

PARLIAMENT OF KENYA**THE NATIONAL ASSEMBLY****THE HANSARD****Wednesday, 23rd June 2021**

The House met at 7.00 p.m.

*[The Temporary Deputy Speaker
(Hon. Christopher Omulele) in the Chair]*

PRAYERS**QUORUM**

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Members, I direct that the Quorum Bell be rung for 10 minutes.

(The Quorum Bell was rung)

(Several Members stood along the gangway)

Order! Order Members! The Members on the gangway, can you make your way to your seats? Hon. Members, can we settle down so that we can begin business? The Members on the gangway, the Member for Buuri and the Member for Lari, kindly take your seats.

Thank you, Members. We now have the requisite quorum and we can now begin business.

MOTIONS**APPROVAL OF THE SECOND SUPPLEMENTARY ESTIMATES FOR 2020/2021 FINANCIAL YEAR**

The Chairperson of the Budget and Appropriations Committee, Hon. Kanini Kega, you may now proceed.

Hon. Kanini Kega (Kieni, JP): Thank you very much, Hon. Temporary Deputy Speaker.

Hon. Kanini Kega (Kieni, JP): Hon. Temporary Deputy Speaker, I beg to move the following Motion:

THAT, this House adopts the Report of the Budget and Appropriations Committee on the Second Supplementary Estimates for the Financial Year 2020/2021, laid on the Table of the House on Wednesday, 23rd June 2021 and pursuant to the provisions of Article 223 of the Constitution, Section 44 of the Public Finance Management Act, 2012, Public Finance Management Regulations No.40 and Standing Order No.243:

- (i) approves a decrease of the total recurrent expenditure for Financial Year 2020/2021 by Kshs16,657,599,945 in respect of the votes as contained in the First Schedule to the Order Paper;
- (ii) approves an increase of the total development expenditure for Financial Year 2020/2021 by Kshs8,480,922,681 in respect of the votes as contained in the First Schedule to the Order Paper;
- (iii) approves an overall decrease in the total budget for Financial Year 2020/2021 by Kshs8,176,677,264 in respect of the votes as contained in the Second Schedule to the Order Paper; and,
- (iv) further makes the policy resolutions contained in the Fourth Schedule to the Order Paper.

FIRST SCHEDULE

FIRST SCHEDULE							
Vote Code	VOTE/PROGR AMME CODES & TITLE	Proposed Supplementary Estimates 2 2020/2021			Amended Supplementary Estimates 2 2020/2021		
		Recurrent	Capital	Total	Recurrent	Capital	Total
1011	Executive Office of the President	(984,450,627)	31,772,843	(952,677,784)	(984,450,627)	31,772,843	(952,677,784)
	0702000 Cabinet Affairs	(69,185,294)	-	(69,185,294)	(69,185,294)	-	(69,185,294)
	0703000 Government Advisory Services	(460,000)	180,000,000	179,540,000	(460,000)	180,000,000	179,540,000
	0704000 State House Affairs	1,030,911,500	5,065,720	1,035,977,220	1,030,911,500	5,065,720	1,035,977,220
	0745000 Nairobi Metropolitan Services	(1,945,716,833)	(153,292,877)	(2,099,009,710)	(1,945,716,833)	(153,292,877)	(2,099,009,710)
1021	State Department for Interior and Citizen Services	254,000,000	100,000,000	354,000,000	604,000,000	100,000,000	704,000,000
	0601000 Policing Services	(70,000,000)	270,000,000	200,000,000	(70,000,000)	270,000,000	200,000,000
	0602000 Planning, Policy Coordination and Support Service	102,000,000	(20,000,000)	82,000,000	452,000,000	(20,000,000)	432,000,000
	0605000 Migration & Citizen Services Management	9,000,000	-	9,000,000	9,000,000	-	9,000,000
	0625000 Road Safety	213,000,000	(150,000,000)	63,000,000	213,000,000	(150,000,000)	63,000,000
1023	State Department for Correctional Services	(355,319,437)	-	(355,319,437)	(355,319,437)	-	(355,319,437)
	0604000 Correctional services	(341,647,857)	-	(341,647,857)	(341,647,857)	-	(341,647,857)

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Vote Code	VOTE/PROGR AMME CODES & TITLE	Proposed Supplementary Estimates 2 2020/2021			Amended Supplementary Estimates 2 2020/2021		
		Recurrent	Capital	Total	Recurrent	Capital	Total
	0623000 General Administration, Planning and Support Services	(13,671,580)	-	(13,671,580)	(13,671,580)	-	(13,671,580)
1032	State Department for Devolution	99,040,408	4,989,054,911	5,088,095,319	99,040,408	4,989,054,911	5,088,095,319
	0712000 Devolution Services	2,486,506	4,984,054,911	4,986,541,417	2,486,506	4,984,054,911	4,986,541,417
	0732000 General Administration, Planning and Support Services	20,878,902	-	20,878,902	20,878,902	-	20,878,902
	0713000 Special Initiatives	75,675,000	5,000,000	80,675,000	75,675,000	5,000,000	80,675,000
1035	State Department for Development of the ASAL	8,400,000	1,160,803,700	1,169,203,700	8,400,000	760,803,700	769,203,700
	0733000 Accelerated ASAL Development	8,400,000	1,160,803,700	1,169,203,700	8,400,000	760,803,700	769,203,700
1041	Ministry of Defence	(104,000,000)	-	(104,000,000)	(104,000,000)	-	(104,000,000)
	0801000 Defence	30,000,000	-	30,000,000	30,000,000	-	30,000,000
	0803000 General Administration, Planning and Support Services	(134,000,000)	-	(134,000,000)	(134,000,000)	-	(134,000,000)
1052	Ministry of Foreign Affairs	278,352,015	113,000,000	391,352,015	278,352,015	113,000,000	391,352,015
	0714000 General Administration Planning and Support Services	(15,667,521)	-	(15,667,521)	(15,667,521)	-	(15,667,521)
	0715000 Foreign Relation and Diplomacy	294,019,536	113,000,000	407,019,536	294,019,536	113,000,000	407,019,536
1064	State Department for Vocational and Technical Training	-	(45,500,000)	(45,500,000)	-	(45,500,000)	(45,500,000)
	0505000 Technical Vocational Education and Training	(2,325,091)	(53,858,197)	(56,183,288)	(2,325,091)	(53,858,197)	(56,183,288)
	0507000 Youth Training and Development	257,464	8,358,197	8,615,661	257,464	8,358,197	8,615,661

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		Recurrent	Capital	Total	Recurrent	Capital	Total
	0508000 General Administration, Planning and Support Services	2,067,627	-	2,067,627	2,067,627	-	2,067,627
1065	State Department for University Education	(17,936,875,187)	753,000,000	(17,183,875,187)	(17,936,875,187)	753,000,000	(17,183,875,187)
	0504000 University Education	(17,938,214,552)	758,000,000	(17,180,214,552)	(17,938,214,552)	758,000,000	(17,180,214,552)
	0506000 Research, Science, Technology and Innovation	295,952	(5,000,000)	(4,704,048)	295,952	(5,000,000)	(4,704,048)
	0508000 General Administration, Planning and Support Services	1,043,413	-	1,043,413	1,043,413	-	1,043,413
1066	State Department for Early Learning & Basic Education	(93,001,628)	(2,403,263,200)	(2,496,264,828)	216,998,372	(2,473,263,200)	(2,256,264,828)
	0501000 Primary Education	(268,697,896)	(559,570,400)	(828,268,296)	(268,697,896)	(609,570,400)	(638,268,296)
	0502000 Secondary Education	16,157,366	(1,454,367,000)	(1,438,209,634)	16,157,366	(1,474,367,000)	(1,458,209,634)
	0503000 Quality Assurance and Standards	33,081,707	(389,325,800)	(356,244,093)	33,081,707	(389,325,800)	(356,244,093)
	0508000 General Administration, Planning and Support Services	126,457,195	-	126,457,195	126,457,195	-	126,457,195
1068	State Department for Post Training and Skills Development	(3,000,000)	-	(3,000,000)	(3,000,000)	-	(3,000,000)
	0508000 General Administration, Planning and Support Services	(594,760)	-	(594,760)	(594,760)	-	(594,760)
	0512000 Workplace Readiness Services	(1,670,162)	-	(1,670,162)	(1,670,162)	-	(1,670,162)
	0513000 Post-Training Information Management	(735,078)	-	(735,078)	(735,078)	-	(735,078)
1071	The National						

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		Recurrent	Capital	Total	Recurrent	Capital	Total
	Treasury	(1,750,046,807)	(1,870,788,266)	(3,620,835,073)	(1,750,046,807)	(1,870,788,266)	(3,620,835,073)
	0717000 General Administration Planning and Support Services	(880,203,188)	851,448,500	(28,754,688)	(880,203,188)	851,448,500	(28,754,688)
	0718000 Public Financial Management	(795,117,185)	(2,722,236,766)	(3,517,353,951)	(795,117,185)	(2,722,236,766)	(3,517,353,951)
	0719000 Economic and Financial Policy Formulation and Management	(67,417,431)	-	(67,417,431)	(67,417,431)	-	(67,417,431)
	0740000 Government Clearing services	(7,309,003)	-	(7,309,003)	(7,309,003)	-	(7,309,003)
1072	State Department for Planning	(41,500,000)	-	(41,500,000)	(41,500,000)	-	(41,500,000)
	0706000 Economic Policy and National Planning	(31,601,089)	4,250,000	(27,351,089)	(31,601,089)	4,250,000	(27,351,089)
	0708000 Monitoring and Evaluation Services	(2,814,021)	(4,250,000)	(7,064,021)	(2,814,021)	(4,250,000)	(7,064,021)
	0709000 General Administration Planning and Support Services	(7,084,890)	-	(7,084,890)	(7,084,890)	-	(7,084,890)
1081	Ministry of Health	950,000,000	2,718,216,933	3,668,216,933	950,000,000	752,435,450	1,702,435,450
	0401000 Preventive, Promotive & RMNCAH	20,842,197	6,472,271,869	6,493,114,066	20,842,197	4,606,490,386	4,627,332,583
	0402000 National Referral & Specialized Services	906,065,660	23,162,696	929,228,356	906,065,660	23,162,696	929,228,356
	0404000 General Administration, Planning & Support Services	21,164,693	-	21,164,693	21,164,693	-	21,164,693
	0405000 Health Policy, Standards and Regulations	1,927,450	(3,777,217,632)	(3,775,290,182)	1,927,450	(3,877,217,632)	(3,875,290,182)
1091	State Department of Infrastructure	(296,600,000)	13,278,757,727	12,982,157,727	(296,600,000)	13,278,757,727	12,982,157,727
	0202000 Road Transport	(296,600,000)	13,278,757,727	12,982,157,727	(296,600,000)	13,278,757,727	12,982,157,727
1092	State Department of	(1,814,227,886)	(6,895,000,000)	(8,709,227,886)	(1,814,227,886)	(6,895,000,000)	(8,709,227,886)

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Vote Code	VOTE/PROGR AMME CODES & TITLE	Proposed Supplementary Estimates 2 2020/2021			Amended Supplementary Estimates 2 2020/2021		
		Recurrent	Capital	Total	Recurrent	Capital	Total
	Transport						
	0201000 General Administration, Planning and Support Services	(11,260,599)	15,000,000	3,739,401	(11,260,599)	15,000,000	3,739,401
	0203000 Rail Transport	-	(15,000,000)	(15,000,000)	-	(15,000,000)	(15,000,000)
	0204000 Marine Transport	194,799	(7,000,000,000)	(6,999,805,201)	194,799	(7,000,000,000)	(6,999,805,201)
	0205000 Air Transport	(1,803,208,086)	155,000,000	(1,648,208,086)	(1,803,208,086)	155,000,000	(1,648,208,086)
	0216000 Road Safety	46,000	(50,000,000)	(49,954,000)	46,000	(50,000,000)	(49,954,000)
1094	State Department for Housing and Urban Development	(10,000,000)	2,350,000,000	2,340,000,000	(10,000,000)	2,500,000,000	2,490,000,000
	0102000 Housing Development and Human Settlement	3,252,000	(650,000,000)	(646,748,000)	3,252,000	(650,000,000)	(646,748,000)
	0105000 Urban and Metropolitan Development	-	3,000,000,000	3,000,000,000	-	3,150,000,000	3,150,000,000
	0106000 General Administration Planning and Support Services	(13,252,000)	-	(13,252,000)	(13,252,000)	-	(13,252,000)
1095	State for Public Works	(60,000,000)	70,000,000	10,000,000	(60,000,000)	70,000,000	10,000,000
	0103000 Government Buildings	(49,000,000)	27,536,037	(21,463,963)	(49,000,000)	27,536,037	(21,463,963)
	0104000 Coastline Infrastructure and Pedestrian Access	(21,600,000)	42,463,963	20,863,963	(21,600,000)	42,463,963	20,863,963
	0106000 General Administration Planning and Support Services	10,600,000	-	10,600,000	10,600,000	-	10,600,000
1108	Ministry of Environment and Forestry	(45,600,000)	5,028,469	(40,571,531)	(45,600,000)	5,028,469	(40,571,531)
	1002000 Environment Management and Protection	-	47,465,277	47,465,277	-	47,465,277	47,465,277
	1010000 General Administration, Planning and Support Services	(600,000)	-	(600,000)	(600,000)	-	(600,000)

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		Recurrent	Capital	Total	Recurrent	Capital	Total
	1012000 Meteorological Services	(45,000,000)	(42,436,808)	(87,436,808)	(45,000,000)	(42,436,808)	(87,436,808)
1109	Ministry of Water, Sanitation and Irrigation	(109,000,000)	2,560,000,000	2,451,000,000	(109,000,000)	2,560,000,000	2,451,000,000
	1001000 General Administration, Planning and Support Services	(50,000,000)	-	(50,000,000)	(50,000,000)	-	(50,000,000)
	1004000 Water Resources Management	2,763,919	(2,097,700,000)	(2,094,936,081)	2,763,919	(2,097,700,000)	(2,094,936,081)
	1017000 Water and Sewerage Infrastructure Development	(46,763,919)	3,045,212,028	2,998,448,109	(46,763,919)	3,045,212,028	2,998,448,109
	1014000 Irrigation and Land Reclamation	(15,000,000)	(67,500,000)	(82,500,000)	(15,000,000)	(67,500,000)	(82,500,000)
	1015000 Water Storage and Flood Control	-	979,987,972	979,987,972	-	979,987,972	979,987,972
	1022000 Water Harvesting and Storage for Irrigation	-	700,000,000	700,000,000	-	700,000,000	700,000,000
1112	Ministry of Lands and Physical Planning	(16,500,000)	(300,000,000)	(316,500,000)	(16,500,000)	(300,000,000)	(316,500,000)
	0101000 Land Policy and Planning	(16,500,000)	(300,000,000)	(316,500,000)	(16,500,000)	(300,000,000)	(316,500,000)
1122	State Department for Information Communication and Technology & Innovation	-	(630,000,000)	(630,000,000)	-	(630,000,000)	(630,000,000)
	0207000 General Administration Planning and Support Services	4,390,154	-	4,390,154	4,390,154	-	4,390,154
	0210000 ICT Infrastructure Development	-	(983,000,000)	(983,000,000)	-	(983,000,000)	(983,000,000)
	0217000 E- Government Services	(4,390,154)	353,000,000	348,609,846	(4,390,154)	353,000,000	348,609,846
1123	State Department for Broadcasting &	(275,000,000)	-	(275,000,000)	(275,000,000)	-	(275,000,000)

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		Recurrent	Capital	Total	Recurrent	Capital	Total
	Telecommunica tions						
	0207000 General Administration Planning and Support Services	6,300,000	-	6,300,000	6,300,000	-	6,300,000
	0208000 Information and Communication Services	(281,849,000)	-	(281,849,000)	(281,849,000)	-	(281,849,000)
	0221000 Film Development Services	549,000	-	549,000	549,000	-	549,000
1132	State Department for Sports	85,278,820	4,087,995,461	4,173,274,281	85,278,820	4,087,995,461	4,173,274,281
	0901000 Sports	85,278,820	4,087,995,461	4,173,274,281	85,278,820	4,087,995,461	4,173,274,281
1134	State Department for Culture and Heritage	95,500,000	-	95,500,000	95,500,000	-	95,500,000
	0902000 Culture / Heritage	80,920,000	-	80,920,000	80,920,000	-	80,920,000
	0903000 The Arts	5,500,000	-	5,500,000	5,500,000	-	5,500,000
	0905000 General Administration, Planning and Support Services	9,080,000	-	9,080,000	9,080,000	-	9,080,000
1152	Ministry of Energy	447,000,000	(7,007,538,422)	(6,560,538,422)	447,000,000	(6,307,538,422)	(5,860,538,422)
	0212000 Power Generation	447,000,000	397,461,578	844,461,578	447,000,000	397,461,578	844,461,578
	0213000 Power Transmission and Distribution	-	(7,305,000,000)	(7,305,000,000)	-	(6,605,000,000)	(6,605,000,000)
	0214000 Alternative Energy Technologies	-	(100,000,000)	(100,000,000)	-	(100,000,000)	(100,000,000)
1162	State Department for Livestock	6,500,000	(39,499,791)	(32,999,791)	6,500,000	(39,499,791)	(32,999,791)
	0112000 Livestock Resources Management and Development	6,500,000	(39,499,791)	(32,999,791)	6,500,000	(39,499,791)	(32,999,791)
1166	State Department for Fisheries, Aquaculture & the Blue Economy	(24,000,000)	(400,000,000)	(424,000,000)	(24,000,000)	(198,705,532)	(222,705,532)

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		Recurrent	Capital	Total	Recurrent	Capital	Total
	0111000 Fisheries Development and Management	(16,316,434)	3,219,594	(13,096,840)	(16,316,434)	204,514,062	188,197,628
	0117000 General Administration, Planning and Support Services	(7,973,644)	-	(7,973,644)	(7,973,644)	-	(7,973,644)
	0118000 Development and Coordination of the Blue Economy	290,078	(403,219,594)	(402,929,516)	290,078	(403,219,594)	(402,929,516)
1169	State Department for Crop Development & Agricultural Research	(119,580,370)	(344,737,859)	(464,318,229)	(119,580,370)	(344,737,859)	(464,318,229)
	0107000 General Administration Planning and Support Services	(83,655,527)	-	(83,655,527)	(83,655,527)	-	(83,655,527)
	0108000 Crop Development and Management	(34,289,484)	(344,737,859)	(379,027,343)	(34,289,484)	(344,737,859)	(379,027,343)
	0109000 Agribusiness and Information Management	(1,961,462)	-	(1,961,462)	(1,961,462)	-	(1,961,462)
	0120000 Agricultural Research & Development	326,103	-	326,103	326,103	-	326,103
1173	State Department for Cooperatives	60,000,000	161,300,000	221,300,000	80,000,000	141,300,000	221,300,000
	0304000 Cooperative Development and Management	60,000,000	161,300,000	221,300,000	80,000,000	141,300,000	221,300,000
1174	State Department for Trade	30,100,000	(6,300,000)	23,800,000	150,100,000	23,700,000	173,800,000
	0307000 Trade Development and Promotion	30,100,000	(6,300,000)	23,800,000	150,100,000	23,700,000	173,800,000
1175	State Department for Industrialization	118,051,143	(900,000,000)	(781,948,857)	118,051,143	(900,000,000)	(781,948,857)
	0301000 General Administration Planning and Support Services	1,248,890	(400,000,000)	(398,751,110)	13,440,450	(400,000,000)	(386,559,550)

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	0302000 Industrial Development and Investments	(5,000,000)	-	(5,000,000)	(5,000,000)	-	(5,000,000)
	0303000 Standards and Business Incubation	121,802,253	(500,000,000)	(378,197,747)	109,610,693	(500,000,000)	(390,389,307)
1184	State Department for Labour	(50,265,965)	(230,000,000)	(280,265,965)	(50,265,965)	(230,000,000)	(280,265,965)
	0910000 General Administration Planning and Support Services	5,162,137	-	5,162,137	5,162,137	-	5,162,137
	0906000 Promotion of the Best Labour Practice	(61,523,534)	-	(61,523,534)	(61,523,534)	-	(61,523,534)
	0907000 Manpower Development, Employment and Productivity Management	6,095,432	(230,000,000)	(223,904,568)	6,095,432	(230,000,000)	(223,904,568)
1185	State Department for Social Protection, Pensions & Senior Citizen Affairs	47,000,000	(200,000,000)	(153,000,000)	47,000,000	200,000,000	247,000,000
	0908000 Social Development and Children Services	44,726,290	-	44,726,290	194,726,290	400,000,000	594,726,290
	0909000 National Social Safety Net	-	(200,000,000)	(200,000,000)	(150,000,000)	(200,000,000)	(350,000,000)
	0914000 General Administration, Planning and Support Services	2,273,710	-	2,273,710	2,273,710	-	2,273,710
1192	State Department for Mining	(40,000,000)	25,659,140	(14,340,860)	(40,000,000)	25,659,140	(14,340,860)
	1007000 General Administration Planning and Support Services	-	4,000,000	4,000,000	-	4,000,000	4,000,000
	1009000 Mineral Resources Management	(40,000,000)	13,438,910	(26,561,090)	(40,000,000)	13,438,910	(26,561,090)
	1021000 Geological	-	8,220,230	8,220,230	-	8,220,230	8,220,230

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FIRST SCHEDULE							
Vote Code	VOTE/PROGR AMME CODES & TITLE	Proposed Supplementary Estimates 2 2020/2021			Amended Supplementary Estimates 2 2020/2021		
		Recurrent	Capital	Total	Recurrent	Capital	Total
	Surveys and Geo Information						
1193	State Department for Petroleum	1,602,200,000	(172,490,000)	1,429,710,000	1,602,200,000	(172,490,000)	1,429,710,000
	0215000 Exploration and Distribution of Oil and Gas	1,602,200,000	(172,490,000)	1,429,710,000	1,602,200,000	(172,490,000)	1,429,710,000
1202	State Department for Tourism	182,412,863	(85,735,950)	96,676,913	182,412,863	(85,735,950)	96,676,913
	0306000 Tourism Development and Promotion	182,412,863	(85,735,950)	96,676,913	182,412,863	(85,735,950)	96,676,913
1203	State Department for Wildlife	1,455,573,258	12,000,000	1,467,573,258	1,455,573,258	12,000,000	1,467,573,258
	1019000 Wildlife Conservation and Management	1,455,573,258	12,000,000	1,467,573,258	1,455,573,258	12,000,000	1,467,573,258
1212	State Department for Gender	90,300,000	(640,000,000)	(549,700,000)	90,300,000	(640,000,000)	(549,700,000)
	0912000 Gender Empowerment	90,300,000	(640,000,000)	(549,700,000)	90,300,000	(640,000,000)	(549,700,000)
1213	State Department for Public Service	(435,059,555)	-	(435,059,555)	(435,059,555)	-	(435,059,555)
	0710000 Public Service Transformation	(502,231,801)	-	(502,231,801)	(502,231,801)	-	(502,231,801)
	0709000 General Administration Planning and Support Services	67,172,246	-	67,172,246	67,172,246	-	67,172,246
1214	State Department for Youth	10,000,000	-	10,000,000	10,000,000	-	10,000,000
	0711000 Youth Empowerment	10,000,000	-	10,000,000	10,000,000	-	10,000,000
1221	State Department for East African Community	(28,000,000)	-	(28,000,000)	(28,000,000)	-	(28,000,000)
	0305000 East African Affairs and Regional Integration	(28,000,000)	-	(28,000,000)	(28,000,000)	-	(28,000,000)
1222	State Department for Regional & Northern	133,200,000	(15,200,000)	118,000,000	133,200,000	434,800,000	568,000,000

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FIRST SCHEDULE							
Vote Code	VOTE/PROGR AMME CODES & TITLE	Proposed Supplementary Estimates 2 2020/2021			Amended Supplementary Estimates 2 2020/2021		
		Recurrent	Capital	Total	Recurrent	Capital	Total
	Corridor Development						
	1013000 Integrated Regional Development	133,200,000	(15,200,000)	118,000,000	133,200,000	434,800,000	568,000,000
1252	State Law Office and Department of Justice	165,000,000	(43,000,000)	122,000,000	165,000,000	(43,000,000)	122,000,000
	0606000 Legal Services	122,933,428	-	122,933,428	122,933,428	-	122,933,428
	0607000 Governance, Legal Training and Constitutional Affairs	8,302,750	(67,000,000)	(58,697,250)	8,302,750	(67,000,000)	(58,697,250)
	0609000 General Administration, Planning and Support Services	33,763,822	24,000,000	57,763,822	33,763,822	24,000,000	57,763,822
1291	Office of the Director of Public Prosecutions	44,938,132	(80,000,000)	(35,061,868)	44,938,132	(80,000,000)	(35,061,868)
	0612000 Public Prosecution Services	44,938,132	(80,000,000)	(35,061,868)	44,938,132	(80,000,000)	(35,061,868)
1311	Office of the Registrar of Political Parties	(24,200,000)	-	(24,200,000)	(24,200,000)	-	(24,200,000)
	0614000 Registration, Regulation and Funding of Political Parties	(24,200,000)	-	(24,200,000)	(24,200,000)	-	(24,200,000)
1321	Witness Protection Agency	(3,600,000)	-	(3,600,000)	(3,600,000)	-	(3,600,000)
	0615000 Witness Protection	(3,600,000)	-	(3,600,000)	(3,600,000)	-	(3,600,000)
2011	Kenya National Commission on Human Rights	(8,000,000)	-	(8,000,000)	(8,000,000)	-	(8,000,000)
	0616000 Protection and Promotion of Human Rights	(8,000,000)	-	(8,000,000)	(8,000,000)	-	(8,000,000)
2021	National Land Commission	(26,000,000)	-	(26,000,000)	(26,000,000)	-	(26,000,000)
	0116000 Land Administration and Management	(26,000,000)	-	(26,000,000)	(26,000,000)	-	(26,000,000)

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FIRST SCHEDULE							
Vote Code	VOTE/PROGR AMME CODES & TITLE	Proposed Supplementary Estimates 2 2020/2021			Amended Supplementary Estimates 2 2020/2021		
		Recurrent	Capital	Total	Recurrent	Capital	Total
2031	Independent Electoral and Boundaries Commission	(92,606,131)	-	(92,606,131)	107,393,869	-	107,393,869
	0617000 Management of Electoral Processes	(92,606,131)	-	(92,606,131)	107,393,869	-	107,393,869
2061	The Commission on Revenue Allocation	(10,621,625)	-	(10,621,625)	(10,621,625)	-	(10,621,625)
	0737000 Inter-Governmental Transfers and Financial Matters	(10,621,625)	-	(10,621,625)	(10,621,625)	-	(10,621,625)
2071	Public Service Commission	4,000,000	-	4,000,000	4,000,000	-	4,000,000
	0725000 General Administration, Planning and Support Services	4,000,000	-	4,000,000	4,000,000	-	4,000,000
2091	Teachers Service Commission	1,500,000,000	(400,000,000)	1,100,000,000	1,500,000,000	(400,000,000)	1,100,000,000
	0509000 Teacher Resource Management	1,500,500,200	(400,000,000)	1,100,500,200	1,500,500,200	(400,000,000)	1,100,500,200
	0510000 Governance and Standards	887,765	-	887,765	887,765	-	887,765
	0511000 General Administration, Planning and Support Services	(1,387,965)	-	(1,387,965)	(1,387,965)	-	(1,387,965)
2101	National Police Service Commission	(11,587,482)	-	(11,587,482)	(11,587,482)	-	(11,587,482)
	0620000 National Police Service Human Resource Management	(11,587,482)	-	(11,587,482)	(11,587,482)	-	(11,587,482)
2111	Auditor General	(158,000,000)	-	(158,000,000)	(158,000,000)	-	(158,000,000)
	0729000 Audit Services	(158,000,000)	-	(158,000,000)	(158,000,000)	-	(158,000,000)
2121	Office of the Controller of Budget	(20,003,884)	-	(20,003,884)	(20,003,884)	-	(20,003,884)
	0730000 Control and Management of Public finances	(20,003,884)	-	(20,003,884)	(20,003,884)	-	(20,003,884)

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FIRST SCHEDULE							
Vote Code	VOTE/PROGR AMME CODES & TITLE	Proposed Supplementary Estimates 2 2020/2021			Amended Supplementary Estimates 2 2020/2021		
		Recurrent	Capital	Total	Recurrent	Capital	Total
2131	Commission on Administrative Justice	4,100,000	-	4,100,000	4,100,000	-	4,100,000
	0731000 Promotion of Administrative Justice	4,100,000	-	4,100,000	4,100,000	-	4,100,000
2141	National Gender and Equality Commission	(6,400,000)	(2,126,000)	(8,526,000)	(6,400,000)	(2,126,000)	(8,526,000)
	0621000 Promotion of Gender Equality and Freedom from Discrimination	(6,400,000)	(2,126,000)	(8,526,000)	(6,400,000)	(2,126,000)	(8,526,000)
2151	Independent Policing Oversight Authority	(15,000,000)	-	(15,000,000)	(15,000,000)	-	(15,000,000)
	0622000 Policing Oversight Services	(15,000,000)	-	(15,000,000)	(15,000,000)	-	(15,000,000)
	Sub-Total: Budget Estimates for the Executive	(17,297,099,945)	9,705,409,696	(7,591,690,249)	(16,297,099,945)	9,180,922,681	(7,116,177,264)
1261	The Judiciary	(118,000,000)	-	(118,000,000)	(118,000,000)	-	(118,000,000)
	0610000 Dispensation of Justice	(118,000,000)	-	(118,000,000)	(118,000,000)	-	(118,000,000)
2051	Judicial Service Commission	12,500,000	-	12,500,000	12,500,000	-	12,500,000
	0619000 General Administration, Planning and Support Services	12,500,000	-	12,500,000	12,500,000	-	12,500,000
	Sub-Total: Budget Estimates for the Judiciary	(105,500,000)	-	(105,500,000)	(105,500,000)	-	(105,500,000)
2041	Parliamentary Service Commission	(65,000,000)	-	(65,000,000)	(65,000,000)	-	(65,000,000)
	0722000 Senate Affairs	(65,000,000)	-	(65,000,000)	(65,000,000)	-	(65,000,000)
2042	National Assembly	(190,000,000)	-	(190,000,000)	(190,000,000)	-	(190,000,000)
	0721000 National Legislation, Representation	(190,000,000)	-	(190,000,000)	(190,000,000)	-	(190,000,000)

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FIRST SCHEDULE							
Vote Code	VOTE/PROGR AMME CODES & TITLE	Proposed Supplementary Estimates 2 2020/2021			Amended Supplementary Estimates 2 2020/2021		
		Recurrent	Capital	Total	Recurrent	Capital	Total
	and Oversight						
2043	Parliamentary Joint Services	-	(700,000,000)	(700,000,000)	-	(700,000,000)	(700,000,000)
	0723000 General Administration, Planning and Support Services	-	(700,000,000)	(700,000,000)	-	(700,000,000)	(700,000,000)
	Sub-Total: Budget Estimates for Parliament	(255,000,000)	(700,000,000)	(955,000,000)	(255,000,000)	(700,000,000)	(955,000,000)
	FY 2020/21 GROSS SUPPLEMENTARY II ESTIMATES	(17,657,599,945)	9,005,409,696	(8,652,190,249)	(16,657,599,945)	8,480,922,681	(8,176,677,264)

SECOND SCHEDULE

SECOND SCHEDULE: DETAILS ON DEPARTMENTAL COMMITTEES AND NATIONAL TREASURY AMENDMENTS								
Vote Code	VOTE/ PROGRAMME CODES & TITLE	Recurrent Expenditure			Capital Expenditure			Details of Changes
		Increases	Reductions	Total	Increases	Reductions	Total	
1021	State Department for Interior and Citizen Services	350,000,000	-	350,000,000	-	-	-	(i) KSh. 180 million being an addendum from the National Treasury to support security operations incurred Article 223; (ii)KSh. 170 million to enhance security Operations
	0601000 Policing Services			-			-	
	0602000 Planning, Policy Coordination and Support Service	350,000,000		350,000,000			-	
	0603000 Government Printing Services			-			-	
	0605000 Migration & Citizen Services			-			-	

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SECOND SCHEDULE: DETAILS ON DEPARTMENTAL COMMITTEES AND NATIONAL TREASURY AMENDMENTS								
Vote Code	VOTE/ PROGRAMME CODES & TITLE	Recurrent Expenditure			Capital Expenditure			Details of Changes
		Increases	Reductions	Total	Increases	Reductions	Total	
	Management							
	0625000 Road Safety			-			-	
	06256000 Population Management Services			-			-	
1035	State Department for Development of the ASAL	-	-	-	-	(400,000,000)	(400,000,000)	
	0733000 Accelerated ASAL Development			-		(400,000,000)	(400,000,000)	
1066	State Department for Early Learning & Basic Education	310,000,000	-	310,000,000	(70,000,000)	-	(70,000,000)	(i) KSh. 240 million being additional allocation through the NT addendum to cater for shortfall under the school feeding programme (ii) KSh. 70 million being an a committee amendment to enhance allocation to NACONEK
	0501000 Primary Education	240,000,000		240,000,000	(50,000,000)		(50,000,000)	
	0502000 Secondary Education			-	(20,000,000)		(20,000,000)	
	0503000 Quality Assurance and Standards			-			-	
	0508000 General Administration, Planning and Support Services	70,000,000		70,000,000			-	Enhanced allocation to NACONEK
1081	Ministry of Health	-	-	-	-	(1,965,781,483)	(1,965,781,483)	Being a reduction by the NT on account of low absorption
	0401000 Preventive,			-		(1,865,781,483)	(1,865,781,483)	

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SECOND SCHEDULE: DETAILS ON DEPARTMENTAL COMMITTEES AND NATIONAL TREASURY AMENDMENTS								
Vote Code	VOTE/ PROGRAMME CODES & TITLE	Recurrent Expenditure			Capital Expenditure			Details of Changes
		Increases	Reductions	Total	Increases	Reductions	Total	
	Promotive & RMNCAH							
	0402000 National Referral & Specialized Services			-			-	
	0403000 Health Research and Development			-			-	
	0404000 General Administration, Planning & Support Services			-			-	
	0405000 Health Policy, Standards and Regulations			-		(100,000,000)	(100,000,000)	
1094	State Department for Housing and Urban Development	-	-	-	150,000,000	-	150,000,000	
	0102000 Housing Development and Human Settlement			-			-	
	0105000 Urban and Metropolitan Development			-	150,000,000		150,000,000	To pay for commitments already done for the construction of a Market (Pending Bills)
	0106000 General Administration Planning and Support Services			-			-	
1109	Ministry of Water, Sanitation and Irrigation	-	-	-	150,000,000	(150,000,000)	-	
	1001000 General Administration, Planning and Support Services			-			-	
	1004000 Water Resources Management			-			-	
	1017000 Water and Sewerage Infrastructure Development			-			-	
	1014000 Irrigation and Land			-			-	

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SECOND SCHEDULE: DETAILS ON DEPARTMENTAL COMMITTEES AND NATIONAL TREASURY AMENDMENTS								
Vote Code	VOTE/ PROGRAMME CODES & TITLE	Recurrent Expenditure			Capital Expenditure			Details of Changes
		Increases	Reductions	Total	Increases	Reductions	Total	
	Reclamation							
	1015000 Water Storage and Flood Control			-			-	
	1022000 Water Harvesting and Storage for Irrigation			-	150,000,000	(150,000,000)	-	For rehabilitation of various water pans in Kajiado South. The regularise the names of dams in the Olorika Water Scheme- .Eselengei (Kshs.20 Million) , Nadoenkajikji k(Kshs.20 Million), Ironchoi (15 Million) , Imarba/Ormot i (Kshs. 20 Million), Risa (20 Million), Elangata Enkim (20 Million), Olorika (15Million) and Narok Entetit (20 Million)
1152	Ministry of Energy	-	-	-	700,000,000	-	700,000,000	To pay for Pending Bills
	0211000 General Administration Planning and Support Services			-			-	
	0212000 Power Generation			-			-	
	0213000 Power Transmission and Distribution			-	700,000,000		700,000,000	
	0214000 Alternative Energy Technologies			-			-	
1166	State Department for Fisheries, Aquaculture & the Blue	-	-	-	201,294,468	-	201,294,468	Being an allocation by the NT through the addendum to

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SECOND SCHEDULE: DETAILS ON DEPARTMENTAL COMMITTEES AND NATIONAL TREASURY AMENDMENTS								
Vote Code	VOTE/ PROGRAMME CODES & TITLE	Recurrent Expenditure			Capital Expenditure			Details of Changes
		Increases	Reductions	Total	Increases	Reductions	Total	
	Economy							cater for counterpart funding.
	0111000 Fisheries Development and Management			-	201,294,468		201,294,468	
	0117000 General Administration, Planning and Support Services			-			-	
	0118000 Development and Coordination of the Blue Economy			-			-	
1173	State Department for Cooperatives	20,000,000	-	20,000,000	(20,000,000)	-	(20,000,000)	Re-allocation from development to recurrent to acter for payment of pending bills
	0304000 Cooperative Development and Management	20,000,000		20,000,000	(20,000,000)		(20,000,000)	
1174	State Department for Trade	120,000,000	-	120,000,000	30,000,000	-	30,000,000	
	0307000 Trade Development and Promotion	120,000,000		120,000,000	30,000,000		30,000,000	(i) KSh. 100 million to pay for exhibition spaces and training of SMEs who will take part in preparation for Dubai EXPO 2020 (ii) KSh. 20 million for Anti-Counterfeit Agency to facilitate payment of public awareness programmes (iii) KSH. 30 million to pay for commitments

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SECOND SCHEDULE: DETAILS ON DEPARTMENTAL COMMITTEES AND NATIONAL TREASURY AMENDMENTS								
Vote Code	VOTE/ PROGRAMME CODES & TITLE	Recurrent Expenditure			Capital Expenditure			Details of Changes
		Increases	Reductions	Total	Increases	Reductions	Total	
								made for the development of Commodities Exchange Platform (KOMEX)
1175	State Department for Industrialization	12,191,560	(12,191,560)	-	-	-	-	Re-allocation is to cater for salary shortfall at the Headquarters that had already been transferred to MSEA
	0301000 General Administration Planning and Support Services	12,191,560		12,191,560			-	
	0302000 Industrial Development and Investments			-			-	
	0303000 Standards and Business Incubation		(12,191,560)	(12,191,560)			-	Reduction is on account of SRC salary arrears for KIRDI in order to cater for salary shortfalls in the Headquarters.
1185	State Department for Social Protection, Pensions & Senior Citizen Affairs	150,000,000	(150,000,000)	-	400,000,000	-	400,000,000	(i) KSh. 150 million being a re-allocation within the state Department
	0908000 Social Development and Children Services	150,000,000		150,000,000	400,000,000		400,000,000	To facilitate completion of ongoing construction of Foster care homes in Bungoma and Joska.
	0909000 National Social Safety Net		(150,000,000)	(150,000,000)			-	
	0914000 General Administration, Planning and Support Services			-			-	

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SECOND SCHEDULE: DETAILS ON DEPARTMENTAL COMMITTEES AND NATIONAL TREASURY AMENDMENTS								
Vote Code	VOTE/ PROGRAMME CODES & TITLE	Recurrent Expenditure			Capital Expenditure			Details of Changes
		Increases	Reductions	Total	Increases	Reductions	Total	
1222	State Department for Regional & Northern Corridor Development	-	-	-	450,000,000	-	450,000,000	Being an addendum from the NT for emergency interventions
	1013000 Integrated Regional Development			-	450,000,000		450,000,000	
2031	Independent Electoral and Boundaries Commission	200,000,000	-	200,000,000	-	-	-	To facilitate payment of pending bills
	0617000 Management of Electoral Processes	200,000,000		200,000,000			-	
	0618000 Delimitation of Electoral Boundaries			-			-	
	Total	1,162,191,560	(162,191,560)	1,000,000,000	1,991,294,468	(2,515,781,483)	(524,487,015)	

THIRD SCHEDULE

THIRD SCHEDULE: SUMMARY OF THE APPROVALS GRANTED UNDER ARTICLE 223 OF THE CONSTITUTION IN THE FY 2020/21							
Vote and Programme Details	Current	Capital	Total	National Treasury Approval Dates	Amount Disbursed/ Payment	Disburseme nt Dates	Remarks
1011 Executive Office of the President	360,000,000	-	360,000,000		-		
0704000 State House Affairs	360,000,000		360,000,000	27/4/2021 & 25/5/2021			Provision for the enhancement
1041 Ministry of Defence	30,000,000	-	30,000,000		-		
0801000 Defence	30,000,000		30,000,000	20/5/2021			Provision for National Multi- Agency Security operation
1071 The National Treasury	1,773,233,164	1,000,000,000	2,773,233,164		1,000,000,000		
0717000 General Administration Planning and Support Services	1,773,233,164	1,000,000,000	2,773,233,164	6/5/2021	1,000,000,000	22/6/2021	Ksh. 1billion for Shelter Afrique & Ksh. 1.8billion for Provision for the shortfall under comprehensive Personal Group Insurance
1081 Ministry of		3,800,000,000					

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Health	-		3,800,000,000		-		
0401000 Preventive, Promotive & Reproductive Health		3,800,000,000	3,800,000,000	26/4/2021			Provision for procurement of Covid-19 vaccines
1091 State Department for Infrastructure	-	15,000,000,000	15,000,000,000		-		
0202000 Road Transport		15,000,000,000	15,000,000,000	25/5/2021			Funded through Petroleum Development Levy (PDL)
1094 State Department for Housing & Urban Development	-	3,000,000,000	3,000,000,000		2,250,000,000		
0105000 Urban and Metropolitan Development		3,000,000,000	3,000,000,000	14/6/2021	2,250,000,000	23/4/2021 & 4/6/2021	Payment for Kazi Mtaani Balance of Kshs. 750million to be processed by 25/6/2021

THIRD SCHEDULE: SUMMARY OF THE APPROVALS GRANTED UNDER ARTICLE 223 OF THE CONSTITUTION IN THE FY 2020/21

1109 Ministry of Water & Sanitation and Irrigation	-	1,000,000,000	1,000,000,000		900,000,000		
1017000 Water and Sewerage Infrastructure Development		1,000,000,000	1,000,000,000	26/4/2021	900,000,000	6/5/2021	Funds for compensation under Karimenu II Water project
1193 State Department for Petroleum	-	1,600,000,000	1,600,000,000				
0215000 Exploration and Distribution of Oil and Gas		1,600,000,000	1,600,000,000	13/4/2021			Funded through Petroleum Development Levy(PDL)
1203 State Department for Wildlife	250,000,000	-	250,000,000		250,000,000		
1019000 Wildlife Conservation and Management	250,000,000		250,000,000	7/4/2021	250,000,000	30/4/2021	Funds to undertake National Survey of Wildlife in Kenya
1291 Office of the Director of Public Prosecutions	72,000,000	-	72,000,000		-		
0612000 Public Prosecution Services	72,000,000		72,000,000	1/4/2021			
Total	2,485,233,164	25,400,000,000	27,885,233,164		4,400,000,000		

FOURTH SCHEDULE

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POLICY AND FINANCIAL RESOLUTIONS RELATING TO THE SECOND SUPPLEMENTARY ESTIMATES FOR FY 2020/2021

A. POLICY RESOLUTIONS

1. THAT, to allow adequate time for scrutiny, the National Treasury ensures that any supplementary budget is submitted to the National Assembly not later than the 30th of April in a financial year;
2. THAT, the Office of the Auditor General conducts a special forensic audit on all foreign-financed projects so as to establish, among others, the project agreements and status of project implementation including disbursement, value-for-money and framework for repayment of the loans. The report to be submitted to the National Assembly by 31st December, 2021;
3. THAT, the National Treasury develops a framework for engaging the various MDAs, including Parliament and the Judiciary, so as to have an inclusive process during the preparation of the supplementary estimates. This framework to be submitted to the National Assembly by 30th August, 2021;
4. THAT, in order to stimulate the economy, the State Department for Trade, in conjunction with the National Treasury, urgently develops an Economic Stimulus Package (ESP) earmarking support of SMEs dealing with exports. This should include but not be limited to incentive schemes and programmes. The ESP proposal to be submitted to the National Assembly by 30th September, 2021.

B. FINANCIAL RESOLUTIONS

1. THAT, this House approves expenditures granted under Article 223 of the Constitution as contained in the Third Schedule; and,
2. THAT, the attached First Schedule forms the basis for enactment of the Second Supplementary Appropriations Act for Financial Year 2020/2021.

Hon. Temporary Deputy Speaker, as I move this Motion, I want to thank the Members of the Budget and Appropriations Committee for putting in a lot of time despite a very tight schedule to come up with this Report. I also thank the Office of the Speaker and the Office of the Clerk for facilitating the Committee to operate.

In line with the provisions of the National Assembly Standing Order No.207 (3)(b), I hereby present the Report of the Budget and Appropriations Committee on the Supplementary Estimates (No.2) for the Financial Year 2020/2021.

The Second Supplementary Estimates were tabled in the House on 9th June 2021 pursuant to Article 223 of the Constitution, Section 44 of the Public Finance Management (PFM) Act, 2021, PFM Regulations No.40 and National Assembly Standing Order No.243.

It is also important to note that the Second Supplementary Estimates were submitted to this House, three weeks to the end of the financial year. The tight timelines for the scrutiny of the Supplementary Budget often compromise the quality of the review. We have seen that this is a trend. But this time round, unlike last year where we had three Supplementary Estimates, this Financial Year, we have two Supplementary Estimates. Moving into the future, we hope we will limit to one Supplementary Budget per financial year.

In reviewing the Second Supplementary Estimates for the Financial Year 2020/2021, the Committee held four meetings, including one consultative meeting with the National Treasury. Further, the Committee received submissions from departmental committees in relation to proposed expenditure changes within their purview. The outcome of these deliberations has informed the various recommendations contained in this Report. If approved, these recommendations will form the basis of the passage of the second Supplementary Estimates for the Financial Year 2020/2021.

Given the highlights of this Supplementary Estimates, the second Supplementary Estimates of 2020/2021 Financial Year proposes an overall reduction of recurrent approved budget by Kshs12.29 billion. The bulk of this reduction is under recurrent budget which has been reduced by Kshs17.66 billion. Also the Consolidated Fund Services has been reduced by Kshs3.63 billion.

Other notable reductions is a reduction of Ksh955 million from the budget of Parliament. It is important for Members to note that these are funds that were supposed to go to purchase furniture for the new office. Basically, because of time constraints and lack of absorption which, of course, was occasioned by the Exchequer releases, we have decided to reduce it. When time will be right for them to do the procurement, we will avail the funds.

The other reduction is in the Judiciary of Ksh105.46 million. Basically, it is on the issue of absorption.

On the other hand, there has been a budget increase of Kshs9.10 billion. According to the National Treasury, the Second Supplementary Estimates has been necessitated by the need to provide for the COVID-19 related expenditure. As Members will note, there is a provision of about Kshs7.6 billion that will go towards buying the COVID-19 vaccines. We have been having AstraZeneca which was an arrangement through the World Health Organization (WHO), but due to many challenges, there has been a problem. The Ministry of Health has now decided to buy directly from the manufacturers and has already entered into a contract with Johnson and Johnson (J&J).

The reductions are related to low Appropriations-in-Aid (A-in-A) collection, salary adjustments and changes in development partner financing. Additionally, the Budget seeks to regularise approved expenditure and reallocations already expended under Article 223 of the Constitution amounting to Kshs26.8 billion.

I now want to highlight a few areas where there was increase or decrease. With regard to the recurrent budget, the major reduction has been undertaken including the following:

A reduction of Kshs17.94 billion from the University Education Programme under the State Department for University Education; a reduction of Kshs1.95 billion from Nairobi Metropolitan Services Programmes in the Executive Office of the President, on account of low absorption; and, a reduction of Kshs1.80 billion from the Air Transport Programme under the State Department of Transport because of loss of A-in-A. Many of the reductions, as I have alluded to earlier, are on account of low A-in-A collection due to adverse effects of COVID-19 Pandemic on the economy.

Hon. Temporary Deputy Speaker, allow me to relax my mask as long as Hon. Kimunya is not near me.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Yes.

Hon. Kanini Kega (Kieni, JP): Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Yes.

(Loud consultations)

Hon. Members, kindly consult in slightly lower tones so that the Chair, Budget and Appropriations Committee can be heard.

Hon. Kanini Kega (Kieni, JP): Thank you very much, Hon. Temporary Deputy Speaker. I am now more audible.

On the other hand, the major increments under the Recurrent Budget include the following:

An increase of Kshs1.6 billion for exploration and distribution of oil and gas under the State Department of Petroleum; an increase of Kshs1.50 billion for the Teacher Resource Management Programme being undertaken by the Teachers Service Commission to make sure they undertake promotion and hire more teachers; an increase of Kshs1.46 billion for the Wildlife Conservation and Management Programme under the Department of Wildlife; and, an increase of Kshs1.03 billion to the State House Affairs in the Office of the President.

With regard to the Development Budget, there will be a major reduction in regard to the following:

A reduction of Kshs7.3 billion from Power Transmission and Distribution Programme under the Ministry of Energy; and, a reduction of Kshs3.78 billion from the Health Policy Standards and Regulations Programme under the Ministry of Health. Of course, there is also a reduction of Kshs2.72 billion from the Public Finance Management Programme under the National Treasury. There is also another reduction in the Ministry of Water, Sanitation and Irrigation under Water Resources Management; that is Kshs2.097 billion. There is also a reduction of Kshs1.5 billion from the Secondary Education Programme under the State Department for Early Learning and Basic Education.

All these are as a result of low absorption in donor financed projects. As we will be making our recommendations in the policy, we have also indicated that we need to do some forensic audit on those foreign financed projects. The other reasons were not very clear as to why the reduction was made.

The major increment in this Budget is Kshs13.2 billion for road transport under the State Department for Infrastructure. Most of these were going to pending bills. We are happy that, at least, from the pronouncement of the Cabinet Secretary (CS) when he came here for the address two weeks ago, he directed that ministries and departments should undertake to pay pending bills. We are happy that they have also led by example. So, the Kshs13.28 billion towards road infrastructure was basically to pay pending bills.

There is Kshs6.47 billion in the preventive, promotive and reproductive health on account of acquisition of COVID-19 vaccines. They have indicated that they will be able to procure 10 million doses of COVID-19 vaccine that should be here in the first quarter of the next financial year.

There is also Kshs4.98 billion under the State Department for Devolution for the Kenya Devolution Support Programme which we had omitted in the division of revenue of the last financial year. So, it was just being regularised.

There is Kshs4.09 billion to the Sports Programme under the State Department for Sports on account of improved collection in sports, arts and social services. This is very interesting because, whereas in other areas there was a reduction in A-in-A in matters of sports, arts and social development, there was an increase in A-in-A.

Other development expenditure includes the Kshs3.05 billion for the Water and Sewerage Infrastructure Development Programme under the Ministry of Water, Sanitation and Irrigation. There is Kshs3 billion for the Urban and Metropolitan Development Programme under the State Department for Housing and Urban Development for *Kazi Mtaani*. There was a huge pending bill. Those young men and women who were working for the *Kazi Mtaani* had gone without payment, and we are happy that this time round, those issues have been settled.

There is Kshs1.1 billion for accelerated Arid and Semi-Arid Lands (ASALs) Development Programme under the State Department for ASALs for the Hunger Safety Net Programme.

As I approach conclusion, the Committee further noted that there are many affected programmes under the Supplementary Budget that do not have an analysis of the fiscal impact of the proposed changes to the affected programmes. Indeed, there is no change in some targets and Key Performance Indicators (KPIs) despite a significant budget adjustment. That is why, sometimes, you cannot tell what benefits or impact the Financial Year 2021/2022 Budget will have on the economy or if it is simply an accounting tool showing how public funds have been spent.

On the Consolidated Fund Services (CFS), the expenditure has declined by Kshs3.63 billion. This reduction is largely on account of suspension of foreign debt servicing by Kshs16.8 billion as a result of the debt servicing relief from Export-Import (Exim) Bank of China and the commercial debt creditors from the International Sovereign Board. Conversely, there is an increase in domestic debt service by Kshs13.16 billion due to interest rate from reopening or possible tenure renegotiated bonds.

We received submissions from the Departmental Committees. I am happy that we were able to put most of the reports from the Committees into consideration. On most of the issues that they raised, because we were very categorical owing to the very short period that we have between now and the end of the financial year, we always say that we will only be able to consider the issues where there were requests on pending bills. However, on matters on any new projects, we were very hesitant. I am happy to report to the House that we are considering what the Departmental Committees are doing.

There are a few observations that my Committee made. It should be in the next three minutes. There is inadequate time to process the Second Supplementary Estimates. As I said earlier, it was tabled on 9th June 2021. That was the same time we were also processing the Financial Year 2021/2022 Budget. We also have the Finance Bill. There were too many things that we were processing at the same time. So, we did not have enough time for us to critically interrogate this document.

The second thing is about pending bills. During consideration of the Budget Estimates, the Committee observed that there were huge amounts of pending bills cutting across various votes. The pending bills are under different categories. There are historical pending bills. The other pending bills accrued in the current financial year. There are also some pending bills as a result of court awards. There are other unpaid taxes due to Kenya Revenue Authority (KRA).

The Committee is concerned that lack of sufficient provision for the aforementioned bills in the Second Supplementary Budget may further worsen the sky rocketing amount of pending bills that we have witnessed in the past. This is a matter that we have prosecuted with the Ministries and Departments and we have said that, going forward, we have to reduce this issue of pending bills because there are too many Kenyans who are suffering out there. They provided

services to the Government, Ministries and county governments but, unfortunately, their only mistake was to provide those services that they have not been paid for.

The fourth one is absorption of development budget. The development budget has been increased by Kshs9 billion. The Committee, of course, is concerned that given the little time remaining to the coming financial year, the additional funds may not be fully utilised. This is a concern that has been coming out every year.

Finally, the Committee raised a concern that despite the expenditure reductions, the fiscal deficit remains high at 8.6 per cent of the Gross Domestic Product (GDP) compared to the 7 per cent of the GDP in the original approved budget from the Financial Year 2020/2021. Given this sustained under-performance of the economy, it is likely that the revised revenue target of Kshs1.469 trillion may still not be met. As the Government continues to experience significant budget pressures, it is likely to increase its borrowing leading to higher debt levels.

As I conclude on the issue of the recommendations, having considered the above matters, the Committee has made the following policy recommendations: First, we should be allowed adequate time for scrutiny. No supplementary budget should be submitted to Parliament after 30th April in any financial year. As I said earlier, the Supplementary Budget was brought to us on 9th June 2021, and we did not have sufficient time.

The second one is that the Office of the Auditor-General should conduct a special forensic audit on all foreign finance projects so as to establish, among others, projects agreement status and implementation including disbursement, value for money, framework for repayment of loans and all that.

Finally, the National Treasury should also develop a framework for engaging the various Ministries, Departments and Agencies including Parliament and the Judiciary so as to have an inclusive process during the preparation of supplementary estimates. This framework should be submitted to the National Assembly by 30th August 2021.

Since I see that my time is up, I want to finalise on financial recommendations. Having considered the above matters, the Committee recommends that this House resolves to approve, one, the Supplementary Estimates (No.2) for the Financial Year 2020/2021 to be finalised as per the attached Schedule. Two...

(Technical hitch)

Thank you, Hon. Temporary Deputy Speaker, for your indulgence.

The attached Schedule forms the basis for the enactment of the Second Supplementary Appropriation Act for the Financial Year 2020/2021. As I call upon my good friend, Dr. Makali to second, I want to state that this year, unlike the previous years where new projects were introduced in the Supplementary II or III, the Second Supplementary Estimates for the Financial Year 2020/2021 focuses more on offsetting pending bills.

With those many remarks, I want to call upon Dr. Makali to second. Thank you.

The Temporary Deputy Speaker (Hon. Christopher Omulele): The Hon. Makali Mulu, you have the Floor.

Hon. Makali Mulu (Kitui Central, WDM-K): Thank you, Hon. Temporary Deputy Speaker. I rise to second this Motion of the Second Supplementary Estimates for the Financial Year 2020/2021. If you may indulge me, my colleagues talked without masks. I plead with you that I remove my mask. I will be brief because my Chairperson has already done a good job in moving this Bill. I want to start from where he has stopped.

As a House, what we need to ask ourselves is: In terms of the timing of this Second Supplementary Estimates for the Financial Year 2020/2021, is it really helping this country? We have just concluded the Annual Estimates of the next financial year. When you bring a Second Supplementary at this time of the year, will the lessons that we have learnt as a result of this process inform the next Annual Estimates? The answer is no. So, I agree with my Chairman that we need to provide a timeline, for example, that by 30th April we should not have any supplementary estimates so that the lessons we learn from here inform the next Budget.

These Second Supplementary Estimates are basically to take care of emergencies like lack of vaccines. It is a good move. Kenyans have been complaining that they have not been vaccinated because of lack of vaccines. We are seeing a situation where the Government is making an effort to provide resources to buy vaccines. That is good for the country. It is good we will have money once we approve these estimates. Despite the short time remaining, we will be able to pay for the vaccines.

The other issue is the Appropriations-in-Aid. If you can remember, when we were doing the 2020/2021 annual Budget, we indicated that it was being done during abnormal times. We needed to seriously think how to accommodate some of the issues that came up. That is why on the issue of A-in-A, we did not have a choice. We went low compared to what we had anticipated. That is why institutions like the Kenya Wildlife Service (KWS) have to be supported by the Government because tourism has suffered. If we were to be realistic at the time of budgeting, we would have projected low figures as opposed to what was projected. I want to ask this question on the low absorption rates: When you look at this Supplementary Budget, 50 per cent of the reasons why it has been brought to this House is because departments were not able to use the budget that was approved. That is the reason for low absorption rate. The question is: If a department was not able to spend the money we appropriated to it this financial year, have we reduced its money for the coming financial year so that we do not provide more money and end up increasing our Budget deficit? This is an area that we need to be serious about.

On donor-funded projects, what we have realised as a Committee is that the reason why most of those donor funds do not move is because of what we call lack or what I call “counterpart funding.” This is a component that the Government should be providing and it is missing. It is a clear reflection that we need to improve in terms of planning. When planning those projects and agreeing who is funding them, we must make provisions for counterpart funding. In that case, the Government will implement projects on time.

On pending bills, I want to report that some amount has been set aside to cater for pending bills. As a Committee, we are concerned about those pending bills. What they do is that they kill the small-scale traders who provide goods and services to the Government, but are not paid on time. Most of them are declared bankrupt because they do not have money. So, a situation where pending bills will be catered for is a move in the right direction and it will help Kenyans.

The last point is reallocation of the budget or re-prioritisation of the budget. This is important. In budgeting, we start getting it right when we say something is of priority than another one then we move resources to where the priority is.

With those many remarks, I second this important Motion. Thank you.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Members, allow me to propose the Question.

(Question proposed)

Hon. Emmanuel Wangwe (Navakholo, JP): Thank you, Hon. Temporary Deputy Speaker. I rise to support the Report of the Budget and Appropriations Committee on the Second Supplementary Estimates for the Financial Year 2020/2021. I want to look at these Supplementary Estimates from two angles; from the financial movements within the votes and the policy and financial recommendations that the Committee has put in place. The overall reduction in the Recurrent Expenditure of Kshs17.94 billion is a good thing as per the Report of the Committee analysing the various vote heads that have been affected, especially looking at the vote head on education, and a reduction from the Nairobi Metropolitan Services of about Kshs1.8 billion. This in itself is on the basis that there was low absorption by State departments.

What is happening on the Supplementary Estimates that are coming before us is that they are coming at the tail-end of the financial year to correct the absorption rate or to correct what has not been collected in terms of A-in-A.

In essence, therefore, following the pandemic situation which has put our country in a difficult place, most parastatals and State agencies were not able to collect enough money as projected in the main Budget, thereby, leaving a gap which we must collect in terms of aligning the Budget that we drew with the final figures.

On the other hand, the increment in Recurrent Expenditure of Kshs1.6 billion towards exploration and distribution of oil and gas is a worthy investment in terms of pushing what we can get from exploration of oil and gas. Let the Ministry of Petroleum and Mining undertake to push. We hope to see a good product out of its efforts. The TSC has been allocated Kshs1.5 billion in this Supplementary Budget for teacher management. We want to see more teachers employed. We want our youthful teachers who have just trained to be absorbed, however few. Let us push that they get absorbed in the system so that our youthful manpower is put to use.

There is an allocation of Kshs1.46 billion towards wildlife conservation and management programme under the State Department of Wildlife. This is one of the key departments which have a lot of issues. Most Members from the Coast have raised issues in terms of how the Tsavo wildlife has affected their people. Part of this money should support the welfare of the neighbourhood populations in terms of co-existence between wildlife and the people. Finally, there is Kshs1 billion for State House Affairs Programme in the Executive Office of the President. Without the head of a house, we cannot move. We want to support the Executive so that it can move the country forward.

Before I wind up, we have to ask the National Treasury not to give us a report on the last day. We want to ask it to consider submitting the Second Supplementary Estimates at least a month or one-and-a-half months to the end of the financial year, so that we have time to interrogate what it wants to do with the funds, and for it to have time to disburse the funds without rushing. I support the report of the Committee.

Thank you.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Members, this is a Report. You will recall that on 10th February this year, you resolved that you will speak to reports for only five minutes. The next Member will be Hon. Oundo Ojiambo.

Hon. (Dr.) Wilberforce Oundo (Funyula, ODM): Thank you, Hon. Temporary Deputy Speaker, for giving me this opportunity. I stand here to support and comment on the Report before us made pursuant to Article 223 of the Constitution of Kenya. The Article provides that the Government can spend money and come to Parliament to seek approval. It also provides that

no single time should the Government spend more than 10 per cent of what had been appropriated in the main Appropriations Bill.

I do believe the framers of the Constitution and the old Constitution contemplated at one time or another that we would have changes in the economy and in revenue collection that would necessitate the revision of the Budget. It is common practice everywhere that budgets are revised along the line to accommodate emerging issues in the market. However, it reeks of laziness and smacks of lack of capacity in the various departments that, at any single time, we have a supplementary budget this late in the day. We have had COVID-19 with us for some time. We have had so many depressions and dips in world economy over the years. I would imagine, from where I stand as I represent of the people of Funyula that the mandarins at the National Treasury should have been in a position to develop scenarios that would have allowed them to come up with a more or less reliable and dependable forecast by the time we were passing the Budget in June last year. COVID-19 was with us by then and it was possible to make those projections. Coming at this time, it is probably too much theory or too much knowledge that the institutional frameworks do not allow the economists and planners in the Ministry to put in place viable financial interventions.

Emerging from the Report of the Committee are basically two or three things. One, reduction due to low absorption as a result of late release of Exchequer. Two, inadequate collection of revenue and the A-in-A provision. Third, lack of counterpart funds for donor-funded projects. This really suggests something is seriously wrong somewhere, either from the basic principles of management or basic accounting and financial reporting. Is it deliberate or by design that there is no Exchequer? And it would seem this particular case of lack of Exchequer is directed to certain Departments and Ministries and not others. Is it a question of a dysfunctional Government that does not seem to understand how to balance expenditure vis-à-vis its revenue? As much as there has been COVID-19 and, obviously, the projected revenue cannot be met and the Government has borrowed left, right and centre, it would have made sense that these massive reductions in development and recurrent expenditures being directed to certain departments should not have happened. If there was a reduction, it should have cut across entire sectors of the Government.

Secondly, there is a recurring theme. The Committee picked it up during consideration of Supplementary Estimates I and they have picked it up again, but without any concrete action. Has the Committee turned into a barking dog by just issuing empty threats that it has no capacity to follow up? There is no demonstration that the Treasury consulted MDAs. As we sit here, there is a stalemate between the Kenya Industrial Research and Development Institute (KIRDI), the State Department of Industrialisation and the State Department of Enterprise Development. This lack of coordination sincerely indicates there is something seriously wrong with the management of financial affairs of this country. Indeed, we must style up and start doing things in a more organised way.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Oundo, you must agree five minutes is a very short time when you have so many things to say. But that is it. Hon. Ogutu Abel, the Member for Bomachoge Borabu, you have the Floor.

Hon (Prof.) Zadoc Ogutu (Bomachoge Borabu, Independent): Thank you, Hon. Temporary Deputy Speaker. I stand to support this Report with a few reservations. The fact that there is a huge reduction of allocation to the State Department for University Education is a very unfortunate decision. I say this because universities have been experiencing financial challenges. Following a number of consultations, as the Departmental Committee on Education and

Research, we made a number of recommendations. One of the recommendations was to ensure that universities are able to implement all stalled projects, including accommodation facilities, to be able to attract more students and raise some funds. The universities have been having challenges in terms of human resource. The Collective Bargaining Agreement that they signed with the Ministry over the last few years has not been fully implemented. These are issues that should have been given priority.

Statutory deductions have been a big issue in the universities. So, when I hear that there has been a further deduction of the small allocation that was given to the universities I feel that, as a nation, we do not value key institutions in terms of development.

As much as we are pressed with issues concerning COVID-19, it is important to ensure that we do not cripple institutions that are key to our development. The allocation that has so far been given to universities is not enough to meet their enormous demands. The Committees exist in order to bring out issues. As a Departmental Committee on Education and Research, our key issue was to ensure that the universities are up and running. Over the last one year, because of COVID-19, universities have been experiencing a lot of challenges. I am very concerned about that particular issue.

This Supplementary Estimates is coming in too late. This is not the first experience for the time I have been in this House. Very crucial documents will always be brought to the House within a very short period. We are not running away. Kenya has put resources in the departments that prepare the Budget. They are well serviced. So, I do not see the reason why year after year, season after season we have this issue of discussing a very crucial document at the eleventh hour. It is important that this signal gets clear to those people who prepare the Supplementary Estimates. It is not in the interest of this nation that the House is pushed into some form of pressure in order to support the documents.

We have this tendency of hiding ourselves behind certain calamities as a nation. We hide behind drought and floods. This time round we are hiding behind the COVID-19 pandemic. As much as we are hit by the need to buy more COVID-19 vaccines and equipment, it is important for this House to open its eyes and be ready to face any anomalies that would arise. Everybody is talking about COVID-19. We are talking about direct sourcing. It may also have its own consequences. Those are issues that I feel should be considered even as we go ahead to support this important document.

I support.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Owen Baya.

Hon. Owen Baya (Kilifi North, ODM): Thank you, Hon. Temporary Deputy Speaker. I support the Report on the second Supplementary Estimates.

Supplementary budgets are always not the best avenues to manage an economy. It shows some weakness within the National Treasury and the Executive. If you have two supplementary budgets in a financial year, then it actually tells you that we have even a bigger problem. Therefore, as a budget-making House, we need to put our foot down and discourage that practice. Although it is provided in Article 232 of the Constitution, I think the framers of the Constitution did not give us that Article to abuse it the way we are doing presently.

That notwithstanding, this Supplementary Estimate has massive reductions in certain departments. One of the departments that has been affected very much is the university section. Having taught in the university and having been a member of the academia, I have seen and understand so many things there. I was part of the university administration and I understand what happens there. We only see capitation for universities in the Estimates, but Treasury never

releases money to universities. This National Treasury that we have currently is deliberately killing and stifling universities by denying them capitation. The money is there but it is never spent. When it comes to Supplementary Estimate, that money is swept into other departments where the universities are starved of money.

I would like to ask the Leader of the Majority Party here, who was once a member of the Departmental Committee on Education and Research, to stand up for universities in this country. University lecturers, nowadays, do not even get salaries on time. Laboratories in the universities do not even work anymore because there is no capitation. They are not developing. They do not even have hostels. Universities cannot develop hostels. A young girl of 19 years who has just joined university has to go and stay in a small room somewhere far away from the university on her own. That poses great danger and it is because there is no capitation to do development within universities to bring up young people that can help this country. This is something that the Departmental Committee on Education and Research should inquire on: how much money do we give to our universities?

This Supplementary Estimate is covering a lot of pending bills but, what is the genesis of pending bills? Is it something that we must continue condoning as a country? Right now, pending bills are becoming a major item in the Budget. Every time we have a Budget Speech here, pending bills are talked about. When the President stands out there to talk, he mentions pending bills. It is now becoming an emerging thematic issue within budgeting in this country. What does that portend? It means mismanagement and misappropriation. It means people are not doing the work that they were given to do. We need to stop this issue of pending bills. You spend and pay. We are killing businesses because of pending bills. Young people who are joining the business world are getting auctioned because they have taken facilities. It is because of pending bills. We need to find a way to fix this problem. We need to start demanding reports from the National Treasury every quarter so that they tell us what it is they are doing with the money we have allocated to them.

I have seen the stop light, but allow me to say this: Supplementary Estimate is the wrong way to inform a new budget. Imagine we have just passed the Budget and financial statements in the morning and now we are coming to do a budget for the financial year. Supplementary budgets need to inform the new Budget so that as you plan forward you know... You cannot plan forward and then go back! Indeed, that is what it means to have a Supplementary Estimate.

Lastly, there is no absorption rate. Why do we give a lot of money to a Ministry that has a low absorption rate? As if that is not enough, in the next Budget, we give them even more money which they cannot spend. By doing so, we are starving other areas of money. I think it is very important that ministries or state departments that do not spend and have low absorption rate should be denied money. Such money should be given to state departments that can spend money without having not to spend it within...

*(The Temporary Deputy Speaker
(Hon. Christopher Omulele) left the Chair)*

*(The Temporary Deputy Speaker
(Hon. Patrick Mariru) took the Chair)*

The Temporary Deputy Speaker (Hon. Patrick Mariru): Your space is gone. It is now Hon. Wachira Kabinga's time.

Hon. Josphat Kabinga (Mwea, JP): Thank you, Hon. Speaker for giving me a chance to contribute to this Report by the Budget and Appropriations Committee. I fully support it despite the fact that the timing of this Supplementary Budget is becoming a concern. It only shows that our budget-making needs to be strengthened.

Having said that, we must be cognizant of the environment under which this Supplementary Estimate is being brought to us. We cannot be sure about our budgets, especially with the pandemic that we are living with now. We must keep looking at areas that are needy. We need to have our people vaccinated. We cannot overlook that in this Supplementary Estimate. We also need to keep reviewing some of the areas we feel we can cushion our people against the COVID-19 pandemic.

Hon. Temporary Deputy Speaker, another important area and as we approach the "erection" period, we must keep reviewing some of the developments we have out there that can be completed and fund them.

Hon. Owen Baya (Kilifi North, ODM): On a point of order.

The Temporary Deputy Speaker (Hon. Patrick Mariru): Order, Hon. Kabinga. What is the issue, Hon. Yaa?

Hon. Owen Baya (Kilifi North, ODM): I do not know whether Hon. Kabinga meant "election" or "erection"? I do not know which of the two he meant, but probably he will correct for us so that it goes on the *Hansard* properly because I heard "erections".

The Temporary Deputy Speaker (Hon. Patrick Mariru): Hon. Yaa, I am not sure where we will end up with that line, but Hon. Kabinga, it is better to clarify.

Hon. Josphat Kabinga (Mwea, JP): Hon. Temporary Deputy Speaker, you know it all depends on the kind of mind you have at given times but, let me say as we approach the polls next year... I am not looking at what my friend is looking at.

The Temporary Deputy Speaker (Hon. Patrick Mariru): No, Hon. Kabinga, you can say next vote.

Hon. Josphat Kabinga (Mwea, JP): Yes, the next vote. As I said, I did not expect anyone thinking in that direction given the seriousness of what we are discussing at this moment but I forgive my brother. You never know.

I was saying this is a time we must review some of our development projects and ensure those projects that can be completed within the next one year are well funded. I am happy with the Committee on Budget and Appropriations for accepting one of our proposals in my committee. This is where we want to complete some of the children's homes that were built but not completed. I must say that this morning I did visit one of them and saw that it is well done but not complete. Children cannot get in because we need some funds to complete the buildings. This is despite the fact that these children, wherever they are, live in congested places. It is unfortunate at this time to have congestion in some of these facilities because you never know when the pandemic may migrate into those facilities. I must say I am happy with the Committee on Budget and Appropriations for having accepted that request that we put in some money in Joska Children's home and Bungoma Children's Home so that the two facilities can be built to a level of being usable to the children.

Hon. Temporary Deputy Speaker, as I come to the conclusion, I think it is high time this House relooked at the application of Article 223 to ensure that this is not abused by the various departments because this constitutes a large part of our supplementary budget. Other than that,

we also need to strengthen our budget. We are looking forward to a day when we shall have zero supplementary budget, when we shall be able to meet our budget in total, and when National Treasury will have enough resources to be able to remit Exchequer as budgeted for.

Otherwise, we have very good budgets but up to now we have departments that are yet to receive their...

The Temporary Deputy Speaker (Hon. Patrick Mariru): Hon. Keter, Member for Nandi Hills.

Hon. Alfred Keter (Nandi Hills, JP): Thank you, Hon. Temporary Deputy Speaker. From the outset, I would like to support the Report. As a Member of the Committee on Budget and Appropriations, I want to agree with most members who have spoken before me that it was very challenging to address this Report considering the time it came before us and the fact that we needed to engage all the departmental committees and again to relook into the entire supplementary budget. Like it has been said, we observe that the issue of pending bills is big. It is becoming a huge problem where we need to really try and intervene as a House. We tried recommending that the National Treasury looks into a way of handling most of these pending Bills because they are the reason we have challenges in our economic stimulus programmes. You cannot succeed in stimulating the economy unless circulation of money is there. Many Kenyans have been denied resources even after understanding that they must have borrowed from different organisations and it is attracting interest. When you do not pay on time it will mean that these particular Kenyans will not only lose on their capital but will also eat into their other resources because it will mean they must pay with a lot of interest.

Hon. Temporary Deputy Speaker, there is the issue of the absorption of the development budget where most MDAs had high shortfalls in terms of absorption. We also realised that there are very specific MDAs which every subsequent time have issues with absorption. This will guide us in future in terms of how to make budget allocations in the budget cycle. When you do not have this supplementary budget on time, it will really affect the budget cycle.

I agree with the Committee's recommendation that the latest that we can receive a supplementary budget from the National Treasury should be before the end of 30th April so that we have two months on the minimum to interrogate the document, engage the departmental committees and again to negotiate with the various ministries in terms of their reallocation and many others. One thing that I want to urge Members is that in as much as we have issues with this supplementary budget, we must understand that we are living in a very extraordinary time and the measures must be very extraordinary in nature for us to overcome the challenges we are facing at the moment. You must understand that the projection in revenue is not as expected. Moreover, to meet the budgetary allocations we must raise revenue that is going to match the expectations of the budget. One thing I want to say is that we observed that we need to stimulate the economy. We need to enhance the economic stimulus package that is going to improve our economy so that we raise high revenue. Even as we discuss this supplementary budget, the Finance Bill was before us and we realised that it is addressing the gap or the deficit that was created by the budgetary projections which we did not meet.

With that, I support. Thank you so much.

*(The Temporary Deputy Speaker
(Hon. Patrick Mariru) left the Chair)*

*(The Temporary Deputy Speaker
(Hon. Christopher Omulele) took the Chair*

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Mwalyo Mbithi.

Hon. Joshua Mwalyo (Masinga, WDM-K): Thank you, Hon. Temporary Deputy Speaker, for this opportunity to hear my views on this second supplementary budget. As the earlier speakers have spoken, it is very late to have this supplementary budget because it is supposed to align the money that has not been spent so that it can be paid to people who have pending bills. What is surprising is that so many state departments have negative book balances according to this Report.

I am concerned because I have been speaking to many contractors especially those in the State Department of Fisheries, Aquaculture and Blue Economy, who have abandoned their sites because of pending bills for almost one year. They have not been spared and everything seems to have been taken away. There is nothing to pay them.

This means that we are increasing the pending bills as days go by. All the contracts and the ongoing projects will be turned into pending bills because we start on a good note and end in a bad way. If you do not pay the people who are doing the job, then they will not finish what they started because their finances are limited. They may have borrowed from banks, which will be on their necks, and they will not be able to pay their workers. Some may have taken mortgages to build go downs and get stocks of heavy working materials and equipment, which will be left unpaid.

We need to have a system to look into what we can start, finish and pay for, rather than starting many projects and we are unable to finish them and the contractors are not paid. The Government needs to listen and be careful with what is on the table because we are not going in the right direction. When the CS was here presenting the budget, he said that all pending bills should be paid by 30th of this month. It is a few days to 30th June, yet money has not been sent to the departments. He pronounced that even the counties should pay their pending bills by 30th, but if State departments do not have money, how will the pending bills be paid before 30th June?

We need to start what we can manage, finish and pay, so that we do not destabilise other people's lives. If auctioneers knock at your door when you have borrowed and you are unable to pay, you will have no excuse, but to be auctioned and you will have nothing to claim. The Government will look at you and even if you cry, they will not listen because there are systems on how you should be paid. As I finish, I would like to say that we need to relook into pending bills and be very serious on how to pay for the projects and works done.

Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Gikaria.

Hon. David Gikaria (Nakuru Town East, JP): Thank you, Hon. Temporary Deputy Speaker. I rise to support the second supplementary budget. I do this with a lot of reservations because these estimates were tabled and we have the Report. The energy sector, particularly the foreign funding, has been reduced by a staggering Kshs8 billion. This is a very huge figure and it will affect so many programmes which were ongoing. It is unfortunate that the Jubilee Government has done so much in terms of electrifying this country. They were just about to finish and some projects are at 80 or 90 per cent, and then they deny this very noble sector this kind of money.

I have heard my colleagues speaking about low absorption and pending bills. Pending bills will forever be there if this trend continues. We passed a law in this House on pending bills.

According to the Public Procurement and Asset Disposal Act, one cannot give a contract if there is no money. This is not about awarding contracts when there is no money, but about removing money which had already been committed and then there is no funding. This is something the National Treasury needs to look into and stop denying Kenyans this very important enabler. Energy is an enabler of the Big Four Agenda and without it, nothing can be done to address the agenda. In as much as I support the Supplementary Estimates II, the National Treasury needs to look into this very key sector. Denying it a staggering Kshs8 billion is something which will hurt this economy.

Many projects were in progress. It is sad because just the other day, a contract which had been awarded and was almost 80 per cent complete was terminated only for the contractor to be awarded another Kshs4.2 billion. This is the kind of issue where payment was delayed and this causes pending bills. The contractor went to court and with only Kshs600 million to be paid, they got awards because of interests accrued. This is a noble thing for us to do.

I do not want to talk about the short period because it is hurting. You can imagine you are given the Supplementary Estimates II and you only have a day to make payments. You do not even have time to interrogate respective ministries and services. Due to this, we understand one of the Semi-Autonomous Government Agencies (SAGAs) is going to pay over Kshs200 million for a loan. In the first place, we wonder how they acquired such a loan as a government institution yet it was never approved. These are some of the issues like taking this money to pay loans. I agree that this money will be used for *Kazi Mtaani*. Yes, there are many pending bills, but at the same time, we want to have more money going towards this noble idea.

As the Chair has said, the Supplementary Estimates II should not come here after 30th and this should not be by word, but through legislation. We must implore the National Treasury that the supplementary budget will not be accepted after 30th April.

Hon. Temporary Deputy Speaker, I support.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Hulufu Oda, Member for Isiolo North.

Hon. Hassan Hulufu (Isiolo North, KPP): Thank you, Hon. Temporary Deputy Speaker for the opportunity to contribute to the Report on the Second Supplementary Estimates. It is important to highlight some of the concerns which were raised by the Committee especially those relating to violation of the Public Finance Management (PFM) Act on introduction of new items in the budget.

When we passed this year's Budget, Coronavirus had already hit us. Therefore, there is no justification of introducing new things in the name of dealing with the pandemic. If you critically look at these new introductions, it is as if those in the National Treasury have already spent funds illegally and want to sanitise through the Supplementary Estimates II. We should not encourage that. When looking at the proposed cuts for ministries, various departments and SAGAs, we realised that there were literally no consultations and involvement of affected ministries, departments and agencies by the National Treasury.

Public participation is a constitutional requirement especially in matters like budgeting when you are revising the budget or taking away resources which were earlier allocated to a government ministry, which is providing critical services. For the case of our Departmental Committee on Environment and Natural Resources, agencies like the National Environmental Management Authority (NEMA), which is very critical in regulating our environment, and the Water Resources Authority, which is mandated to develop water resources and regulate its use, the agencies which deal with weather which is supposed to ensure air navigation is safe, were

having serious cuts on their operations to the extent that if the proposed cuts were allowed to pass, many of them would not pay salaries for their staff for the last two months of this year.

Another very serious thing which the Committee has highlighted is illegal reduction from a constitutional fund, the Equalisation Fund. The Equalisation Fund was created to make sure that the regions of this Republic which were historically marginalised and denied development resources for various reasons, including political reasons, will catch up with the rest of Kenya. It is unfortunate that the Treasury can allocate or reduce allocation to the Equalisation Fund. The law is very clear. If allocation for a particular year under the Equalisation Fund has not been spent, the amount will be set aside so that it can be allocated in the subsequent year. There is no provision for reallocating it to other uses. The delay in finalisation of regulations guiding the use of the Equalisation Fund seems to be suspect to us, especially those of us who come from counties which are designated to benefit from this Fund. Therefore, it is important that the amount which was deducted from the Equalisation Fund be returned back.

We have a lot of pending bills in almost all the ministries. People who have been contracted by the Government have not been paid. They have invested their capital and this capital is held up by the Government. Therefore, in this time of the pandemic, it is important that clearing of the pending bills should be prioritised.

Thank you, Hon. Temporary Deputy Speaker, for the opportunity. I support the Report.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Mohamed Kolosh.

Hon. Ahmed Kolosh (Wajir West, JP): Thank you, Hon. Temporary Deputy Speaker. I support the Supplementary Estimates II with a heavy heart. As we know, budgets are forward looking. They are tools of planning and when you plan, you plan ahead. Unfortunately, we seem to be planning backwards. As many of our colleagues said, if this continues, there will be no reason for budgeting. We expect the Government to spend and we sanitise instead of budgeting every year. We know very well that with Exchequer releases, there is nothing much that is going to be released between now and the end of the month. Whatever we are doing is most likely to sanitise whatever has been spent ahead.

Of course, many people have talked about absorption levels. You cannot absorb or use what you do not have. If money has not been released for entities to spend, you do not expect them to spend because the way we do our budgets, there are fluctuations and too many supplementary budgets. Accounting officers must be in dilemma on how to advertise projects and to pay for them because they do not know where the projects would be affected in the coming supplementary budgets. That has a serious effect on what is being termed as pending bills.

Our counties do not get releases from the Exchequer on the equitable share on time. When money is released, although very late, the KRA, apart from deducting their taxes which are due to them, sometimes do it with penalties. When you pay penalties for money you have not received, which you were to remit in time but you did not have it, that has an effect on planning and, of course, the entire budgeting of the counties. Too many projects co-funded by development partners and the Kenya Government have stalled because the portion that is supposed to be contributed by the Kenya Government, through the National Treasury, is either missing or is released late. So, the projects stall. Many of the projects, especially in the north which are co-funded by development partners and the Kenya Government stalled because of the money that was expected from the national Government.

Accounting officers are allowed by law to spend 10 per cent of the budget on issues that were unforeseen, but what we see is we always remake new budgets in the name of

supplementary budgets and accounting officers have no regard for the law and the Estimates that are given to them. The issue of absorption rate is either resultant of the poor funding procedures and funding registers from the Exchequer or lack of capacity within those ministries and departments. It is good we legislate that the latest we can do supplementary budgets for every financial year is not even 30th April, but, at least, three months. These things are supposed to be planned, audited and pre-checked. It cannot just go like we have four or five days to the end of the financial year and we are planning. Budget is a planning tool. It fails to be a planning tool if we always do supplementary budgets at this inappropriate time. I support and I hope that this will be the last year we are doing a supplementary budget at such a time.

Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Odege, Member for Nyatike.

Hon. Tom Odege (Nyatike, ODM): Thank you, Hon. Temporary Deputy Speaker. Allow me to support the Report on the Supplementary Estimates II presented by the Budget and Appropriations Committee. I have two issues of concern which I wanted to raise after supporting. When you look at the pending bills that we are talking about here, most of them in the ministries alongside the consumption rate are somehow stage-managed. If the Treasury is not releasing money to the ministries, ministries have nothing to spend. So, as much as we are budgeting and appropriating money to the ministries and the budget to the Government... If you go to Government departments, in these two weeks, you will realise the Government has pumped a lot of money to the departments, money which has been accumulated almost all through the year and departments are becoming busy for only two weeks. By the end of the day, you realise that most of the money is returned to the Treasury because the deadline is not met. So, we cannot wholesomely blame the pending bills and the consumption rate affecting the ministries on the ministries or the accounting officers. These things are purely stage-managed from the Treasury side.

Coming down to how we contract most of our activities or our tendering system, we have a very rigid procurement system in the Government, which delays the implementation of projects. This, at the end of the day, trickles down to the rigidities, which makes spending on Government funding very difficult. At the end of the day, we talk about low consumption rate and pending bills. Right now, everybody in a government department is very busy. They are told that they are closing the financial year and just because we they are given money to commit in less than a month, most of the money will come back. If you are given the money which was to be spread throughout the year when you are remaining with only two weeks to the end of the year, you cannot achieve anything. The Treasury should be made accountable and if the budget is spread throughout the year, they should come up with a clear plan of allocating funds continuously. Even if it is quarterly, they should do it in an acceptable proportion, so that we do not accumulate a lot of money just to stage manage that the money is going down at the end of the financial year, then return the money without any expenditure incurred. So, if we do not get a clear system of utilisation of the funds, we will keep on pumping money to the Government, the money will keep going back to the National Treasury unspent and the projects will keep stalling.

Thank you, Hon. Temporary Deputy Speaker. I support.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Wamunyinyi.

Hon. Wafula Wamunyinyi (Kanduyi, FORD-K): Thank you, Hon. Temporary Deputy Speaker for giving me the opportunity to make a contribution to the Supplementary Estimates II. First, I join my colleagues in appreciating the work of the Budget and Appropriations

Committee. More importantly, Members have been given a chance to help tie up loose ends, to reorganise the Budget, reduce, add and make provisions for what has not been provided for. So, it is merely a process of reorganisation and to capture what might not have been captured elsewhere.

Having said that, I want to state that as the Chair of the National Government Constituencies Development Fund Committee (NG-CDF), the NG-CDF Board has received full allocation for this financial year. A total of Kshs41 billion earmarked for the Financial Year 2020/2021 has been received. However, part of the money for this year has been expended on arrears. The previous allocations, which were not disbursed, amount to over Kshs18 billion. The Kshs13.78 billion for the Financial Year 2019/2020 and about Kshs4.9 billion for financial years 2011/2012, 2013/2014 and 2014/2015, put together bring the arrears to about Kshs4.9 billion. I want to commend the Budget and Appropriations Committee because they accepted to capture the Kshs13.78 billion in the Supplementary Estimates I. Therefore, this is what the Treasury is releasing in the weekly disbursements, so that the arrears for 2019/2020 are completed. We had requested for Kshs4.9 billion to be captured in the Supplementary Estimates II or in the main Budget. This has not happened, but I would like it to go on record that the NG-CDF Act is very clear about money that has not been released by the Treasury to the NG-CDF Board.

Sections 6 and 7 of the National Government Constituencies Development Fund Act and particularly subsection 2 provides for accumulation of NG-CDF funds. It also provides for carry forward. So, there is no time that the Treasury can refuse to release funds that were due to constituencies for a particular year, even if it is not in this financial year. It must be provided for in the subsequent years. Therefore, I want to make an appeal to the Chair of the Budget and Appropriations Committee to ensure that in the subsequent Budget, supplementary Estimates I or II for the coming year, that amount of Kshs4.9 billion is considered.

(Loud consultations)

The Temporary Deputy Speaker (Hon. Christopher Omulele): Just hold on, Hon. Wamunyi. The Leader of the Majority Party, Chair of the Budget and Appropriations Committee and Members, Hon. Wamunyinyi is speaking to a matter that is very important to all of us. Let us give him an ear, kindly. Hon. Wamunyinyi, I think you are making a very important submission. You will have an extra five minutes.

Hon. Wafula Wamunyinyi (Kanduyi, FORD-K): Thank you very much, Hon. Temporary Deputy Speaker. The National Government Constituencies Development Fund Act provides for carry forward of funds that have not been released for a particular financial year. It also provides for accumulation. There was a dispute of over Kshs4.9 billion that has not been provided in the Supplementary Estimates I, Supplementary Estimates II and even in the main Budget. It is important that it goes on record that the Treasury does not have power to retain funds that were allocated to constituencies.

(Applause)

We set up a subcommittee of our Committee and it comprised of representatives from the NG-CDF Board and the National Treasury, and it was chaired by Mr. Owila, who is the Finance Secretary at the National Treasury. The Committee looked at whether the National Treasury released money to the Board or not and whether the Board released money to the constituencies

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or not. Where the Board made a mistake is the fact that they used money for this financial year - the Kshs41 billion. They settled the arrears from 2011/2012 up to 2019/2020. Unless the money that is said to be arrears is provided for and released, the constituencies are going to continue to receive less. It means that we are not going to realise the Kshs137 million that was earmarked for this year. Therefore, the Chair of the Budget and Appropriations Committee and I also want to enlist the support of the Leader of the Majority Party who has been very good to this point. I appreciate his daily calls to the Cabinet Secretary. Whenever I call, I am told he had called and asked them to release money. I would like the Chair of the Budget and Appropriations Committee to capture the arrears that have not been paid in any other budget that will be coming like the Supplementary Estimates I, because we have passed the main Budget.

If that is not done, we are not going to receive all the funds. So, as a Committee, we have endeavoured to ensure that all the money that is received is transmitted to the constituencies. Unfortunately, we understand the situation in the country is not promising due to the reasons we all understand like the COVID-19 Pandemic among others. Last week, the National Treasury did not release the weekly disbursement. We are aware of the challenges we have even in Parliament. He has, however, assured us that next week, he is going to release about Kshs4 billion from the outstanding Kshs9 billion. The remaining will be disbursed before the closure of the financial year. He even undertook to the House that by 30th June, he will have cleared Kshs13.78 billion. We have only received Kshs4 billion. If he releases Kshs4 billion by Monday next week, we will be left with Kshs5 billion, which will not have been released. We are requesting that if conditions allow, the money should be released before the closure of the financial year.

Hon. Temporary Deputy Speaker, I want to thank you for giving me the opportunity to contribute on this issue. I have given a validation of what has been captured in the Supplementary Budget which is Kshs13.78 billion. I request Kshs4.9 billion to be captured, so that constituencies do not lose out.

With those few remarks, Hon. Temporary Deputy Speaker, I thank you very much.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Thank you, Hon. Wamunyinyi. Finally, let us have the Leader of the Majority Party.

Hon. Amos Kimunya (Kipipiri, JP): Thank you, Hon. Temporary Deputy Speaker. I rise to support this Report of the Budget and Appropriations Committee on the Second Supplementary Estimates for the Financial Year 2020/2021. I fully associate with their sentiments which are expressed in their policy recommendations.

To a large extent, I am also in agreement that we see a very dangerous trend. Today is 23rd June 2021. By the time we do this appropriation, we will be almost at the tail end of the financial year. I am not even sure whether there will be time for disbursing what we will appropriate without rushing it. It is something that we need to discuss with the Executive. The Constitution says that any expenditure that is not anticipated must be ratified within a certain time. This Second Supplementary Budget is not only about ratifying what has been spent but it also provides for some payments to be made. I agree with the Committee in timings. I can even vary it further. No supplementary Budget should come beyond 30th June, unless it is purely to ratify what has already been spent rather than what is yet to be spent. What should be spent requires some time, so that people can look at it. It also stops being suspicious.

I have been following the National Government-Constituencies Development Fund (NG-CDF) debate. As you know, in the course of the year, it took most of my time and others, working with the Chair of the Constituencies Development Committee. When we looked deep

into why Members did not get the money, we discovered that the Board, in its wisdom, used part of the money to pay for arrears. When we came to the First Supplementary Budget, the only amount that was ratified was Kshs13.7 billion for last year. However, there is Kshs4.9 billion for the previous years that is in abeyance. A half of it was paid from Kshs41.7 billion which is allocated for appropriation for this year. However, that amount has not been appropriated. It is not added into the appropriation. In effect, it means that Kshs41.7 billion that was appropriated for this year includes Kshs2.9 billion. This means that the net amount is Kshs38 billion. That is not the understanding of the Members of Parliament.

I urge the Chair of the Budget and Appropriation Committee to liaise with the Chair of Constituencies Development Committee between today and the time the Appropriation Bill will be brought here. They should see whether it is possible to include the funds, because we still have some margin of about Kshs6 billion between funds for the Financial Year 2020/2021 and the net effect of this adjustment through the Second Supplementary Budget. If the amount that has been paid can be included so that it is ratified, then that will mean that it does not eat into Kshs41.7 billion. I ask the Chair of the Budget and Appropriations Committee and the Chair of the Constituencies Development Committee to re-look into that.

I am very happy because of the child welfare and the ongoing construction of buildings that were embarrassing kids. They live in very difficult conditions. I am also aware that some of those kids, except those who are sponsored by the Child Welfare Society of Kenya, were chased out of schools because of lack of fees. The Constitution is very clear. I wish I can get an extra minute because I am the last speaker.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Leader of the Majority Party, you will have extra three minutes.

Hon. Amos Kimunya (Kipipiri, JP): Thank you. Article 43 of the Constitution is very clear on the rights of the children. These are children of indigenes. That is why they are being taken care of by the Child Welfare Society of Kenya. They are placed in schools. The budget for the Child Welfare Society of Kenya was slashed irrationally. We now have too many kids in schools. I get all this information through my office in terms of appeals. The children who were sponsored were chased out of schools. There are pending bills in schools and suppliers of meals for the children in children's homes. If this money is not appropriated, it will be unfair to these children. If there is any one amendment that we will make in the Appropriation Bill, apart from the NG-CDF, let us appropriate an amount to pay the pending bills in schools. It affects the schools, children and their feeding.

(Applause)

We are talking about Kshs100 million which is important. We are saving money. However, let us not punish the children in Kenya. Let us not punish orphans who rely on the State to take care of them. We embarrass them in front of all the other kids when they are kicked out of school because they have not paid. Education is the only thing that they have between them and their future. They do not have parents and supporters, except what you do for them. Let us appropriate that money on Monday or when we come to this House. Let us not embarrass the children, children's homes and the Child Welfare Society of Kenya for doing a good job of taking care of them.

Let us also ratify what was paid by NG-CDF, so that we do not end up with a situation where money was paid but it was not appropriated. It will end up eating into the Kshs41.7 billion for this year. When we resume in July, we will have a fight with Members of Parliament.

I have addressed my issues. I support the Motion.

The Temporary Deputy Speaker (Hon. Christopher Omulele): I hope that Hon. Wamunyinyi and Hon. Kanini have listened to the Leader of the Majority Party carefully. We need a resolution. If you can find a solution as quickly as possible, it will be in order.

Hon. Kanini, you have the Floor.

Hon. Kanini Kega (Kieni, JP): Thank you very much, Hon. Temporary Deputy Speaker. I rise to reply. I want to take this opportunity to thank....

The Temporary Deputy Speaker (Hon. Christopher Omulele): Give Hon. Kanini the microphone to reply.

Hon. Kanini Kega (Kieni, JP): Thank you very much, Hon. Temporary Deputy Speaker. I want to take this opportunity to thank all the Members who contributed to this Motion. I want to confirm to them that we have been keen. We have followed what they have proposed keenly.

Many Members are interested in the issue of NG-CDF. I am happy because during the First Supplementary Budget, we factored in Kshs13 billion which is being disbursed now. I am aware that there is a balance of Kshs9 billion which we will push and make sure that it is disbursed before the end of the year.

I am also guided by the Leader of the Majority Party who has suggested that we have a close conversation with the Chair of the Constituencies Development Committee. We work together. We will come up with an amicable solution. If it is not possible to factor the money in this Second Supplementary Budget, I assure this House and the Chair of the Constituencies Development Committee will factor that balance of not only Kshs2 billion but also the entire amount of Kshs5 billion in the next supplementary Budget of the next financial year.

I also took cognisance of the suggestions that have been put forward, especially on the pending bills. This is a time bomb. It is an issue that bedevils our country. Our traders fear doing business with the Government. Going forward, one of the areas that we insist on, especially in the implementation of the next financial year's Budget, is to make sure that pending bills should always be the first charge. Every new financial year, we cannot be having new projects yet the old projects have not been finalised.

Hon. Temporary Deputy Speaker, with those many remarks, I want to thank Members who have stayed till late. Being here at 9 p.m. is a show of commitment. Thank you, for giving me this chance and I beg to reply.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Very well, Hon. Kanini. That is a job well done. I want to thank the Members who have taken time to contribute to it. For good reason, I will defer the Question to this Motion to tomorrow. I direct that we move to the next Order of business.

(Putting of the Question deferred)

ADOPTION OF PUBLIC ACCOUNTS COMMITTEE REPORT
FOR FINANCIAL YEAR 2017/2018

THAT, the House adopts the Report of the Public Accounts Committee on the Examination of the Report of the Auditor-General on the Financial Statements of the

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National Government for the Financial Year 2017/2018 (Volumes I and II), laid on the Table of the House on Tuesday, 23rd March 2021.

(Hon. Opiyo Wandayi on 11.5.2021)

(Resumption of Debate interrupted on 8.6.2021)

I see interest from Hon. (Dr.) Oundo Ojiambo.

Hon. (Dr.) Wilberforce Oundo (Funyula, ODM): Hon. Temporary Deputy Speaker, I stand to support the Report tabled by my able Chairman of the Public Accounts Committee (PAC). As you are aware, PAC is one of the most critical and important oversight committees in any Parliament, under the Commonwealth, as well as the American system. As required under Standing Order 205, PAC is expected to table a Report to review the accounts of the various national Government departments over a particular financial year.

Hon. Temporary Deputy Speaker, we are discussing the FY 2017/2018. As we contemplated under Article 95 of the Constitution of Kenya, one of the roles of the National Assembly is to appropriate funds and to exercise oversight over national revenue and its expenditure. This role is given to the PAC, Public Investments Committee (PIC) and other committees that perform oversight. Under Section 201 of the Public Finance Management (PFM) Act, it is required that public money be used in a prudent and responsible way. One of the key duties of the PAC, therefore, arising from the Report of the Auditor-General, is to test whether public funds have been used in a prudent and responsible way.

Hon. Temporary Deputy Speaker, reading the entire Report, the summary Report, the Auditor-General's Report and other reports, we can simply, on average, confirm that public funds for the year under review, 2017/2018, were not used in a prudent and responsible way. Looking at the various conclusions by the Auditor-General in respect of various departments, you will find that close to 80 per cent of the agencies have a qualified report, meaning that there were material issues that were not properly addressed. One of the most 'irritating' things - I hope that word is accepted- is that most of the Ministries, Departments and Agencies deliberately declined to give the Auditor-General the required documentation to enable her verify whether public funds had been used in a prudent and responsible manner. This simply suggests that, probably, there is something that these accounting officers are hiding. That is why when they came before the Public Accounts Committee, they attempted to provide the reports way beyond the time allowed under the Audit Act and the Public Finance Management Act, essentially being a complete breach of the law. I believe that with those kinds of public accounts officers, we must review the respective Acts so that we tighten them. It may not have resulted in loss of money, but the mere fact they declined to provide the documents at the required time means they went back and either doctored the reports or looked for supporting documents much later as was not allowed.

Under Article 203 of the Constitution, equitable share of the national revenue is supposed to be shared based on the most recent audited accounts approved by the National Assembly. We are debating 2017/2018 Financial Year. We are now preparing the budgets for 2021/2022 Financial Year based on 2016/2017 approved accounts. The challenge and the point of concern that we must raise, as Members of Parliament, is that since 2017 does it reflect the performance of the economy? Does it reflect the performance of revenue collection to use as the basis of allocating equitable share of revenue?

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There are a number of issues that come out very clear in this Report that we need, as a Committee, as Parliament and as people of Kenya, to review. One of the issues that has come out and was mentioned when we were discussing the Supplementary Estimates with the Committee was that on average there is under-utilisation of approved Budget by approximately 8.5 per cent over the five years.

As my colleagues have said, deliberate delay in release of the Exchequer means that Kenyans are not getting value for money for the projects that were intended and planned to be delivered. This speaks volumes about our ability to plan, our ability to project and our ability to execute projects that bring benefits to the people of Kenya. This country has a litany of incomplete projects, abandoned projects, projects started and completed 10 per cent and we are very happy, willing and ready to start new projects and leave the others incomplete at whatever level. If we look around or walk around, we find that some of the projects started in the 1960s or in the 1970s stand incomplete up to this time. The question we need to pose as Parliament is to go back to Article 201 and ask again if public funds are being used in a prudent and responsible manner. These are important questions that we must ask the MDAs.

Another issue that obviously comes out very clear is the frequent failure or breakdown of the Integrated Financial Management Information System (IFMIS). As we sit in the Public Accounts Committee, one of the obvious things that we normally see is that there is always a difference between the ledger and what is contained in the IFMIS. The figures do not match yet the story we were told is that IFMIS was fool proof and that all activities of Government expenditure and collection would be channeled through it so that at any given time, a reconciled account both from the bank, bank reconciliation, and IFMIS would be the same. However, in many of the instances, we find that the balances in the IFMIS and balances generated elsewhere are completely different.

Under the circumstance, it becomes extremely difficult to confirm whether public resources were used in a prudent manner to benefit this country. Therefore, many times, all the MDAs flout Article 201 of the Constitution of Kenya that requires them to perform, undertake or expend public resources in a prudent and transparent manner.

As I conclude to support, as Parliament, we urge Members to approve this Report. It contains far reaching recommendations and it highlights areas that require to be strengthened. It requires legislative measures to strengthen those areas and ensure that the people of Kenya get value for their money.

With those few remarks, I support.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Let us now have Hon. Maanzo.

Hon. Daniel Maanzo (Makueni, WDM - K): Thank you, Hon. Temporary Deputy Speaker. I also rise to support this Report and say that one of the major things that are coming out of the Report is that, in those years, pending bills were a menace. The most unfortunate thing also in that year is that the Government had been sued immensely because of pending bills where projects were going on, but payment were not made for those who had worked.

In certain cases, the works were half done and in other cases, even the work did not start at all. A good example is the Arror and Kimwarer dams where some monies were expended yet the contractor, for one reason or another, never went to the ground. He is claiming close to Kshs5 billion from the Government of Kenya for breach of contract among other reasons. In a situation where the project was never done and you have this sort of money being claimed, it will

probably end up in court and the judge will most likely rule in favour of the contractor for breach of contract.

It will be good for the country to have a policy of reviewing pending bills especially where people have worked to make sure that their monies are paid. Most people who do these Government projects borrow money from financial institutions. The moment there is a delay in payment, these monies accrue interests, and in many occasions, contractors or the people who have worked for the Government might get auctioned. Eventually, it will lead to civil lawsuits against that particular department or against the Attorney-General. Clearly, at one point or another, that amount of money will be paid with interest. In that regard, the Government loses a lot of money that could have been used to do other good jobs.

The point is efficiency in disbursement of funds to ensure that Government projects are completed whether in the national Government or in the counties. Definitely, on the money we allocate here to go to the counties, although it is accounted for differently through the Senate, we also have quite a big loss on that side. Coming back to the national Government, it means that a lot of money which could have been saved is eventually allocated to pay these pending bills. They have come out very clearly and it is not an impressive thing.

I do not want to repeat myself because I have followed this debate carefully and I have listened to what others have said. I would like to support and state that the issue of pending bills is painful. We have to come up with a system where pending bills in this country are cleared on time so that the Government does not incur unnecessary expenses. Contracts should also be paid on time and reviewed properly.

The other thing which has come out very clearly is that a project will be started and then reviewed with a different amount of money from what was in the original contract. That ends up compromising the process of procurement and the opportunity is not given to other Kenyans or contractors who would have been interested. You find that a contractor is on site and while he or she is working, there is an upward review of the cost of the project, although the law stipulates to what percentage a review can happen and its necessity. This is one of the areas which lead to delays and eventually ends up with audit queries and pending bills.

I beg to support.

Thank you.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Sankok, you had already spoken to this. I see no further interest on this. There being no other Member showing interest in this, I call upon the Mover, the Vice-Chair of the Public Accounts Committee, Hon. Jessica Mbalu to reply.

(Hon. David ole Sankok spoke off-record.)

Hon. Sankok, you had spoken and the record is there.

Hon. (Ms.) Jessica Mbalu (Kibwezi East, WDM-K): Thank you, Hon. Temporary Deputy Speaker for giving me the opportunity to reply to the Report on the Examination of the Report of the Auditor - General on the Financial Statements of the National Government for the Financial Year 2017/2018 of the Public Accounts Committee that is chaired by the able Chairperson, the Hon. Opiyo Wandayi.

I want to appreciate all the Members for their positive contributions to this Report. Most of the Members of the Committee are in the House. I may not mention them by name. Hon. Oundo has spoken, Hon. Duale, the former Leader of the Majority Party is a member of the

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Committee and has spoken on the issue, Hon Muchiri and other Members have spoken, including the Leader of the Majority Party who has given a lot of information from his background in Finance.

As a Committee, we refer to ourselves as a post-mortem committee. On the Audit Reports, during the debate after Hon. Opiyo had moved, hon. members emphasised the importance of PAC Reports in our country especially because of devolution. The adoption of these Reports is a constitutional duty of this House in accordance with Article 203(3) which provides that revenue allocated to county governments shall be calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly. Equally, the equalisation fund under Article 204(1) is designed to end marginalisation of some areas in the country. It is calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly.

The adoption of this Report is a win to devolution. I want to thank the Members who have contributed to this. The 47 counties in Kenya are yearning for more funding. Adoption of this Report will inform how revenue will be shared between the two levels of government, the national and county governments. The Report, therefore, recommends that the total national revenue collected forms the basis of sharing revenue between the national and county governments as contemplated in Article 203(3) of the Constitution. And these reports ensure that more money will go to counties. As a Committee, we spend sleepless nights to come up with these reports.

In the last few weeks, including last evening, we have been considering issues of Budget. We call ourselves a post-mortem committee. It is important for us to look at the use of the money allocated to various Ministries. We should look at the recommendations in this Report in a different light. Allow me to point out a few issues. As much as we allocate money to various Ministries, it is important to look at its expenditure. In fact, that is the work of PAC. That is why we call ourselves a post-mortem committee. Why would you give money to a Ministry or State Department and yet it cannot account for previous expenditures? We would be doing our work in vain. Members who have contributed to this Report have made it clear that we need to be very careful on expenditure of funds. Members of Parliament and the people we represent in this House have a right to know how public money is spent. It is the responsibility of PAC, PIC and the Select Committee on NG-CDF to ensure that money allocated by the National Assembly is spent prudently.

A majority of Members are concerned with the management of the monster of pending bills. It is the finding of the Committee that the Government has paid non-genuine suppliers while genuine suppliers have not been paid. Our recommendation is that we should ensure that genuine suppliers are paid. It is about public debt management and the monster that is the pending bills.

The Report also observes that debt has accumulated over many years. This has been talked about by many Members and I really appreciate that. Indeed, this is a post-mortem committee. The PAC is one of the most important committees because it does post-mortem of what the National Assembly, through the committees like the Budget and Appropriations, has done. It would be so bad if we do not look at what we have given to Kenyans through the relevant Ministries. We must always do an audit of the same.

I want to thank the Auditor-General for bringing up issues. Most of the issues that have been recommended by the Auditor-General are very critical. We have looked at issues on unsupported documents. Given my accounting background, I want to tell this House that I am a

holder of a first degree in Bachelor of Finance from the University of Nairobi. I have a Master's degree in Strategic Management from the University of Nairobi.

(Applause)

I am also an accountant with an accounting body. I am also doing my PhD. And, of course, I am the Deputy Chair of PAC. So, on this matter, I have full knowledge.

(Loud consultations)

There is a Member telling me to carry on. Thank you. That is Hon. Jessica for you. Yesterday I applauded the former Minister for Finance, Hon. Kimunya. I like listening to him when he talks about finance issues. When I was doing my Master's degree at the university, he was the Minister for Finance. He could tell us how we collect revenue and how we spend our money.

Having served in PAC for eight years, there are so many things I have learnt. Every accounting person in the ministries who has - I do not want to use the word 'defrauded'- the Public Finance Management Act and the law on procurement, which Members have alluded to here, has not been followed up.

I want to thank the Chairman and Members of PAC because we have been able to make very important recommendations. I am glad that the Leader of the Majority Party is listening to me. As we allocate money in Parliament, we should be at the forefront to look at how our funds have been spent. That has been our business as the PAC.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Jessica, just hold on for a point of order from Hon. Wangwe.

Hon. Emmanuel Wangwe (Navakholo, JP): On a point of order. Would I be in order to suggest that, given the beautiful curriculum vitae that the Member has put forward to us, any Member contributing on the Floor should declare where they went to school, how they got their papers and so on? It is so that all of us can be at par.

Hon. (Ms.) Jessica Mbalu (Kibwezi East, WDM-K): Very well. Thank you. As I continue to ...

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Wangwe, if we were to follow what you are saying, you would have been the first one to declare your credentials when you were raising a point of order. However, let the fair lady complete her contribution.

Hon. (Ms.) Jessica Mbalu (Kibwezi East, WDM-K): Very well. Thanks to the Majority Leader. Of course, I can tell the Majority Leader is being moved by the Report of the Public Accounts Committee. Thank you. I know he has gone to school just like me. However, not any other Member can say that they went to school. I can tell you and want to confirm that I went to the University of Nairobi, did my first degree, second degree and master's degree. That is why I have a lot of passion. I understand these issues and thank you so much the Majority Leader. That is why I always approach the Majority Leader being in the finance sector just like me. I think that is why I liked to be the first Chairperson of the Public Accounts Committee.

Hon. Temporary Deputy Speaker, why I am speaking about this is because of the passion that we have. On behalf of my Chairman as I reply, Members should note that we are giving a lot of money although there is misappropriation of funds by accounting officers in the public sector.

In addition, when we talk about some of the issues raised by the Auditor- General, for example, issues of unaccompanied documents, seriously, this Parliament cannot give money to

institutions and they cannot account to us how they have spent it simply because of not availing documents. As far as auditing is concerned, that to me is not acceptable. Most of the issues we are asking as a Committee are why they have not been providing documents of payments like payment vouchers which a *mwanamke* in Machinery, Kibwezi, Kikuyu, Kinungi, Murang'a, Kisumu, would present even if she is running a kiosk. Yet, we are promoting these officers as if we are in a different country. I sit there as the Vice Chairperson, and as I reply, this is not what we should be doing as Kenyans. These people should not be promoted. They must ensure that Kenyans understand why they cannot even have documentation.

As I reply, I want to thank the Members who spoke about the procurement process. Indeed, as my Chairperson moved, we had issues of procurement. Seriously, State departments cannot follow the Public Procurement and Assets Disposal Act and regulations! I want to challenge the Hon. Members. Hon. Kanini Kega has been here passing the Appropriation Bill in order to collect and spend funds of this country.

As a postmortem committee we came up with the Report. Of course, there are those few departments that we have been able to congratulate. Some have been giving reports of the Auditor-General and they have no adverse reports against them, just a few recommendations. We call them accounting advice which we can allow for them to improve.

Therefore, as I reply, I want to thank the Members who contributed to this. I want to thank our Chairman and Members of the National Assembly. You have really spoken to this. In the last few weeks, we have been passing Bills and Motions on revenue collection and revenue budgeting. This House should wake up and look at how the money we have allocated to State departments is being spent. Our articles of the Constitution allow us to summon any officer, and it does not matter how long, to come and respond to questions. We cannot make laws which we will not sustain or look into. That is why the Public Accounts Committee, Public Investments Committee and NG-CDF are oversight Committees and very powerful. Members should know if you give birth you look after your child, examine how the child performs and deliver all the needs that the child will require.

We have spoken about the issue of pending bills and said people have been paid genuinely. I am glad the Leader of the Majority Party is here this evening so that we follow-up with the relevant accounting officers of State departments for payment of genuine pending bills. I am happy with my President because he recommended payment of pending bills on time. Of importance is not just pending bills, but we must look at the Auditor's Reports because most people who have been paid are not genuine.

These are issues we need to look into because we have powers as Members and we make laws in this House. We passed the Public Procurement and Assets Disposal Act and Regulations and the relevant State departments through their accounting officers are not following them. We have the capacity to summon senior officers and even junior ones to appear before the Committee. We find that most officers do not follow the laws. I say this as an MP, a Member of the Speaker's Panel and Vice-Chair of PAC.

It is not worth it finding members of the public in the name of accounting officers not following some of the regulations and laws we pass. We will not be doing justice to the public by not punishing them. Yesterday, we heard the Chairperson of the Departmental Committee on Finance and National Planning saying that she has brought many Bills to this House. It is very important for us to be very consistent and look into them. The accounting officers in relevant State departments and their staff must come ...

The Temporary Deputy Speaker (Hon. Christopher Omulele): Yes, Hon. Vice-Chair you have a minute to wind up.

Hon. (Ms.) Jessica Mbalu (Kibwezi East, WDM-K): Hon. Temporary Deputy Speaker, as I wind up because I have so much to say given my background and thank you for the minute, this House needs to rise up and ensure that the laws that we make are followed. The PAC should ensure that all Government officers who do not abide by the law and ensure all finances are spent prudently are punished.

Lastly, I want to thank the Members who have contributed, the Members of PAC and our able Chair, Hon. Opiyo. I call upon Members to support this Report as it will ensure that public funds are spent prudently.

Thank you, Hon. Temporary Deputy Speaker, I beg to reply.

The Temporary Deputy Speaker (Hon. Christopher Omulele): Very well. Hon. Jessica has done well. She has informed us about the role of PAC being a post-mortem committee and mortician as my good professor, the great Githu Muigai, used to say its role is that of a mortician and pathologist. He will tell you what caused the death. However, the report of the pathologist is to inform the living so that the living can now avoid whatever caused the death.

(Laughter)

For good reason, I will not put the Question for that Report. I will direct that necessary steps in that regard be undertaken when the matter is set down on the Order Paper again.

Thank you, Hon. Members, for staying the course.

(Putting of the Question deferred)

ADJOURNMENT

The Temporary Deputy Speaker (Hon. Christopher Omulele): Hon. Members, the time being 9.30 p.m., this House stands adjourned until Thursday, 24th June 2021, at 2.30 p.m.

The House rose at 9.30 p.m.