh-appointment, pursuant to Sec.43(3)

**8. IJARA CONSTITUENCY**

<b>NO.</b>	<b>NAME</b>	<b>CATEGORY</b>	<b>STATUTORY PROVISION FOR ASSUMPTION OF POSITION</b>
1.	Hassan Daud Mohamed	Male Youth Representative	Re-appointment, pursuant to Sec.43(8)
2.	Shair Abdi Muhumed	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Makoy Yussuf Omar	Female Youth Representative	Fresh appointment, pursuant to Sec.43(3)
4.	Isnino Madobe Abdi	Female Adult Representative	Fresh appointment, pursuant to Sec.43(3)

5.	Nasri Bare Dabar	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	Abdi Ahmed Hassan	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)
7.	Halima Hussein Bulle	Nominee of the Constituency Office (Female)	Re-appointment, pursuant to Sec.43(8)q

### 9. ISIOLO NORTH CONSTITUENCY

NO.	NAME	CATEGORY	STATUTORY PROVISION FOR ASSUMPTION OF POSITION
1.	Nicholas Emmanuel Lolchuragi	Male Youth Representative	Re-appointment, pursuant to Sec.43(8)
2.	Ibrahim Halake Boru	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Asna Wario	Female Youth Representative	Re-appointment, pursuant to Sec.43(8)
4.	Josphine Muli Ekiru	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)
5.	Mohamed Gollo Wako	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	Mahat Ibrahim Gedi	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)
7.	Zainab Roba Koto	Nominee of the Constituency Office (Female)	Re-appointment, pursuant to Sec.43(8)

**10. KABONDO KASIPUL CONSTITUENCY**

*(Re-Submitted to complete list of Nominees as earlier submission had only five nominees)*

NO.	NAME	CATEGORY	STATUTORY PROVISION FOR ASSUMPTION OF POSITION
1.	David Agwenge Ogonda	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
2.	Joseph Onyango	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)

**11. KANDUYI CONSTITUENCY**

NO.	NAME	CATEGORY	STATUTORY PROVISION FOR ASSUMPTION OF POSITION
1.	Haron Okumu Wanjala	Male Youth Representative	Re-appointment, pursuant to Sec.43(8)
2.	Christopher Bartholomayo Kalabai	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Linet Atemba Mulumia	Female Youth Representative	Re-appointment, pursuant to Sec.43(8)
4.	Jayne D Were	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)
5.	Benedict Wanyonyi Kitonini	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	Peter Sifuna Mukhebi	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)

- |    |                          |   |                                       |
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| 7. | Scolastica Nanjala Satia | Nominee of the Constituency Office (Female) | Re-appointment, pursuant to Sec.43(8) |
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### **12. KIHARU CONSTITUENCY**

NO.	NAME	CATEGORY	STATUTORY PROVISION FOR ASSUMPTION OF POSITION
1.	Peter Manyeki Kirocho	Male Youth Representative	Re-appointment, pursuant to Sec.43(8)
2.	Andrew Munene Gichanga	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Esther Mwihaki Kamau	Female Youth Representative	Re-appointment, pursuant to Sec.43(8)
4.	Catherine Wachera Maina	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)
5.	Geoffrey Mburu Manyeki	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	Anthony Warui Kariuki	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)
7.	Elizabeth Wandia Chege	Nominee of the Constituency Office (Female)	Fresh-appointment, pursuant to Sec.43(3)

### **13. KILIFI NORTH CONSTITUENCY**

NO.	NAME	CATEGORY	STATUTORY PROVISION FOR ASSUMPTION OF POSITION
1.	Karisa Benson	Male Youth Representative	Fresh-appointment, pursuant to Sec.43(3)

2.	Augustine Santa Thoya	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Janet Jumwa Chengo	Female Youth Representative	Fresh-appointment, pursuant to Sec.43(3)
4.	Jenter Kache Kahindi	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)
5.	Patrick Mbaga Jilani	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	Fredrick Kenga Kutakasa	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)
7.	Florence William Masha	Nominee of the Constituency Office (Female)	Re-appointment, pursuant to Sec.43(8)

#### **14. MWINGI CENTRAL CONSTITUENCY**

<b>NO.</b>	<b>NAME</b>	<b>CATEGORY</b>	<b>STATUTORY PROVISION FOR ASSUMPTION OF POSITION</b>
1.	Jonathan Kyalo Katiwa	Male Youth Representative	Re-Appointment, pursuant to Sec.43(8)
2.	David Joseph Mwendwa	Male Adult Representative	Appointment, pursuant to Sec.43(3)
3.	Nabila Abdulrahman	Female Youth Representative	Re-Appointment, pursuant to Sec.43(8)
4.	Annah Kithumbi Solomon	Female Adult Representative	Appointment, pursuant to Sec.43(3)
5.	Joseph Kisovo Kimwele	Representative of Persons Living with Disability	Re-Appointment, pursuant to Sec.43(8)
6.	Paul Matiti	Nominee of the Constituency Office (Male)	Appointment, pursuant to Sec.43(3)

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| 7. | Fastina Mwendu<br>Solomon Salu | Nominee of the Constituency Office (Female) | Appointment, pursuant to Sec.43(3) | to |
|----|--------------------------------|---|------------------------------------|----|

### **15. RUIRU CONSTITUENCY**

NO.	NAME	CATEGORY	STATUTORY PROVISION FOR ASSUMPTION OF POSITION
1.	Boniface Mwaura Karani	Male Youth Representative	Re-appointment, pursuant to Sec.43(8)
2.	Joseph Mwangi Kariuki	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Agnes Wanjiku Ndinguri	Female Youth Representative	Re-appointment, pursuant to Sec.43(8)
4.	Rachael Wambui Macharia	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)
5.	Felistas Maria Kenyoni	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	Paul Kigaa Ndungu	Nominee of the Constituency Office (Male)	Re-appointment, pursuant to Sec.43(8)
7.	Mary Esther Kinguku	Nominee of the Constituency Office (Female)	Re-appointment, pursuant to Sec.43(8)



**16. SAMBURU NORTH CONSTITUENCY**

<b>NO.</b>	<b>NAME</b>	<b>CATEGORY</b>	<b>STATUTORY PROVISION FOR ASSUMPTION OF POSITION</b>
1.	Richard Imutanga Lesuruan	Male Youth Representative	Fresh-appointment, pursuant to Sec.43(3)
2.	Leshore Wilson	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Keresi Nemayan	Female Youth Representative	Fresh-appointment, pursuant to Sec.43(3)
4.	Ann Salit Lalantare	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)
5.	John Bosco Lolopeta	Representative of Persons Living with Disability	Re-appointment, pursuant to Sec.43(8)
6.	James Saipi Lengewa	Nominee of the Constituency Office (Male)	Fresh-appointment, pursuant to Sec.43(3)
7.	Michelina Ayanae Ekomwa	Nominee of the Constituency Office (Female)	Fresh-appointment, pursuant to Sec.43(3)

**17. SEME CONSTITUENCY**

<b>NO.</b>	<b>NAME</b>	<b>CATEGORY</b>	<b>STATUTORY PROVISION FOR ASSUMPTION OF POSITION</b>
1.	Benard Onyango Dajo	Male Youth Representative	Re-appointment, pursuant to Sec.43(8)
2.	James Henry Adundo	Male Adult Representative	Re-appointment, pursuant to Sec.43(8)
3.	Lorna Achieng Odongo	Female Youth Representative	Re-appointment, pursuant to Sec.43(8)
4.	Willy Adhiambo Onyango	Female Adult Representative	Re-appointment, pursuant to Sec.43(8)

- |    |                      |  |                                       |
|----|----------------------|--|---------------------------------------|
| 5. | Juma Ouma Judith     | Representative of Persons Living with Disability | Re-appointment, pursuant to Sec.43(8) |
| 6. | Jagongo Ambrose Ouma | Nominee of the Constituency Office (Male)        | Re-appointment, pursuant to Sec.43(8) |
| 7. | Janet Atieno Jakoyo  | Nominee of the Constituency Office (Female)      | Re-appointment, pursuant to Sec.43(8) |

Hon. Speaker, many nominees were presented on 4<sup>th</sup> June 2020. We have been doing approvals for the various Constituency Development Boards and we are behind time. We had sought the extension of the House to approve the boards that have been appointed or nominated by the various constituencies in the country and so, it is not a complicated Motion. The Members need to sit and approve the operations of those Constituency Development Committees. They are needed urgently. I wish to state that we need those committees in place as quickly as possible so that constituencies can be able to utilize the funds that we are sending from Nairobi.

Hon. Speaker, the board has gone through the technical requirements for each and every member in different categories, so it is not complicated unless somebody raises an objection on a specific constituency. I plead that this House approves the membership of these 17 constituencies. At this point, I beg to move and seek a Member of the Committee to second the Motion. I request the Chief Whip to do so and then we can continue.

**Hon. Speaker:** Hon. Wangwe, have the Floor.

**Hon. Emmanuel Wangwe** (Navakholo, JP): I rise to second the Motion as moved by the Chair. This being a list of committee members from various constituencies that have been moved by the Chair, they have already been checked, verified and ascertained by individual Members from those constituencies who are also Members of this House. Therefore, approving them will enable the various constituencies to enjoy the benefits that come along with the NG-CDF from the various constituencies.

I second.

*(Question proposed)*

**Hon. Members:** Put the Question!

**Hon. Speaker:** Is it the desire of the House that I put the Question?

**Hon. Members:** Yes!

*(Question put and agreed to)*

## COMMUNICATION FROM THE CHAR

### PRESENTATION OF BUDGET HIGHLIGHTS AND REVENUE RAISING MEASURES

**Hon. Speaker:** Hon. Members, I wish to interrupt the business on the Order Paper. As you are aware, on Tuesday 9<sup>th</sup> June 2020, this House approved the Report of the Budget and Appropriations Committee on the Budget Estimates for the national Government, Judiciary and Parliament for the Financial Year 2020/2021. The next phase in the Budget approval process will

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be consideration of the Estimates in the Committee of Supply which will allocate funds to various votes and programmes for the respective three arms of the national Government.

Hon. Members, as part of the process, before the supply phase is concluded, Section 40(1) of the Public Finance Management Act, 2012 read together with our Standing Order No.244C require the Cabinet Secretary for National Treasury to make a public pronouncement of the Budget highlights and revenue raising measures of the national Government.

It is for this reason that I will now interrupt the business of the House this afternoon, not later than 3.00 p.m. to allow the Cabinet Secretary for the National Treasury and Planning to discharge this obligation. Unlike the previous years and in keeping with the Speaker's Guidelines on the conduct of plenary sittings during the COVID-19 pandemic period issued on 2<sup>nd</sup> and 11<sup>th</sup> of April this year, you will note that today's event is unique as the House is unable to accommodate the usual invited guests and other dignitaries to witness the event live from our galleries. We have a few exceptions though.

In this regard, I wish to recognise the few officials from the Ministry of National Treasury and Planning and other guests accompanying the Cabinet Secretary this afternoon. They are seated at the public servants' benches, the diplomatic boxes and the Speaker's Gallery.

The officials include the Chief Administrative Secretary (CAS), National Treasury and Planning, Hon. Nelson Gaichuhie; the Principal Secretary, National Planning, Dr. Julius Muia, CBS; the Principal Secretary, National Treasury and Planning, Mr. Saitoti Torome, CBS and the Principal Administrative Secretary, National Treasury and Planning, Mr. Amos Gathecha, amongst other officials and guests. You are welcome to the National Assembly this afternoon.

Hon. Members, Standing Order 25(A) paragraph (a) provides that:

25(A) 'The Speaker may designate a suitable place in the Chamber or at the Bar of the House for—

(a) the Cabinet Secretary responsible for finance to make a public pronouncement of the budget policy highlights and revenue raising measures for the national government as contemplated under the Public Finance Management Act.'

Hon. Members, in furtherance of this provision, I have designated a suitable place to the right of the Speaker's seat and adjacent to the public servants' benches to enable the Cabinet Secretary for the National Treasury and Planning discharge his obligation under section 40 of the Public Finance Management Act 2012 and under Standing Order No.244C of the National Assembly Standing Orders.

It is now my pleasure, therefore, to invite the Cabinet Secretary for the National Treasury and Planning, Hon. (Amb.) Ukur Yatani, to make a public pronouncement of the budget highlights and the revenue raising measures for the National Government for the Financial Year 2020/2021 and the Medium Term.

Cabinet Secretary, *Karibu*

*(Applause)*

## **PRONOUNCEMENT OF THE BUDGET HIGHLIGHTS**

**The Cabinet Secretary, National Treasury and Planning** (Amb. Ukur Yatani): Hon. Speaker, Hon. Members and fellow Kenyans.

It is a great honour to present to this august House and to the country the highlights of the Budget for the Financial Year 2020/2021. I do this in performing my fiduciary duty and in

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fulfillment of the requirements of section 40 of the Public Finance Management Act, 2012 and Standing Order No.241 of the National Assembly.

At the outset, allow me to take this early opportunity to express my sincere gratitude to His Excellency the President of the Republic of Kenya, Hon. Uhuru Kenyatta, for appointing me to the position of the Cabinet Secretary for the National Treasury and Planning to provide leadership in economic and financial affairs of the country.

Hon. Speaker, allow me also to express my deep appreciation to the Chair and members of the Committee on Budget and Appropriations, Committee on Finance and National Planning as well as the Departmental Committees of the National Assembly for the constructive engagement and support in the review of the Financial Year 2020/2021 Budget Estimates and the financial measures.

In February 2020, we submitted to this House the 2020 Budget Policy Statement. During that time, our financial projections assumed a normal operating environment. The economy was projected to grow at 6.1 per cent in 2020, which was an improvement from 5.4 per cent in 2019. Indeed, we had set on a conscious journey of fiscal consolidation targeting a lower fiscal deficit of 6.3 per cent of Gross Domestic Product (GDP) in the Financial Year 2019/2020, 4.9 per cent of GDP in 2020/2021 and, ultimately, 3.0 per cent of GDP over the medium term. This plan was premised on a strong revenue growth, reduction of non-core expenditures and a gradual slowdown in the growth of the public debt.

Hon. Speaker, you may recall that early in the year, this House considered our proposals and approved our economic and financial strategies in the 2020 Budget Policy Statement.

The global outbreak and the rapid spread of the COVID-19 pandemic has led to the contraction of the global economy with disastrous consequences. The pandemic and the attendant containment measures aimed at saving lives have disrupted the business environment, including international trade, leading to loss of livelihoods for millions of people globally. Kenya has not been spared. Evidently, the pandemic and the swift containment measures, including the closure of airspace and borders, curfews and cessation of movement in some counties, among others, have not only disrupted our ways of lives and livelihoods, but to a great extent business.

These measures, including enforcement of basic hygiene and social distancing were not only necessary, but also timely as they have indeed stemmed a surge of infections and loss of lives. In addition to the adverse effects of COVID-19 pandemic, our economy also experienced two other shocks. First, the massive invasion of swarms of desert locusts that damaged crops. Secondly, the floods that led to loss of lives and livelihoods, displacement of people and destruction of infrastructure.

Hon. Speaker, cognizant of the magnitude of the multiple challenges, particularly the COVID-19 pandemic, the Government has moved swiftly to intervene and implement a range of measures to mitigate the adverse effects. Overall, these measures have provided the much-needed relief to the economy through injection of cash and provision of additional disposable incomes to the people and businesses.

The Government also lowered the Value Added Tax (VAT) rate from 16 per cent to 14 per cent, reduced tax rates for both corporate and personal income (PAYE) from 30 per cent to 25 per cent and provided 100 per cent tax relief for persons earning a gross monthly income of up to Kshs24,000.

Further, in order to support the micro, small and medium enterprises, the turnover tax rate was lowered from 3 per cent to 1 per cent. To support the economy, the Government instituted various monetary policy measures to enhance credit access by the private sector at an affordable

cost. This was achieved through reduction of the Central Bank of Kenya (CBK) Rate from 8.25 per cent to 7 per cent and lowering of the Cash Reserve Ratio requirement from 5.2 per cent to 4.25 per cent. Consequently, this intervention released Kshs35 billion to commercial banks, thus allowing their flexibility with regard to requirements for loan classification and provisioning.

Indeed, since March 2020, banks have restructured loans in excess of Kshs360 billion, including Kshs190 billion of personal loans.

Further, Hon. Speaker, listing with the Credit Reference Bureau (CRB) of any persons, micro, small and medium enterprises and corporate entities whose loan accounts fall overdue or are in arrears was temporarily suspended. In addition, in order to enhance liquidity for business, the Government provided Kshs13.1 billion to settle verified pending bills owed by ministries and departments and a further Kshs10 billion for payment of verified VAT refund claims. To cushion the vulnerable in our society, particularly the emerging urban vulnerable, the Government has provided an additional Kshs10 billion to boost the ongoing traditional cash transfer programme. Similarly, the Government has allocated Kshs1 billion to recruit health workers to strengthen the human capital capacity for the Ministry of Health, while allocating Kshs400 million for food and non-food commodity for affected households.

Hon. Speaker, the Government has also established the COVID-19 Emergency Response Fund to receive voluntary contributions from well-wishers towards defraying expenses associated with this pandemic. To gainfully engage with our youths, the Government has rolled out the *Kazi Mtaani* Programme designed to improve public hygiene standards and undertake urban civil works. Already, 26,000 youths are engaged in the pilot phase. To further cushion citizens and businesses from the adverse effects of COVID-19 pandemic and to stimulate the economic activities going forward, His Excellency the President, on 23<sup>rd</sup> May, 2020, unveiled an eight-point economic stimulus programme. I will be elaborating on the economic stimulus programme later in this Statement.

Hon. Speaker, over the last few months, revenue collections shrunk considerably due to slowed economic activities attributed to the COVID-19 pandemic. Conversely, there was rise in public expenditures to address the targeted interventions. In light of this, the Government reached out to multilateral and bilateral development partners for additional financing. Indeed, the response from development partners was prompt and generous. A number of them provided assistance in form of grants, highly concessional funds and personal protective equipment.

Hon. Speaker, allow me to highlight some of the significant financial assistance that Kenya has received from multilateral partners. First, the country received Kshs78.3 billion under the Rapid Credit Facility of the International Monetary Fund to help address the impact of the COVID-19 pandemic. This financial support is fully concessional at zero interest rate. Secondly, we received Ksh108.0 billion from the World Bank under the Second Development Policy Operation as both budgetary support and extra resources to help fight the pandemic. At the initial phase of the COVID-19 outbreak, the World Bank extended support of Kshs6.8 billion under the Contingency Emergency Response to the Ministry of Health for prompt preparations and response.

The Government has also received Kshs22.5 billion from the African Development Bank as a concessional loan, and additional Kshs7.5 billion commitments from the European Union in form of grants. With this support, we will not only strengthen our health care system with the requisite equipment, supplies and medical personnel to respond to the pandemic, but also fund other critical interventions in the Budget. We express our sincere gratitude to our bilateral development partners and multilateral institutions for standing with us during this challenging time.

Hon. Speaker, the Financial Year 2020/21 Budget responds to the current challenges facing Kenyans, businesses and the economy at large in the wake of COVID-19 pandemic. It is in this context that we have chosen the theme for this Budget as “Stimulating the Economy to Safeguard Livelihoods, Jobs, Businesses and Industrial Recovery”. The theme underscores our determination to protect lives, livelihoods and cushion vulnerable citizens against the adverse effects of COVID-19. This is further expected to create and protect jobs, stimulate industrial growth and ultimately steer economic recovery.

In order to sustain efforts towards the full recovery of the economy, the Government is currently developing a Post COVID-19 Economic Recovery Strategy under the leadership of His Excellency the President. The strategy will not only accelerate economic recovery, but is designed to provide a road map for transition to a new development framework beyond the current Vision 2030.

Hon. Speaker, allow me now to highlight the economic policy context in which this Budget has been prepared. In framing this Budget, we have taken into account recent economic developments on the global and domestic scene. The Budget was prepared against the background of a contracting global economy occasioned by the outbreak of the COVID-19 pandemic, which has disrupted most aspects of human life. Indeed, most world economies remain on lockdown. As a result, in April 2020, the IMF projected that the world economy will experience a negative growth rate of 3.0 per cent in 2020. This is worse than the growth reported during the 2008/2009 financial crisis. However, on a positive note, world economic growth is projected to rebound to 5.8 per cent in 2021. Overall, economic growth in advanced economies is projected to contract by 6.1 per cent in 2020, while that of emerging and developing countries including China, India, Russia and Brazil, is expected to contract by 1.0 per cent in 2020. Equally, economies in Sub-Saharan African region are projected to contract by 1.6 per cent in 2020 before a rebound to grow at 4.1 per cent in 2021.

In addition to the adverse effects of the COVID-19 pandemic, the Kenyan economy is confronted by the impact of desert locusts and floods that have caused deaths, displacement and destruction of infrastructure across the country. From these three simultaneous shocks, all sectors of the economy have been adversely affected. The agriculture sector, for example, has been hit hard by the low global demand for agricultural products, especially horticulture, tea and coffee, among others. Further, the reduction in availability of raw materials and intermediate goods following the closure of international borders has negatively affected the manufacturing sector. Taking into account the impact of these shocks on the domestic economy, growth is now projected at a lower rate of 2.5 per cent in 2020, down from the 5.4 percent growth recorded in 2019. Moving forward, so as to boost economic activities and foster higher growth rates, we shall not only implement a rapid economic stimulus programme, but also lay down a firm Post-Covid-19 Economic Recovery Strategy. These initiatives are ultimately expected to stimulate economic activities thereby culminating to a growth of 5.8 per cent in 2021 and 6.5 per cent by 2024.

As mentioned earlier, our chosen fiscal consolidation plan has been adversely affected by the events over the last six months. In this respect, we are now targeting a fiscal deficit of 8.3 per cent of GDP in Financial Year 2019/2020 from the previous target of 6.3 per cent of GDP. In the Financial Year 2020/2021, the fiscal deficit is targeted at 7.5 per cent of GDP and is expected to improve to 6.1 percent of GDP in Financial Year 2021/2022.

Hon. Speaker, having outlined the economic policy context for this Budget, the rest of my Statement will outline specific measures aimed at stimulating the economy so as to safeguard livelihoods, including jobs, businesses and facilitate faster industrial recovery. I will, thereafter,

present a fiscal framework that sets out the resource envelope underpinning this Budget and enumerate the spending priorities. Finally, I will provide highlights of tax and other policy measures that we are proposing to support economic recovery.

In addition to the recent shocks experienced by the economy, we are still confronted by the perennial challenges of high incidences of poverty and unemployment, frequent droughts, low agricultural and industrial productivity, inadequate decent housing, growing demands for higher investments in the health sector, inadequate revenue and other forms of financing and governance-related issues. These challenges, including the devastating effects of the COVID-19 pandemic, require bold actions if we are to position our country on a sustainable economic growth trajectory. Through this Budget, therefore, our focus will be, first, to roll out an economic stimulus programme that will catalyze economic activity, provide livelihoods to Kenyans and enable businesses to recover from the adverse effects of the COVID-19 pandemic. I will shortly enumerate the various initiatives and their funding.

Second, maintaining macroeconomic stability to support long-term investments, economic growth and development. Towards this end, we aim to strike an appropriate balance between support for economic recovery and continued fiscal discipline. This will be achieved through effective coordination of fiscal, monetary and financial policies to lower the cost of living and doing business.

Whereas Kenya's public debt remains sustainable, we need to be cautious about future debt accumulation. Our focus, therefore, will be to strengthen management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects. Further, I reiterate that security of our people, property and investments remain key. In this regard, I will be proposing allocations of funds to strengthen our security and investigative agencies. This is because a secure and conducive business environment will attract Foreign Direct Investment (FDI) that is necessary for economic recovery.

Third, to support the recovery and growth of micro, small and medium enterprises through various interventions, including operationalization of the Credit Guarantee Scheme.

Hon. Speaker, to further expand opportunities for local enterprises and micro, small and medium enterprises, we shall gazette and enforce the list of items for local procurement to promote the "Buy Kenya Build Kenya" Initiative.

*(Applause)*

Fourth, to continue supporting implementation of the "Big Four Agenda. In this regard, I will later in this Statement be proposing allocations to the drivers and enablers of the Big Four Agenda.

Fifth, enhance allocations to support development of critical infrastructure in the country such as roads, rail, energy and water, among others, so as to reduce the cost of doing business as well as promote competitiveness.

Sixth, increase resources to support the youth, women and persons with disability to enable them actively contribute to the economic recovery agenda.

Seventh, to scale up resource allocation to improve access to education, strengthen health care systems and enhance cash transfers to support the vulnerable members of our society.

Eight, continue to facilitate the county governments in strengthening their systems to enhance service delivery. In this respect, I urge the county governments which have not completed paying verified pending bills owed to various suppliers to do so expeditiously; and

Ninth, implement various structural reforms to enhance the efficiency of public service delivery while, at the same time, ensuring accountability for better macroeconomic and fiscal stability, sustained credit ratings, improved fiscal discipline and minimized corruption.

Hon. Speaker, allow me at this point to elaborate on the 8-Point Economic Stimulus Programme that the Government will be implementing to stimulate and sustain economic activities. I will, thereafter, briefly highlight plans for developing the Post COVID-19 Economic Recovery Strategy which is linked to the Post-Vision 2030.

The 8-Point Economic Stimulus Programme targets to cushion vulnerable citizens and businesses, particularly those affected by the COVID-19 pandemic. The stimulus programme will focus on keeping the food supply chains functional while promoting the use of locally produced goods and services, thus securing the livelihoods of daily wage earners.

We have set aside Ksh56.6 billion to cater for the various thematic areas of this programme. The first theme covers infrastructure and is designed to rehabilitate road networks across the country as a direct response to the damages occasioned by the recent heavy rains. The rehabilitation of access roads and footbridges will optimize the use of local labour and materials, thereby generating short term employment for thousands of youth. Towards this end, I propose to allocate Kshs5 billion for rehabilitation of the damaged access roads and foot bridges.

Further, to address the issue of youth unemployment and empowerment in urban informal settlements, I have set aside Kshs10 billion under the “Kazi Mtaani Programme”. This “Kazi Mtaani Programme” will be targeting unemployed youth in the major cities and urban settlements of Nairobi, Mombasa, Kisumu, Eldoret, Nakuru and other major towns across the country. The youth will be engaged in fumigation, storm water drainage works, cleaning of markets and informal settlements, rehabilitation and maintenance of access roads, foot bridges and foot paths and other environmental management activities. The “Kazi Mtaani Programme” targets to employ, at least, 200,000 youths.

The second theme seeks to improve education outcomes in the country. The objective is to get thousands of unemployed teachers off the bench and into action as intern teachers while also supporting local artisans and builders’ businesses. To meet this commitment, Kshs7.4 billion has been proposed.

Out of this, Kshs2.1 billion will go to construction of additional classrooms in secondary schools; Kshs1.9 billion for provision of, at least, 250,000 locally fabricated desks for secondary and primary schools; Kshs700 million for capitation and improvement of infrastructure in low cost boarding schools in Arid and Semi-Arid Lands (ASALs) using local labour; Kshs2.4 billion for recruitment of 10,000 intern teachers to support the 100 per cent transition in schools and Kshs300 million for recruitment of 1,000 ICT interns to support digital learning in public schools.

Hon. Speaker, the third theme targets to support micro, small and medium enterprises. Despite their important contribution, this sector has continued to face challenges of accessing credit due to lack of sufficient collateral, high cost of credit and informal business structure. These challenges have been worsened by the COVID-19 pandemic. With reduced turnover and disruptions in the market and supply chains, many micro, small and medium enterprises are unlikely to attract affordable and quality credit under the traditional arrangements.

In order to de-risk lending to micro, small and medium enterprises, I have set aside Kshs3 billion seed capital to operationalize the Credit Guarantee Scheme. The Scheme will enable the provision of affordable credit in an efficient and structured manner. In addition to this, we are also actively engaging a number of development agencies who have shown willingness to put in additional resources to support this Scheme.



To further support and enhance the liquidity of these enterprises, I propose to fast-track payment of outstanding verified VAT refund claims and pending bills owed to businesses by allocating Kshs10 billion. This is in addition to the Kshs23.1 billion approved by this House in April 2020 in the Supplementary Budget for the same purpose.

The fourth theme prioritizes improvement in health outcomes. Evidently, the COVID-19 pandemic has overstretched our health care system. The Government has made significant efforts to contain the spread of the virus through various protocols and containment measures which entail promotion of hygiene and restriction of movements.

Building on these measures in a way that ensures more Kenyans are gainfully engaged and support local industries and to further enhance capacity of the healthcare system, Kshs1.2 billion is proposed for the recruitment of an additional cohort of 5,000 healthcare workers to support local health staff for a period of one year. This will enhance our COVID-19 response capabilities and strengthen the implementation of the universal health coverage programme.

We have also allocated an additional Kshs500 million to supply 20,000 locally made beds and beddings to public hospitals; and Kshs25 million to support the establishment of 50 modern walkthrough sanitizers at our border points and main hospitals across the country.

The fifth theme will focus on agriculture and food security. I have set aside Kshs3 billion to subsidize the supply of farm inputs through the e-voucher system to reach 200,000 small-scale farmers. I have also allocated Kshs3.4 billion for expanded community household irrigation. This will cushion farmers from the adverse effects of weather and further secure food supply chains.

Further, I have set aside Kshs1.5 billion to assist flower and horticultural farmers to access international markets during this period when we are experiencing low cargo traffic in and out of the country. These interventions will support and sustain the farming communities as they provide employment to thousands of workers in our agricultural sector.

The sixth theme for the programme is to support the tourism sector. Tourism is one of the worst hit sectors by the pandemic. This is reflected by massive cancellation of hotel bookings occasioned by lockdowns and travel bans imposed by various countries in an effort to minimize the spread of the virus. The resultant effect has been massive job and income losses by many Kenyans directly and indirectly employed in the tourism sector.

In this regard, to support this critical sector, the Government has initiated a number of urgent measures including a temporary lifting of the ban to hold meetings in private hotels by Government agencies. The Government has also waived landing and parking fees at our airports in order to facilitate movement of cargo, in and out of Kenya.

Going forward, the Government will scale up efforts to boost the tourism sector by promoting aggressive post-COVID-19 tourism marketing and providing support for hotel refurbishment through soft loans to be channeled through the Tourism Finance Corporation. Kshs3 billion has been set aside to support renovation of facilities and restructuring of business operations by actors in this industry.

The Government will also provide grants to 160 community conservancies and support Kenya Wildlife Service (KWS) to engage 5,500 community scouts for a period of one year. To support these initiatives, I propose to set aside Kshs2 billion in this Budget.

The seventh theme seeks to improve environment, water and sanitation facilities as well as mitigate the adverse effects of floods. On this, I have set aside Kshs1 billion to support flood control using local labour in the most affected areas. I have also set aside Kshs850 million to cater for rehabilitation of wells, water pans and underground tanks in ASAL areas using local labour;

and Kshs540 million to enhance tree planting programme across the country using locally sourced seedlings.

Hon. Speaker, the eighth and final theme of the Stimulus Programme is manufacturing. In this area, the Government will promote the “Buy Kenya Build Kenya” policy. To this end, we propose an initial investment of Kshs600 million to purchase locally assembled vehicles. This will sustain the operations of local motor vehicle manufacturers which is aimed at safeguarding jobs. I further propose an allocation of Kshs712 million to provide credit targeted to micro, small and medium enterprises in the manufacturing sector. In addition to implementing the Economic Stimulus Programme that I have enumerated, the Government is formulating a Post-Covid-19 Economic Recovery Strategy to mitigate the adverse impacts on the economy and further reposition the economy on a steady and sustainable growth trajectory. The Post Covid-19 Economic Recovery Strategy will focus on the following:

1. Sound macroeconomic policy framework to support a higher sustainable economic growth that will address the challenges of poverty, unemployment and income inequality;
2. Adequate local and foreign resource mobilisation to ensure sustainable funding of our development programmes;
3. Enhancing the role of the private sector in the economy, including financing infrastructure projects from diverse sources such as Public Private Partnership and lease financing;
4. Supporting micro, small and medium enterprises by facilitating access to adequate finances through the Credit Guarantee Scheme;
5. Full and timely implementation of the Economic Stimulus Programme which will create jobs and stimulate businesses;
6. Investment in ICT and digital infrastructure to support the use of digital platforms to facilitate e-commerce and efficient delivery of public services;
7. Promotion of local production processes and domestic supply value chains;
8. Enhancement of disaster risks management systems;
9. Improvement of social-protection through targeted policy interventions and programmes; and;
10. Strengthening monitoring and evaluation system for quality outcomes of the projects.

Hon. Speaker, in preparing the Post-Covid-19 Economic Recovery Strategy, we will ensure the process is all inclusive. To this end, I will draw inputs and ideas from diverse groups including experts from both national and county governments, private sector, development partners, academia and research institutions and other relevant stakeholders. It is also important to note that we are less than ten years to the end of our long-term development blue print – the Kenya Vision 2030. As we conclude its implementation, we need to think of the next development framework for this country. In this respect, the preparation of the next long-term development plan will benefit from this Post-Covid-19 Economic Recovery Strategy. The new plan beyond the Kenya Vision 2030 will take cognisance of the transition of Sustainable Development Goals of United Nations and the Africa Union Agenda 2063. This will be a precursor to hundred years of Kenya’s independent celebrations.

To improve the business environment, increase efficiency in public service delivery and enhance accountability and transparency in our conduct of business, I propose the following structural reforms:

Since enactment, the Public Procurement and Asset Disposal Act, 2015, has been operating without the supporting regulations. However, I am pleased to report that the Public Procurement and Asset Disposal Regulations, 2020 have been published and are awaiting Parliamentary approval. These Regulations seek to enhance uniformity of operations across procuring entities and promote the local economy through affirmative interventions on preferences and reservations. On e-procurement, the Government has finalised the e-Government Procurement Strategy. According to the Strategy, the Government will procure and roll out an end to end e-procurement system by end of December 2020. Under the e-procurement system, all procurement processes will be undertaken on an online platform where benefits will accrue to the Government procuring entities in terms of cost reduction, speed, transparency, accountability and visibility.

In order to ensure the growth and sustainability of enterprises owned by women, youth and persons living with disabilities, the National Treasury has reengineered the Access to Government Procurement Opportunities (AGPO) portal to enable real-time registration and transparent monitoring of the implementation of the scheme. The system has also been linked to other Government institutions including the Kenya Revenue Authority, National Council for Persons with Disability, Registrar of Companies and IFMIS to facilitate faster verification and reporting. In addition, the National Treasury has directed all procuring entities to ensure prompt payment for all contracts performed by these target groups.

Hon. Speaker, allow me to focus my attention on the construction industry, where I believe we can create the much-needed jobs for the youth by hiring local contractors. The Government is aware that local contractors, in general, have had challenges of undertaking infrastructure construction projects due to limited technical, financial and managerial capacity. This has resulted in participation of more foreign contractors in local contracts at the expense of local contractors. In this respect, the Government will review the contracting framework for infrastructure projects in the country with a view of ensuring participation of local contractors in local contracts. This will retain domestic revenues within the country and create jobs for the youth contractors.

The restrictions placed on businesses and services as a result of COVID-19 Pandemic have had significant adverse effects on the performance of strategic State-Owned Enterprises offering essential services. Given the contingent liabilities that may arise thereof, I have constituted a technical team at the National Treasury and Planning to review the challenges facing State-Owned Enterprises and recommend remedial actions within 90 days.

On pending bills, we have noted that several State Corporations and Semi-Autonomous Government Agencies (SAGAs) hold significant amounts of pending bills owed to contractors, suppliers, SACCO remittances, and other statutory deductions. This practice should not be allowed to continue. Following a Cabinet Directive, the National Treasury constituted a Pending Bills Multi-Agency Team (PB-MAT) to deal with existing historical and contested pending bills. Significant progress has been made to settle some of the pending bills. I direct all principal secretaries and accounting officers to clear all pending bills in their MDAs and SAGAs respectively. Further, going forward, the National Treasury may withhold Exchequer releases to the MDAs or SAGAs with pending bills, until an approved payment plan for all pending bills is agreed upon.

*(Applause)*

The continued growth and competitiveness of our financial services sector is critical in supporting economic development. I wish to state that our financial sector remains strong and

stable despite the shocks occasioned by the COVID-19 pandemic. The banking sector remains stable and resilient, with strong liquidity and capital adequacy ratios. The Central Bank of Kenya has been closely monitoring the sector to identify vulnerabilities especially those associated with the COVID-19 pandemic. The Bank has been at the forefront and has rolled out various policy and regulatory measures to support the sector. During the last one year, the Government, through the Central Bank of Kenya, rolled out a mobile based service to facilitate retail investors participate in Government securities - a convenience to investors during this pandemic. In order to strengthen our position as a regional financial hub, the National Treasury is in the process of fully operationalising the Nairobi International Financial Centre. The Centre will play an important role in attracting investments and private capital to support economic growth as well as mobilising additional financing for the “Big Four” projects and further providing new financing options for Kenyan businesses.

To enhance the safety and integrity of our financial system, the National Treasury together with other stakeholders will conduct Kenya’s first National Risk Assessment on Money Laundering and Terrorism Financing. This will assist the country’s competent authorities to assign responsibilities for combating money laundering and terrorism financing to the relevant Government agencies on the basis of identified risks and vulnerabilities.

The high cost of housing units and limited access to affordable long-term finance remain a leading housing market constraint. To address this challenge, the Government established the Kenya Mortgage Refinance Company (KMRC) whose main purpose is to provide long-term funds to primary housing mortgage providers in the housing sector. In this regard, the Company will offer fixed rate long-term loans at concessional rates to mortgage providers who are expected to pass the benefit to citizens at lower than market rates. The Company has raised a capital of Kshs2.0 billion while the National Treasury has mobilised an additional Kshs35 billion from development partners to support the Company’s operations.

Hon. Speaker, in response to the COVID-19 pandemic, the Kenya Mortgage Refinance Company (KMRC) will help to maintain adequate liquidity among primary housing mortgage providers in order to keep housing finance and the housing market functioning. This will avert potential credit crunch that would hurt lower income households and interrupt efforts to support affordable housing. The new Company is also expected to play a significant role in the structuring of the proposed National Credit Guarantee Scheme in order to create an effective backstop mortgage guarantee component to cover the losses incurred by lenders on future home loans.

In 2015, the investment guidelines under the retirement benefits regulations were amended to allow pension schemes to invest up to 10 per cent of their assets in private equity funds and venture capital funds which are licensed by the Capital Markets Authority (CMA). However, the Capital Markets Act was not amended to provide for regulations of these private equity and the venture capital. In this regard, I have proposed amendments to the Capital Market Act to provide for the regulation of private equity and venture capital companies by the Authority. In addition, I propose to amend the Capital Markets Act to remove the function of payment of beneficiaries from collected unclaimed dividends since this is a function which is currently domiciled under the Unclaimed Financial Assets Authority.

Hon. Speaker, the increasing public pension budget and accumulation of pension claims remain a challenge. In this regard, the National Treasury is re-engineering and upgrading the pensions system in order to clear all pension payment backlog by the end of the calendar year. This will pave way for a modernised pension management system that will guarantee smooth transition of retirees from a monthly salary cheque to a monthly pension payment. To ease the

pension burden on the Exchequer, the National Treasury is committed to roll out the Public Service Superannuation Scheme in the Financial Year 2020/2021. Further, to support the pensions sector in general, the Government is developing a National Retirement Benefits Policy that will harmonise all the pensions laws. This will strengthen the legal and regulatory framework to achieve a comprehensive pension coverage across the formal and informal sectors and protect the interests of beneficiaries and rights of pension contributors in a better way.

In September 2019, this House approved the County Governments Retirement Scheme which provides for the establishment of an umbrella retirement scheme for county governments. Thereafter, petitions were filed in court challenging the law, thus paralysing its operationalisation. To this effect, the National Treasury undertakes to pursue all legal means to resolve this matter and ensure that the county governments' employees have a scheme that safeguards members' pensions.

*(Applause)*

Hon. Speaker, further, the Government is working on establishing a National Micro-Pension Scheme with a sustainable model that combines long-term saving with short-term needs that will be open to all marginalised informal sector workers who constitute over 80 per cent of Kenya's labour force. The Retirement Benefits Authority (RBA) Act does not provide for sanctions in case of a failure or delay in submission of the actuarial valuation reports within the specified period. In this regard, I propose to amend the RBA Act to impose a penalty to pension schemes who fail to submit actuarial valuation reports to the Authority within the specified timeline. The actuarial valuation reports are important in determining the performance of the scheme.

Frameworks for responding to disasters in Kenya are fragmented across several laws. This hampers the ability of the Government to respond to disasters more effectively. To address this challenge, the Government will develop a harmonised disaster risk management legal framework to guide the management of disasters in Kenya. To this end, we shall also finalise the Disaster Management Fund regulations to facilitate effective and efficient response to disasters in a more coordinated manner.

*(Applause)*

Globally, climate change is a key concern. Like other economies, the Kenyan economy is vulnerable to its effects. Over the last 10 years, we have experienced increased frequency and intensity of extreme weather. In order to minimise the adverse effects of this phenomenon on the economy, we need to pursue a green economic development path. In this regard, the National Treasury proposes to tap into the green climate financing by issuing the first Sovereign Green Bond to finance major infrastructure projects in the Financial Year 2020/2021. These proceeds will be directed towards green projects at both the national and county levels.

Hon. Speaker, the execution of the Budget of the Financial Year 2019/2020 has progressed well, despite the challenges of reduced revenue performance. The COVID-19 pandemic has not only worsened revenue performance in the Financial Year 2019/2020, but will also affect revenue in the Financial Year 2020/2021 Budget. In particular, imports-related taxes such as Import Duty, Value Added Tax (VAT) on imports, import declaration fees and Railway Development Levy have been negatively affected due to lower imports and reduction of trade

among countries. Further, other domestic taxes have been severely affected by declining incomes and depressed consumption.

As noted earlier in my statement, in order to cushion Kenyans against the adverse impact of the COVID-19 pandemic and to further increase liquidity in the economy, the Government lowered tax rates for corporate and personal incomes, turnover tax, VAT and provided tax relief to low income earners and employees. These measures are estimated to cost the Exchequer Kshs172 billion in revenue foregone by the Government in one financial year. In order to recoup part of this revenue loss, we submitted to this House proposals to lower the level of tax exemptions. It is important to note that in 2018, the tax revenue foregone by the Government through tax incentives or exemptions amounted to Kshs535 billion or 6 per cent of Gross Domestic Product (GDP) which is considered one of the highest levels globally. Whereas these tax incentives are well intended, they have limited the capacity of the Government to fund critical expenditures. In addition, a critical review of the incentives shows that consumers have not benefitted through commensurate reduction in the cost of goods and services. Further, some of these incentives have given undue advantage to some sector players over others, thus entrenching unfairness and stifling competition. This, therefore, necessitates a review of the existing tax incentive regime with a view to minimise distortions and provide a level playing ground for all taxpayers. In this respect, I have proposed further removal of some existing tax exemptions through the Finance Bill, 2020. I urge Hon. Members of this House to support this endeavour that is expected to grow revenue for funding critical social and infrastructure programmes. The Kenya Revenue Authority has undertaken various reforms to enhance revenue mobilisation. We shall continue to support and strengthen the capacity of the KRA to enable it to collect revenue to fund Government programmes.

Hon. Speaker, the fiscal framework of the Financial Year 2020/2021 Budget has been revised to take into account the adverse impact of the pandemic on revenue performance. In this respect, the Financial Year 2020/2021 Budget targets revenue collection, including Appropriations-in-Aid (AIA), of Kshs1.89 trillion, which is equivalent to 16.8 per cent of the GDP. This is a stagnation from the estimated revenue of Kshs1.89 trillion, which is equivalent to 18.6 per cent of the GDP in the Financial Year 2019/2020. Of this, ordinary revenue in the Financial Year 2020/2021 is projected at Kshs1.63 trillion, which is equivalent to 14.5 per cent of the GDP.

The total expenditures in the Financial Year 2020/2021 are projected at Kshs2.79 trillion or 24.7 per cent of the GDP from the estimated level of Kshs2.77 trillion or 27.2 per cent of the GDP in the Financial Year 2019/2020. The Recurrent Expenditure in the Financial Year 2020/2021 will amount to Kshs1.82 trillion or 16.2 per cent of the GDP. On the other hand, ministerial development expenditures that include foreign financed projects, allocation to contingencies fund and conditional capital transfers to county governments are projected at Kshs633.1 billion in 2020/2021. This will finance critical infrastructure in the budget.

Hon. Speaker, taking into account the projected revenues and expenditures in the Financial Year 2020/2021, the fiscal deficit, including grants is projected to decline to Kshs840.6 billion or 7.5 per cent of the GDP from Kshs842.7 billion or 8.3 per cent of the GDP in the financial year 2019/2020.

Going forward, Hon. Speaker, as we roll out the Post COVID-19 Economic Recovery Strategy, we remain committed to gradually lowering the fiscal deficit to Kshs768.8 billion or 6.1 per cent of the GDP in the Financial Year 2021/2022 and further to Kshs570.4 billion or 3.6 per cent of the GDP by 2023/2024. In the Financial Year 2020/2021, the fiscal deficit of Kshs840.6 billion will be financed through net external financing of Kshs347.0 billion, or 3.1 per cent of the

GDP; net domestic financing of Kshs493.4 billion or 4.4 per cent of the GDP and other net domestic repayments of Kshs627 million.

Hon. Speaker, to achieve these targets, we will continue to contain growth in non-core recurrent spending and enhance our efforts in revenue mobilisation. In this respect, we shall closely monitor the economic impact of COVID-19 and once the economy recovers, we will review our fiscal plan including tax measures to strengthen public finances to sustainably fund our development agenda.

On the external resource mobilisation, the Government is concerned about perennial low absorption of donor funds that has denied Kenyans the full benefit of this financing. To remove impediments in project implementation and scale-up absorption of donor funds, the Government will put in place appropriate policies and administrative measures. This may involve re-allocation of funds from slow-moving projects or non-starter projects to other priority projects and programmes to minimise payment of unnecessary fees and charges.

Stabilising growth in public debt, let me turn to the state of our public debt. Our debt remains sustainable despite some of the debt burden indicators deteriorating due to the impact of the COVID-19 pandemic which has elevated expenditure pressures, reduced revenues and export earnings. The debt burden is projected to decline over the medium-term in line with the fiscal consolidation plan under implementation.

Going forward, the Government is committed to implement the 2020 Medium-Term Debt Strategy which recommends a shift towards concessional external borrowing and lengthening of maturity structure of the domestic debt. In addition, the Debt and Borrowing Policy approved in early 2020 will guide management of public debt.

On the public private partnerships framework, as an alternative source of finance to fund public projects, the Government shall revitalise the public private partnership framework. Indeed, public private partnerships have the potential to accelerate economic growth and development by crowding-in private sector participation in the financing of capital-intensive infrastructural projects.

The reforms in this area will include amending the PPP Act to remove unnecessary approvals and redundant processes as well as restructure and strengthen institutions responsible for implementing such projects. The Government will also streamline and standardise the appropriate credit enhancement tool including the Government Letter of Support, Partial Risk Guarantees and Indemnity Guarantees as well as viability gap funding where necessary to enhance bankability of projects.

The Government, through this arrangement, targets to mobilise approximately Kshs200 billion in the FY 2020/2021 by concluding the financing of several projects that are currently at advanced stage of negotiations. These projects are drawn from among others transport, energy, health, housing and manufacturing sectors of the economy.

Let me turn to the highlights of the Government spending priorities in the coming financial year. The total programmed spending for the FY 2020/2021 excluding redemptions amounts to Kshs2.79 trillion. The Budget for FY 2020/2021 will continue with the implementation of the Big Four Agenda, thus the targeted expenditures prioritise employment creation, youth empowerment, supporting manufacturing activities, enhancing health coverage, improving food security and living conditions through affordable housing. To support these initiatives, I have set aside Kshs128.3 billion for the Big Four Agenda drivers and enablers.

Hon. Speaker, the Government continues to prioritise healthcare by scaling up universal health coverage to all the counties. To improve health outcomes, I have proposed an allocation of

Kshs111.7 billion to the health sector in this Budget. Out of this, Kshs50.3 billion is for activities and programmes for the attainment of the Universal Health Coverage (UHC) by the drivers and enablers. The budget for the health sector includes Kshs19.2 billion to address and lower cases of HIV, malaria and tuberculosis in the country; Kshs6.2 billion for the managed equipment services; Kshs5.3 billion to transform the health care systems for the UHC; Kshs4.1 billion to cater for free maternity health care and Kshs1.8 billion to provide medical cover for the elderly and severely disabled in our society.

Other allocations to improve health service delivery include Kshs15.0 billion for Kenyatta National Hospital (KNH), Kshs10 billion for Moi Teaching and Referral Hospital, Kshs7.2 billion for the Kenya Medical Training Centres (KMTCs); Kshs2.5 billion for the Kenya Medical Research Institute (KEMRI); Kshs1.2 billion to Mathari Hospital and Kshs4.3 billion as a conditional grant to Level 5 hospitals in the counties.

To ensure the success of Affordable Housing Programme, the Government continues to forge partnerships with the private sector and development partners. In this Budget, I have proposed an allocation of Kshs15.5 billion to the housing, urban development and public works sector. Out of this, Kshs6.9 billion will cater for the Affordable Housing Programme undertaken by the driver and enablers. We are also concluding discussions to bring on board an additional Kshs3.6 billion from the African Development Bank; Kshs7.5 billion for the Kenya Urban Programme and Kshs1.1 billion for the ongoing construction of Gikomba, Githurai, Chaka, Kamukunji and Dagoretti markets.

The Government continues to scale up reforms to promote investments in the manufacturing sector to support and protect local industries. To promote local industries, I have proposed an allocation of Kshs18.3 billion for this cluster. Of this, Kshs1.4 billion will go to the Kenya Industry and Entrepreneurship Project; Kshs3.6 billion for the development of Special Economic Zone Textile Park in Naivasha, Kenanie Leather Industrial Park and Athi River Textile Hub.

Hon. Speaker, in addition, I have also set aside, Kshs843 million to support modernisation of RIVATEX; Kshs800 million for the development of various micro, small and medium enterprises in Kenya; Kshs715 million for the Kenya Youth Empowerment and Opportunities Project; Kshs500 million to support dairy processing, and Kshs3 billion for Dongo Kundu Special Economic Zone.

The Government remains committed to reducing the number of food insecure Kenyans. Towards this end, the Government will continue to expand irrigation schemes, support large-scale production of staples, increase access to agricultural inputs, implement programme to support smallholder farmers and promote the use of appropriate farming techniques.

To support these initiatives, I have set aside Kshs52.8 billion for food and nutrition security. Out of this, Kshs10.6 billion has been proposed for the Kenya Climate Smart Agriculture Project, Kshs5.5 billion for the National Agricultural and Rural Inclusivity Project, Kshs4.1 billion for the Kenya Cereal Enhancement Programme, Kshs730 million for the Food Security and Crop Diversification Project and Kshs10 billion for Irrigation Land Reclamation.

Hon. Speaker, other proposed allocations include Kshs1.8 billion to enhance aquaculture business development project, Kshs1.4 billion to support small-scale irrigation and value addition, Kshs1.3 billion to enhance resilience of pastoral communities, Kshs1.1 billion to enhance drought resilience and sustainable livelihood, Kshs1.6 billion to support processing and registration of title deeds and Kshs500 million to advance agricultural loans through the Agriculture Finance Corporation.



*(Applause)*

Hon. Speaker, allow me to turn to other proposed expenditures that are critical in this Budget. The Government continues to scale up the construction of a robust network of high quality roads, railways, seaports and airports to enable Kenyans enjoy benefits of expanded infrastructure assets and improve our competitiveness. Towards this end, I propose an allocation of Kshs172.4 billion. This is in addition to the allocation that I have already set aside for the Economic Stimulus Programme and the Big Four Agenda, to support construction of roads and bridges as well as their rehabilitation and maintenance.

I have set aside Kshs18.1 billion for the Standard Gauge Railway (SGR) Phase II, Kshs6 billion for the Lamu Port South Sudan Ethiopia Transport Corridor Project, Kshs5 billion for the Mombasa Port Development Project and Kshs328 million for the insurance of ferries for the Likoni Channel.

To support generation of adequate and affordable energy, I have set aside Kshs63.3 billion, excluding the allocation for the Big Four Agenda. Out of this, Kshs50.8 billion will cater for transmission and distribution of power, Kshs9.3 billion for development of geothermal energy, Kshs6.8 billion for electrification of public institutions and Kshs900 million for provision of transformers in constituencies, development of nuclear energy and exploration and mining of coal.

Ensuring a safe and secure environment is vital in our drive to attain economic transformation. Towards this end, the Government will strengthen the security agencies by equipping them in order to increase their effectiveness and rapid response to incidents of crime. To support security operations in the country, I have proposed Kshs167.9 billion in this Budget for our security agencies, Defence and the National Intelligence Services, leasing of police motor vehicles, national communication and surveillance system, police modernisation and equipping of the national forensic laboratory. I have also set aside Kshs3.4 billion for medical insurance, Kshs2.2 billion for group personal insurance for the National Police and Prison Services and Kshs1 billion for the National Integrated and Data Management System.

The Government continues to make sustained investments in the education sector in order to enhance access to quality basic and high education. In this Budget, I have set aside Kshs497.7 billion to fund programmes in this sector. This accounts for 26.7 per cent of the Budget. Specifically, I have proposed Kshs59.4 billion to cater for free day secondary education programme and Kshs12.4 billion for free primary education programme. To increase teacher to student ratio, I have proposed Kshs2 billion for the recruitment of 5,000 teachers. This is further to the provision of hiring at least 10,000 teacher interns under the Economic Stimulus Programme. To improve health conditions and support education achievement to our school going children, I have set aside Kshs1.8 billion for the school-feeding programme.

Other proposed allocations to the education sector include Kshs6.3 billion for the construction and equipping of technical institutions and vocational training centres, Kshs4 billion for examination fees waiver for all Class Eight and Form Four candidates, Kshs800 million for the Digital Literacy Programme and Competence Based Curriculum, Kshs323 million for the National Research Fund, Kshs94.9 billion to support university education and Kshs16.8 billion to the Higher Education Loans Board.

As a Government that deeply cares for its most vulnerable members of society, I have proposed Kshs17.6 billion for cash transfers to the elderly persons, Kshs7.9 billion for orphans and vulnerable children and Kshs1.1 billion for cash transfer to persons with severe disabilities.

I have also set aside Kshs4.3 billion for the Kenya Hunger Safety Net Programme, Kshs2.5 billion for the Kenya Social and Economic Inclusion Project, Kshs3.5 billion for Kenya Development Response Displacement Impact Project and Kshs400 million for the National Development Fund for persons with disabilities and a further Kshs720 million for purchase of a building for these vulnerable members of our society.

To enhance equity and reduce poverty, I have proposed Kshs41.7 billion for the National Government Constituencies Development Fund, Kshs2.1 billion for the National Government Affirmative Action Fund to promote regional equity and social development and Kshs6.8 billion for the Equalisation Fund to finance programmes in marginalised areas.

To address the challenges our youth continue to face, we have dedicated resources to youth empowerment programme and support businesses by youth, women and persons living with disabilities. In this regard, I have set aside Kshs10.2 billion to the National Youth Service, Kshs2.1 billion for the Kenya Youth Empowerment Programme, Kshs359 million to the Youth Enterprise Development Fund, Kshs82 million to the Youth Employment and Enterprise Uwezo and Kshs150 million to the Women Enterprise Fund.

Our prosperity as a country is to a large extent hinged in our ability to take full advantage of the rapid technological advances. For this reason, the Government continues to invest in this area to boost digital literacy and skills as well as expand digital infrastructure to improve access to affordable broadband connectivity. In this Budget, I have proposed Kshs14.9 billion to fund initiatives in information communication technology sector. Specifically, Kshs700 million for the Government shared services, Kshs800 million for the digital literacy programme and Kshs1.2 billion for rehabilitation of national optic fibre backbone phase II expansion cable.

The Government is fast-tracking the establishment of the Konza Technopolis City which will position Kenya as a world-class ICT hub. For this reason, I have enhanced allocation to the project by setting aside Kshs6.3 billion for the horizontal projects Phase I for Konza, Kshs400 million for the ongoing construction of Konza Technopolis Complex Phase IB and Kshs5.1 billion for Konza Data Centre and Smart City Facilities Project.

Sports, culture, tourism and arts contribute immensely to our economic development by boosting job creation for our youth and generating foreign exchange. To support this sector, I propose an allocation of Kshs14 billion to the Sports, Arts and Social Development Fund. I have also set aside Kshs2.5 billion for the Tourism Promotion Fund and Kshs3.8 billion for the Tourism Fund.

The Government continues to invest in clean water supply and put in place measures to control floods and harvest rain water as well as protect the environment. In this Budget, I have set aside Kshs82.7 billion to support environment and water conservation. In particular, Kshs42.6 billion is geared towards development of water and sewerage infrastructure, Kshs10.9 billion for the management of water resources and Kshs8.6 billion to support water storage and flood control. This includes Kshs500 million earmarked for the initial work construction of Koru-Soin Dam along River Nyando and Kshs1.3 billion for water harvesting and storage for irrigation.

Hon. Speaker, I have also set aside Kshs10.9 billion to support conservation of forests and water towers, Kshs10 billion for irrigation and land reclamation, Kshs10.8 billion for wildlife conservation and management, Kshs2.7 billion for environmental management and protection, and Kshs1.6 billion for meteorological services. These allocations exclude the provision under the Economic Stimulus Programme and the Big Four Agenda. Further, the Government will implement the Kenya Financing Locally Led Climate Action Programme to deliver climate finance

at the local level where its impacts are felt most. To start off the project, I have proposed to allocate Kshs100 million in the Financial Year 2020/2021.

To sustain the drive against corruption, instil good governance practices and recover corruptly acquired assets, I have enhanced allocations to the institutions mandated to fight corruption. In particular, I have set aside Kshs3.1 billion for the Ethics and Anti-Corruption Commission (EACC) and a similar amount for the Office of the Director of Public Prosecutions, Kshs149 million for the Unclaimed Financial Assets Authority, Kshs158 million for Asset Recovery Agency, Kshs619.1 million for the Financial Reporting Centre, Kshs7.9 billion for the criminal investigations agencies, and Kshs5.2 billion for the Office of the Auditor-General.

In support of the oversight and legislative roles of Parliament and access to justice, I have proposed allocations of Kshs37.3 billion to Parliament and Kshs18.1 billion to the Judiciary. In the Financial Year 2020/2021, county governments have been allocated Kshs369.9 billion comprising of Kshs316.5 billion as equitable share, Kshs13.7 billion as additional conditional grants allocations from the national Government, Kshs30.2 billion external loans and grants, and Kshs9.4 billion from the Roads Maintenance Levy Fund.

Hon. Speaker, in February 2020, the national Government and the Nairobi City County Government entered into an agreement through which the county transferred some functions to the national Government. To manage the transferred functions, the national Government established the Nairobi Metropolitan Services (NMS). In order to facilitate performance of the transferred functions, the NMS has been allocated Kshs26.4 billion in the Financial Year 2020/2021 comprising of Kshs15.95 billion from Nairobi City County's equitable revenue share for the Financial Year 2020/2021, and Kshs660 million as additional conditional allocations related to the transferred functions. The balance of Kshs9.78 billion will come from the county's local revenue. The NMS has also been allocated Kshs1.5 billion from the national Government's equitable revenue share to finance the Mukuru Renewal Project.

Further to the Presidential Directive of February 2019, the National Treasury, jointly with other stakeholders, has finalised the development of an Integrated Revenue Management System for county governments. The system, which is aimed at eliminating leakages and high revenue collection costs of the counties, is expected to be in place by the end of the Financial Year 2020/21.

Hon. Speaker, I am aware that the County Governments (Revenue Raising Process) Bill, 2018, which was sponsored by the National Treasury, has recently lapsed. In this context, I have re-submitted the draft Bill to the Attorney-General so that it may be re-introduced in Parliament. The principle underlying the proposed legislation is that counties may not impose, vary or waive a tax, fee or any other charge in a way that materially and unreasonably prejudices national economic policies, economic activities across county boundaries, and national mobility of goods, services, capital or labour. I appeal to Hon. Members to re-consider the merits of this proposed legislation, which was developed through a widely consultative approach that incorporated all key actors, including institutions of Parliament.

Hon. Speaker, in line with the Presidential Directive on the settlement of pending bills, Kshs36.7 billion, representing 71.5 per cent of the total eligible bills verified by the Auditor-General, has been settled by county governments as at May 2020. I urge the county governments to clear the outstanding bills by 30<sup>th</sup> June 2020 and ensure no further build-up of expenditure arrears.

*(Applause)*

In the Financial Year 2020/2021, beneficiary counties have been allocated Kshs6.8 billion under the Equalisation Fund. I am aware that there are disbursement arrears and I wish to give an assurance that future allocations will be enhanced to make up for the shortfalls.

In a High Court ruling of November 2019, the guidelines on administration of the Equalisation Fund were declared unconstitutional, null and void. Effectively, the Fund's Advisory Board was disbanded and all operations halted, including payments for on-going projects. The ruling directed the National Treasury to develop a new Equalisation Fund statutory instrument. In compliance with this ruling, a new draft statutory instrument for the fund has been developed and is ready for gazette and tabling in Parliament.

I am also aware of the existence of a 2019 Private Member's Bill on the Equalisation Fund, which was passed by the National Assembly and is currently before the Senate. In this context, I wish to propose to Hon. Members to initiate a process of harmonisation of efforts to achieve sustainable administration of this Fund.

The Constitution requires the two levels of Government to conduct their mutual relations based on consultation and considerations, and to respect the functional and institutional integrity of Government at other levels. The objective is to achieve whole Government approach to provide synergies and common service delivery solutions. Towards this end, the Government will leverage on the intergovernmental framework for the implementation of national Government programmes and projects at the counties formulated in 2019 to harmonise implementation of plans such as the Big Four Agenda as well as policies between the two levels of government, including planning and budgeting. This is part of efforts to achieve an all-government approach to development.

Hon. Speaker, the rest of my Statement is on tax measures for the Financial Year 2020/2021 Budget contained in the Finance Bill, 2020, which I submitted to this House in April 2020 in line with the requirements of the Public Finance Management Act, 2012. Further, I will highlight measures on Custom Duty as agreed at the regional level during the East African Community Pre-Budget Consultations meeting for the Financial Year 2020/2021. These measures are expected to generate about Kshs38.9 billion in tax revenue.

Manufacturing is a major pillar in the Big Four Agenda where the Government aims to increase the contribution of the sector to GDP from about 8 per cent to 15 per cent by 2022. In this regard, I have proposed, at the regional level, measures aimed at promoting local manufacturing and also measures to ensure that locally manufactured products are competitive. The Customs Duty measures that have been agreed upon at the regional level, in accordance with the East African Community practice, shall be effective from 1<sup>st</sup> July 2020.

Hon. Speaker, I wish to highlight a few of the measures that have direct impact on Kenyan manufacturers. Our metal and allied sector continues to face stiff competition from imported iron and steel products. In order to protect the sector, the rate of Import Duty of 35 per cent with the corresponding specific rates on a wide range of these products has been maintained for another year. Kenya has sufficient capacity to produce paper and paper board products. In order to protect manufacturers of these products from cheap imported products, we have maintained the Import Duty rate at 25 per cent for another one year.

Kenya has the capacity to manufacture baby diapers. However, the inputs used in manufacturing these products attract Import Duty. In order to support manufacturing of the products locally, all inputs for manufacturing of baby diapers will be imported Duty-free under the East African Community Duty Remission Scheme. In addition, to promote local production of new clothing and apparels, including fashion and design, inputs used in the textile and apparel sector will be imported Duty-free under the scheme.

The telecommunication sector provides good opportunities for innovations, particularly for our youth. In order to stir growth in this sector and encourage local investment, inputs for assembly or manufacture of mobile phones will be imported duty free under the East African Community Duty Remission Scheme.

The leather and footwear sector has capacity for manufacturing footwear considering we have adequate raw materials. It is important for this sector to be protected from cheap imported products in order to encourage investments in the sector. In this regard, we have maintained the specific rates of duty in addition to 25 per cent duty rate which were granted last year. This will also safeguard Government revenues by curbing undervaluation of such imported products.

There is need to protect local producers of electrical parts and accessories. In this regard, we shall be applying the Import Duty rate of 35 per cent instead of 25 per cent on such products for one year. The East African Community region has agreed to grant duty remission on raw materials and inputs for manufacture of masks, sanitisers, ventilators and personal protective equipment including coveralls and face shields. This will enhance measures aimed at containing COVID-19 in addition to encouraging local production of such products. As a long-term measure, the East African Community region has agreed to amend the East African Community Customs Management Act to exempt from Import Duty supplies for diagnosis, prevention, treatment, and management of epidemics, pandemics and health hazards to deal with any future occurrences of such nature.

The Government introduced a simplified monthly Rental Income Tax in 2016 to enhance tax compliance. Under this regime, the rental income is taxed at the rate of 10 per cent for individuals earning annual rental income of Ksh10 million and below. The Kshs10 million per annum threshold has brought positive impact on tax compliance. I therefore propose to raise this threshold to Kshs15 million per annum in order to bring more landlords to the simplified regime.

Some companies continue to declare losses year in year out hence not contributing to the Exchequer in terms of tax revenue. However, these companies enjoy facilities such as infrastructure whose cost of construction and maintenance is serviced by the Government through tax revenues contributed by other patriotic taxpayers. In order to ensure all taxpayers, contribute to the construction and maintenance of our infrastructure, I have proposed to introduce a minimum tax that will be payable by all companies at the rate of one per cent of their gross turnover. With the fast advancement in technology, many business transactions are increasingly being carried out through digital platforms. In some cases, due to the nature of the transactions, it is difficult to effectively tax the income derived through such platforms. It is, therefore, necessary to provide a framework that will facilitate taxation of such income. In this regard, I propose to introduce digital service tax on the value of transactions at the rate of 1.5 per cent.

Food security is one of the pillars of the Big Four Agenda. The Government has put measures to support its implementation including food production. To further this Agenda, I propose to exempt maize or corn seeds from the Value Added Tax (VAT). This is to make them affordable to our farmers. Further, I have proposed to exempt ambulance services from VAT in addition to medical, nursing and dental services which are currently exempt from VAT to cushion Kenyans from the high costs of such services.

To enhance tax compliance, I propose to introduce a voluntary disclosure programme to allow Kenyans who, in the last five years, may have inadvertently made omissions in their tax returns to voluntarily disclose such omission and pay the tax due. The programme will run for three years. In order to encourage uptake of this programme, I further propose to grant relief for penalties and interest in respect of the tax disclosed after payment of the principal tax.

Hon. Speaker, currently, imports by the Kenya Defence Forces and the National Police Service are charged Import Declaration Fee and Railway Development Levy. These charges reduce budgetary allocations of these institutions. I have, therefore, proposed to exempt from both the Import Declaration Fee and Railway Development Levy on all goods, including materials, supplies, equipment, machinery and motor vehicles imported for the official use by the Kenya Defence Forces and the National Police Service.

The Government has been encouraging investments under the Public Private Partnership (PPP), particularly in the road sector. To further such partnerships, I propose to amend the Public Roads Toll Act to enable the persons who enter into an agreement with the Government to collect road tolls on roads constructed and managed under such agreements.

The Budget I have presented today involved making hard decisions in the quest to move our country forward. Faced with limited resources, the balancing has not been easy. We have channeled resources to cushion citizens and businesses from the adverse effects of the COVID-19 pandemic as well as interventions to support economic recovery. I firmly believe that the measures spelt out in this Budget will create more jobs and transform the lives of Kenyans. At the heart of these measures is our commitment to protect the livelihoods of citizens and support recovery of businesses. I believe that, working together, we will withstand the current storm as we have done in the past.

At this juncture, allow me to express my gratitude to His Excellency the President for his leadership and wise counsel in the management of the economic and financial policies of this country. I would also like to thank my fellow Cabinet Secretaries, Principal Secretaries and their staff for contributions to the Financial Year 2020/2021 Budget process. For their support during the preparation and approval of this Budget, my sincere appreciation goes to the Hon. Speakers of both the National Assembly and the Senate and their respective Clerks for overseeing the approval of submissions on the Budget Estimates for the Financial Year 2020/2021, and the Leaders of the Majority Party, especially Hon. Aden Duale of the National Assembly as well as the Leader of the Majority Party of the Senate, who is Hon. Pogishio, for their relentless support to get most of the legislative proposals on finance matters passed through Parliament.

I also thank Members of the Budget and Appropriations Committee led by the Chairman and the Parliamentary Budget Office for the constructive and comprehensive engagements in the approval process for the Budget Estimates for the Financial Year 2020/2021. I thank Members of the Departmental Committee on Finance and National Planning led by the Chairman for their commitment and diligence in the approval of various tax law proposals during the year. I thank all Members of the various departmental committees of the National Assembly and the Senate for their co-operation and support. I also thank the management and staff of the Kenya Revenue Authority, the Central Bank of Kenya, all financial sector regulators and the various agencies under the National Treasury and Planning for their contribution and advice during the budget process. We thank the Commission on Revenue Allocation and its chairperson for their contributions; the management and staff of the Ministry of National Treasury and Planning under the able leadership of the Principal Secretary, Dr. Julius Muia; the officers who tirelessly worked for long hours. That includes most weekends and holidays, notwithstanding the constraining COVID-19 environment. They worked to ensure that all budgetary and economic policy documents for the Financial Year 2020/2021 are produced, not only timely, but are also of high quality. These are the unsung heroes of this nation and I appreciate their extra effort in this exercise.

*(Applause)*

I thank the management and staff of the State Department for Planning for their support; staff from the Attorney-General's Office; our multilateral and bilateral development partners as well as the private sector for their contribution to our development agenda through their technical and financial support, and members of the Fourth Estate for actively keeping Kenyans informed on the developments in the country and the budget process for the Financial Year 2020/2021.

Hon. Speaker, I must express my sincere gratitude to Kenyans from all parts of the country for their insightful contributions, proposals and suggestions as we finalised this Budget.

In conclusion, the impact of the COVID-19 pandemic has been disruptive to our lives. I call upon Kenyans to pull together in the fight against the pandemic. Let us give safety and security of each other a priority. Follow the mandatory guidelines issued by the Government on COVID-19 prevention as the country carefully and slowly begins to reopen for business and economic recovery.

Hon. Speaker, I wish to thank our gallant health personnel who are on the frontline of the COVID-19 war. Indeed, we cannot thank them enough. May God bless them and their families for putting their lives as a shield for the rest of us against the virus. We cannot forget the men and women in uniform and all the security personnel for maintaining law and order and safeguarding the security of the country.

Hon. Speaker, my great appreciation goes to all Kenyans for demonstrating good citizenship by co-operating and supporting the Government in this fight. Together, we have made good progress and still need to forge forward in our Kenyan spirit until we win this war.

Equally, our heartfelt gratitude goes to the business community, donors and individuals who continue to donate resources to the Emergency Response Fund. The private sector has equally ensured that there are food supplies on the shelves, sanitizers are readily available as well as masks that have greatly supported the common *mwananchi*. *Asanteni sana!*

Hon. Speaker, I am well aware that the success of the measures I have outlined today will depend on the health behavioural change of our people. This strict discipline has been ably demonstrated by the health professionals in the fight against COVID-19 pandemic. Let us all pull together in observing the various protocols as advised by the Ministry of Health.

I thank you all. May God bless you all and the Republic of Kenya.

*(Applause)*

### PAPERS LAID

Hon. Speaker, in April 2020, I submitted the Budget Estimates together with the accompanying documents.

As I conclude, I further submit the following documents to this august House and request that you receive them:

1. Budget Statement FY 2020/21;
2. Budget Policy Statement for 2020;
3. Estimates of Revenue Grants and Loans for FY 2020/21 Budget;
4. Financial Statement for FY 2020/21 Budget;
5. 2020 Medium-Term Debt Management Strategy;
6. Budget Highlights - The "Mwananchi" Guide, FY 2020/21 Budget; and,
7. Statistical Annex to the Budget Statement for the FY 2020/21.

Thank you, Hon. Speaker.

*(Applause)*

**Hon. Speaker:** Hon. Members, I want to thank the Cabinet Secretary, National Treasury and Planning for having ably made the public pronouncement of the Budget Policy Highlights for the National Government for the Financial Year 2020/2021 and the Medium-Term Revenue Raising Measures contained in his speech.

Hon. Members, as you are aware, today's Budget Speech is not to be accompanied by the usual cocktail and courtesies. In this regard, all guests are invited to depart the precincts of Parliament at their own pleasure.

*(Laughter)*

### ADJOURNMENT

The time being 4.35 p.m., the House stands adjourned until Tuesday, 16<sup>th</sup> June 2020, at 10.00 a.m.

The House rose at 4.35 p.m.