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REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION -2024

SELECT COMMITTEE ON BUDGET AND APPROPRIATIONS

REPORT ON THE BUDGET POLICY STATEMENT FOR FY 2024/2025 AND THE MEDIUM TERM.

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE:	05 MAR 2024	DAY.	TUESDAY
TABLED BY:	Hon Ndindi Nyoro, CBS, MP Chairperson, Budget & Appropriations		
CLERK-AT THE-TABLE:	Inzoji mwale		

The Clerk's Chambers
National Assembly
Parliament Buildings
NAIROBI

March, 2024

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FOREWORD BY THE CHAIRPERSON

The budget making process from a Legislature point of view begins with consideration of the budget policy statement which presents policies and expenditure ceilings agreed upon by the sector working groups and approved by the Cabinet. Section 25(7) of the Public Finance Management Act, 2012 and Standing Order 232(7) mandates the Budget and Appropriations Committee to examine the Budget Policy Statement and present a report to this House. It is on this basis that I am privileged on behalf of the Committee, to present the report on the Budget Policy Statement for Financial Year 2024/2025 and the medium term.

The 2024 Budget Policy Statement is themed "Sustaining Bottom-Up Economic Transformation Agenda for Economic Recovery and Improved Livelihoods". This is the second Budget Policy Statement to be prepared under the Kenya Kwanza Government in line with its manifesto that is predicated on a Bottom up Approach to Economic Transformation. It seeks to build on the gains already secured while capitalizing on the lessons learnt.

The Budget Policy Statement is anchored on five pillars and twelve enablers. These pillars include Agriculture, Micro, Small and Medium Enterprises, Housing and Settlement, Healthcare, and Digital and Creative Economy. The choice of these sectors as the key pillars is informed by their potential to turnaround the economy given their impact on inclusive growth, household welfare and their interlinkages with the rest of the economy.

The BPS proposes expenditure ceilings for the national government including those of Parliament and the Judiciary, as well as indicative transfers to county governments for the next financial year and the medium term. Once considered and approved by National Assembly, the ceilings will form the basis for the preparation of the national budget for financial year 2024/2025 as well as form the basis for the Division of Revenue Bill, 2024.

PROCEDURE FOR REVIEW OF THE BUDGET POLICY STATEMENT

The Budget Policy Statement was tabled on the floor of the House on Thursday, 15th February 2024. Pursuant to Standing Order 232 (5) and (6), the BPS was committed to the Budget and Appropriations Committee as well as the Departmental Committees who have deliberated on the document in line with their respective mandates and have made recommendations to the Budget and Appropriations Committee.

The Committee held consultative engagements with all the Departmental Committees and received their recommendations that greatly enriched this process. Discussions were also held with the Office of the Auditor General and the Parliamentary Service Commission on their broad policy priorities as well as budget ceilings given that they are under the purview of the Budget and Appropriations Committee.

Article 201 of the Constitution on Public Participation is cognizant that budgets are made for the prosperity of the people. As such, the Committee invited the public to give their views on the BPS. Previously, the Committee has relied only on the submitted memoranda from the public, however, this year, the Committee held consultative engagements with stakeholders such as the International Budget Partnership, Kenya National Farmers Federation, Kenya Association of Manufacturers and the Council of Governors.

The request for submission of memorandum was published in leading daily newspapers and publicized on the website of the Parliament. The Committee received a total of 15 memoranda from the following stakeholders and community-based groups: RSM Eastern Africa Consulting, Citizens of Ruaraka Constituency, Citizens of Mathare Constituency, World Vision Kenya, Institute of Public Finance, Civil Society Parliamentary Engagement Network. Children Agenda Forum, Kenya on School Meals, Rift Valley Budget Hub, Citizens Kitui East Constituency, Citizens of Kitui Rural Constituency, Children Rights Kenya, People of Voi, Wundayi, Taita and Taita Taveta Constituency, Civil Society Organizations, Kerio Valley development Authority and CPF Financial Services.

The Committee held a consultative engagement with the National Treasury before the report was finalized to build consensus on various matters arising. The recommendations stemming from these deliberations including submissions from the public participation have been incorporated into this report.

KEY RECOMMENDATIONS

Following extensive deliberations, the Committee made the following recommendations:

Non-Financial Recommendations

The non-financial recommendations presented in this report are categorized into general recommendations that address cross cutting issues and sector specific recommendations.

General Recommendations

1. **Medium Term Plan IV**: That, given the need to link the Bottom up Economic Transformation Agenda to the Vision 2030, the Cabinet Secretary for National Treasury and Economic Planning to submits the fourth medium term plan of the vision 2030 to the National Assembly before submission of the Budget Estimates for FY 2024/25.
2. **Costing of Government Policies**: That, Given the huge variance between planned and actual cost of government policies, the Cabinet Secretary for National Treasury and Economic Planning to prepare guidelines for proper costing of government policies, programmes and projects to minimize discrepancies between the planned and actual resource requirement before preparation of the 2025 BPS.
3. **Land Compensation**: That, in view of delayed compensation for land acquired from individuals by the government for various projects, the Cabinet Secretary for National Treasury and Economic Planning to prioritize payment for land compensation in the FY 2024/25 estimates before they are submitted to the National Assembly. Going forward, no government project should commence before the owners of the land are compensated.
4. **Locally Made Materials for Affordable Housing**: That, cognizant of the role that affordable housing can play in stimulating demand for local production, before submission of the Budget Estimates for FY 2024/25, the Cabinet Secretary for Housing,

Urban Planning and Public Works to provide to the National Assembly the guidelines on use of locally made materials in development of affordable houses to spur the economy and create the intended job opportunities.

5. **One Stop Shop for Manufacturers and Exporters**: That, cognizant of the need to improve the ease of doing business, the Cabinet Secretary for Industry, Trade and Investments develops a framework for establishment of one stop shop for all required certifications targeting manufacturers and exporters in the lines of the Huduma Center model by 30th June 2024.

6. **Last Mile Distribution of Farm Inputs:** That, in view of the challenges that smallholder farmers encounter in accessing the subsidized farm inputs due to the distance from collection centers, before finalization of the Budget Estimates for FY 2024/25, the Cabinet Secretary for Agriculture and Livestock develops a framework for last mile delivery of subsidized fertilizer, seeds and seedlings to farmers across the country in partnership with the county governments.

7. **Delay in Passport Issuance**: That, given the funding challenges facing the Department of Immigration and Citizen Services on issuance of documents such as passports, Identity Cards, Birth and Death certificates. Before finalization of the Annual Estimates for FY 2024-25, the Cabinet Secretary for the National Treasury to enhance the Appropriation in Aid for the Department from the current Kshs. 1.3 billion to 20 percent of all the revenues it generates to the Exchequer through issuance of documents. (An equivalent of Kshs**.** 3.980 billion in FY 2024/25 Revenue estimates).

8. **Gender Responsive Budgeting**: That, to improve the gender responsiveness of government policies, before finalization of the 2025 Budget Policy Statement, the Cabinet Secretary for National Treasury and Economic Planning to incorporate a section on the gender responsiveness of the various policy proposals in line with international best practices.

9. **Transfer of Devolved Functions**: That, cognizant of the duplication of functions between the National and County levels of government and the need to identify, cost and transfer such functions, the Intergovernmental Relations Technical Committee (IGRTC) gazettes these functions and submits a report to the National Assembly on the same by 30th April 2024.

10. **EAC Customs Regime**: That, given the East Africa Customs Management Act of 2004 allows the Council of Ministers to review the regional customs tariffs, and that these changes have not been subjected to public participation, the Cabinet Secretary for the National Treasury to ensure than any such reviews are subjected to public participation and submitted to the National Assembly before they are formally ratified.

11. **County Additional Allocations**: That, given the delays in approval of the County Government Additional Allocation of Revenue Bill and subsequent interruption in implementation of those programmes, the Cabinet Secretary for the National Treasury to ensure that there are no requests for mid-year revision in compliance to the provisions of Section 191(1) of the PFM Act, 2012.

Social Protection, Culture and Recreation Sector

12. That by 30th June 2024, the State Department for Sports in conjunction with Sports Kenya, submit to the National Assembly a clear resource requirement and funding options for each stadia and training grounds earmarked for upgrading and construction in preparation of CHAN 2024 and AFCON 2027.
13. That by 30th June 2024, the Cabinet Secretary for Gender, Culture, the Arts and Heritage to develop the framework for coordinating the distribution of sanitary towels between the State Department for Gender and Affirmative Action and offices of the 47 County Women Representatives.
14. That by 30th June 2024, the Cabinet Secretary for Youth Affairs, Creative Economy and Sports submits a report to the National Assembly on the roadmap for the Talanta Hela Programme, institutions implementing the programme, expected outputs, talent identification, nurturing and marketing from the grassroots.

National Security Sector

15. That, in the 2025 BPS, the Ministry of Defense to consider the leasing of equipment and systems it uses since rapid changes in technology make leasing more affordable than purchasing. That way, the Ministry will avoid the risk of sinking huge budgets into equipment and systems that become obsolete before the end of their useful period.

Public Administration and International Relations Sector

16. That by 230th April 2024, the CS National Treasury to submit a detailed report on Public-Private Partnership (PPP) projects to the National Assembly. This report should address the shortcomings identified in the BPS by providing comprehensive information on the nature, scope, and status of individual PPP initiatives.
17. That before finalization of the FY 2024/25, the Cabinet Secretary for National Treasury to transfer the resources previously being utilized by the Government Delivery Services from the Office of the Prime Cabinet Secretary, Vote 1013 to the State Department for Performance and Delivery Management where the service is currently domiciled.

General Economic and Commercial Affairs Sector

18. That, by 30th June 2024, the Cabinet Secretary, Ministry of Cooperatives and MSMEs Development, to review the implementation of the various funds under the Ministry, and submit to the National Assembly proposals for better implementation of the funds with an aim to enhance efficiency and improved outcome.
19. That by 30th December 2024, the Cabinet Secretary for Tourism and Wildlife to submit to the National Assembly revised Tourism Promotion Fund regulations that are aimed at ensuring that 80% of the funds is geared towards funding of core tourism activities and 20% towards tourism promotion and marketing.
20. That by 30th April 2024, the Principal Secretary for Wildlife to present to the National Assembly a comprehensive report on the compensation for human-wildlife conflict victims. This report should clearly indicate payments done, pending verified claims and those awaiting verification.

21. That before finalization of the Estimates for FY 2024-25, the Nairobi Rivers Commission to submit to the National Assembly an action plan with clear timelines for rehabilitation of the Nairobi River and management plans for the Nairobi rivers ecosystem.

Agriculture, Rural and Urban Development Sector

22. That in the 2025 BPS, the Cabinet Secretary, Ministry of Agriculture and Livestock Development to engage the Cabinet Secretary for National Treasury and Economic Planning and the Cabinet at large to ensure that there is progressive addition of resources to the agriculture sector to enhance funding of prioritized value chains as well as achievement of the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods.
23. That, before submission of the Annual Estimates for FY 2024-25, the State Department for Lands and Physical Planning to ensure that the areas to be digitized should go hand in hand with the areas the State Department intends to undertake geo-reference to lower cost and ensure the process is seamless.
24. That, before submission of the 2025 BPS, the Cabinet Secretary, National Treasury to authorize the National Land Commission to be a collector of revenue for the national government as per the Public Finance Management Act, 2012 Section 76(1) to enhance AIA collections in the sector.

Environment Protection Water and Natural Resources Sector

25. That, by 30th June 2024, the Cabinet Secretary for Environment, Forestry and Mining to roll out the formalization of Artisanal and Small-Scale Mining programme that aims to expedite promotion of mineral-based cottage industries in all counties with viable mineral deposits.
26. That by 30th December 2024, the Principal Secretary for Irrigation reviews the structure of the Irrigation sub-sector so as to address the current overlap in mandates of the National Irrigation Authority (NIA), National Water Harvesting and Storage Authority (NWHSA) and the State Department Headquarters. Currently, there are overlaps in the projects being implemented by the 3 entities raising concerns on whether government is getting value for money.
27. That by 30th June 2024, the Principal Secretary for Irrigation develops a framework to provide technical support to the County Irrigation Development Units and the Irrigation Water User Associations. Currently, they have weak administrative capacity to manage the irrigation projects leading to sustainability challenges for these projects once they are handed over to county government and the community.

Energy, Infrastructure and ICT Sector

28. That by 30th June 2024, the Cabinet Secretary, Ministry of ICT and Digital Economy submits to the National Assembly a roadmap on consolidation of the various Youth empowerment programmes including Jitume Programme, Ajira Digital Programme, Presidential Digital Talent Programme, and Village digital hubs/ Constituency Innovation Hubs and the Digital Literacy Programme.

29. That by 30th June 2024, the State department for Broadcasting submits to the National Assembly a draft policy on decentralization of government advertising services with an aim to addressing the problems associated with the current centralized system key among them being the accumulation of pending bills due to failure by the MDAs to settle advertisement costs incurred by the Government Advertising Agency.

30. That by June 30, 2024, to support the building and construction value chain, the Cabinet Secretary for Housing, Urban Development and Public Works to provide roadmap for the construction of Alternative Building and Construction Technology centers in each constituency in the medium term and also establish a public portal providing information on local engagement in construction.

31. That by 30th June 2024, the Cabinet Secretary in charge of Energy and Petroleum in conjunction with Rural Electrification and Renewable Energy Corporation (REREC) submits to the National Assembly a report detailing the scope, works in progress, and pending works including amounts accrued as well as pending bills for last mile connectivity given that the financing agreements will lapse on 30th December 2024.

Governance Justice Law and Order Sector

32. That before finalization of the 2025 BPS, the State Department for Correctional Services to develop proposals for public private partnerships in order to modernize the prison industries and improve their outputs including development of the huge tracks of land at its disposal through mechanization to generate adequate food to complement the exchequer receipts.

33. That the Independent Electoral and Boundaries Commission in close collaboration with the National Treasury to undertake thorough scrutiny and audit of the all the pending bills particularly the bills owed to the suppliers with a view to settle the eligible pending bills.

Education Sector

34. That, before finalization of estimates for FY 2024/25, in line with the Presidential Working Party Report on Education Reforms, the Cabinet Secretary for National Treasury transfers the Low-Cost Boarding Schools function and the attendant budgetary provisions to the National Council for Nomadic Education in Kenya (NACONEK), which is best suited to implement the programme. This will ensure that the LCBS are given adequate attention to address education disparities and oversee interventions that will enhance access, retention, transition and completion rates in ASAL areas.

35. That, before finalization of the Annual Estimates for FY 2024-25, the State Department for TVET Education to complete and fully operationalize the TVET Education Management Information System (TEMIS) to create a pool of accurate, verifiable and credible data of TVET learners and Institutions in order to promote accountability and improve management of disbursements for capitation and scholarships funds;

36. That, before finalization of the Annual Estimates for FY 2024-25, the State Department for Basic Education and the NGCDF Board, through the Inter-Ministerial technical committee established to develop collaborative guidelines to support and guide infrastructure funds disbursements for Junior schools;

37. That, beginning FY 2024/25 and within the existing budgetary allocation, the State Department for Basic Education to ensure that all learners in the public Special Needs Education (SNE) schools are covered under the school feeding programme

Health Sector

38. That, before finalization of the budget estimates for FY 2024/25, the Principal Secretary, State Department for Medical Services transfers the National Cancer Control Programme from the Ministry to the National Cancer Institute to enhance coordination of cancer related services in the country.

39. That by 30th April 2024, the Principal Secretary, State Department for Public Health and Professional Standards to provide a progress report to the National Assembly on operationalization of the 21 completed KMTCs.

Financial Recommendations

Based on the deliberations and considering the fiscal responsibility principles, the Committee recommends that this House resolves:

i. **That,** the National Government budget ceiling be approved at Kshs.

Of which:

Executive	Kshs. **2,488,650,300,000**
Of which: Office of the Auditor General	Kshs. **8,599,500,000**
Parliament	Kshs. **43,623,000,000**
Judiciary	Kshs. **23,690,300,000**

ii. **That**, the allocation to County Government Equitable Share be approved at Kshs. **391,117,000,000**

iii. **That,** consistent with the latest audited and approved revenues for FY 2020/21 amounting to Kshs 1,570,562,945,014 the allocation to the Equalization Fund be set at Kshs. **7,852,814,725**

iv. **That,** the arrears to the equalization fund be set at Kshs. **3,547,185,275**

v. **That**, the allocation for the County Additional Allocations be approved at Kshs. **48,196,590,924 as** per the third schedule which shall form the basis for the County Government Additional Allocation Bill, 2024.

vi. **That,** consistent with the approved borrowing strategy in the Medium-Term Debt Management Strategy, the projected fiscal deficit be set at Kshs **703,870,000,000** (3.9% of GDP) being the difference between total revenues and grants and total expenditure and net lending.

vii. **That,** the first and second schedule forms the basis for the ceilings for the FY 2024-25 Budget Estimates.

viii. **That,** once approved by this House, these recommendations **SHALL** form the basis for FY 2024/2025 budget estimates.

ACKNOWLEDGMENTS

The Budget and Appropriations Committee registers sincere gratitude to the Office of the Speaker and the Clerk of the National Assembly for the support extended in fulfilling this important assignment. The Committee is indebted to the Departmental Committees for the extensive engagements and insightful recommendations that eased decision making. The Committee extends gratitude to all the Ministries, Departments and Agencies, as well as the National Treasury for being part of this important process. Finally, the Committee appreciates stakeholders and members of the public who submitted their views for consideration, thank you for taking time to positively impact on the policy direction of the Country.

The Committee would also like to thank the Parliamentary Budget Office for the critical role in providing technical support to the Committees of the House during this process; the Directorate of Appropriations, Audit, and General-Purpose Committees and the Directorate of the Departmental Committees for the extensive work undertaken in the review and processing of the Budget Policy Estimates FY 2024/2025.

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

SIGNED

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HON. NDINDI NYORO, CBS, M.P.

CHAIRPERSON, THE BUDGET AND APPROPRIATIONS COMMITTEE

5th March 2024

DATE

1.0 PREFACE

Establishment and Mandate of the Committee

1. Article 221 (4 and 5) of the Constitution and Section 7 of the Public Finance Management Act, 2012 provide for the establishment of a Committee of the National Assembly whose main role is to take the lead in budgetary oversight by the National Assembly. Pursuant to this constitutional provision, Standing Order 207 establishes the Budget and Appropriations Committee with specific mandates as follows:

    i. Investigate, inquire into and report on all matters relating to coordination, control and monitoring of the national budget;
    ii. Discuss and review the budget estimates and make recommendations to the House;
    iii. Examine the Budget Policy Statement presented to the House;
    iv. Examine bills related to the national budget including appropriation bills;
    v. Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays; and
    vi. Examine the Division of Revenue Bill.

Membership of the Committee

2. Pursuant to Standing Order 207(2), the Budget and Appropriations Committee as currently constituted comprises of the following Honourable Members:

CHAIRPERSON
Hon. Ndindi, Nyoro, CBS, M.P.
Kiharu Constituency
UDA PARTY

VICE CHAIRPERSON
Hon. Otucho, Mary Emaase, M.P.
Teso South Constituency
UDA PARTY

MEMBERS

Hon. Chumel, Samwel Moroto, M.P.
Kapenguria Constituency
UDA PARTY

Hon. Odhiambo, Millie Grace Akoth, M.P
Suba North Constituency
ODM PARTY

Hon. (Dr.) Mulu, Makali, M.P.
Kitui Central Constituency
WDM – Kenya

Hon. Lekuton, Joseph, M.P.
Laisamis Constituency
UDM PARTY

Hon. Lesuuda, Josephine Naisula, OGW, M.P.
Samburu West Constituency
KANU PARTY
Hon. Ochieng, David Ouma, M.P.
Ugenya Constituency
MDG PARTY

Hon. Shinali, Bernard Masaka, M.P.
Ikolomani Constituency
ODM PARTY

Hon. Atandi, Samuel Onunga, M.P.
Alego Usonga Constituency
ODM PARTY

Hon. Mejjadonk, Benjamin Gathiru, M.P.
Embakasi Central Constituency
UDA PARTY

Hon. Wachira, Rahab Mukami, M.P.
Nyeri County
UDA PARTY

Hon. Ongili, Babu Owino Paul, M.P.
Embakasi East Constituency
ODM PARTY

Hon. Guyo, Ali Wario, M.P.
Garsen Constituency
ODM PARTY

Hon. Busia, Ruth Adhiambo Odinga, M.P.
Kisumu County
ODM PARTY

Sergon, Flowrence Jematiah, M.P.
Baringo County
UDA PARTY

Hon. Abdirahman Mohamed Abdi, M.P.
Lafey Constituency
Jubilee Party

Hon. Robi, Mathias Nyamabe, M.P.
Kuria West Constituency
UDA PARTY
Hon. Muchira, Michael Mwangi, M.P.
Ol Jorok Constituency
UDA PARTY

Hon. Mwakuwona, Danson Mwashako, M.P.
Wundanyi Constituency
WDM – Kenya

Hon. Mwirigi, John Paul, M.P.
Igembe South Constituency
UDA PARTY

Hon. Wangaya, Christopher Aseka, M.P.
Khwisero Constituency
ODM PARTY

Hon. Masara, Peter Francis, M.P.
Suna West Constituency
ODM PARTY

Hon. Wanjiku, John Njuguna, M.P.
Kiambaa Constituency
UDA PARTY

Hon. (Dr.) Murumba, John Chikati, M.P.
Tongaren Constituency
FORD-Kenya

Hon. Kitilai, Ole Ntutu, M.P
Narok South
Independent

Hon. Mokaya, Nyakundi Japheth, M.P.
Kitutu Chache North Constituency
UDA PARTY

Committee Secretariat

3. The Committee Secretariat is comprised of the following:

Mr. Danson Kachumbo
Fiscal Analyst/ Lead Clerk

Mr. Jibril Mohamud
Fiscal Analyst/ Clerk Assistant

Ms. Sylvia Ocharo
Clerk Assistant

Mr. Ringine Mutwiri
Fiscal Analyst/ Clerk Assistant

Mr. Simon Ouko
Serjeant-at-arms

Mr. Nimrod Ochieng
Audio Officer

Ms. Mercy Mayende
Media Relations

Mr. Jared Amara
Office Assistant

Technical Staff from Parliamentary Budget Office

4. The Committee received technical support from the following officers from the Parliamentary Budget Office.

Dr. Martin Masinde
Director, Parliamentary Budget Office

Mr. Robert Nyagah
Senior Deputy Director

Ms. Millicent Makina
Fiscal Analyst I

Dr. Abel Nyagwachi
Fiscal Analyst I

Ms. Julie Mwithiga
Fiscal Analyst I

Mr. Solomon Alubala
Fiscal Analyst III

Mr. Kioko Kiminza
Fiscal Analyst III

Ms. Priscilla Wangu
Fiscal Analyst III

Mr. Cyrille Mutali
Fiscal Analyst III

2.0 REVIEW OF THE 2024 BUDGET POLICY STATEMENT

2.1 Background

5. Section 25 of the Public Finance Management Act, 2012, requires the National Treasury to prepare and submit to Parliament the Budget Policy Statement (BPS) clearly providing an assessment of the current state of the economy and the financial outlook over the medium term, including macro-economic forecasts, the overarching policies of the government, resource envelop and expenditure ceilings. The 2024 Budget Policy Statement was submitted to Parliament on Thursday, 15th February 2024 and committed to Departmental Committees and the Budget and Appropriations Committee in accordance with Standing Order 232.

6. The 2024 Budget Policy Statement is designed to build on the gains under the policy interventions pronounced in the 2023 BPS that was themed "Bottom-*Up Economic Transformation Agenda for Inclusive Growth*". As such the 2024 BPS is titled "**Sustaining Bottom-Up Economic Transformation Agenda for Economic Recovery and Improved Livelihoods**" This is in line with the Manifesto of the government that is founded on a bottom-up approach to economic transformation.

7. The 2024 Budget Policy Statement is the second to be prepared under the Kenya Kwanza administration. It highlights progress made in the last one year and sets out the priority programs, policies and reforms of the administration that will be implemented this year and in the Medium-Term. The BPS is anchored on five pillars and twelve enablers that are broadly expected to contribute to macroeconomic stability, economic growth and employment creation. These pillars include Agriculture, MSME Economy, Housing and Settlement, Healthcare, and Digital and Creative Economy.

8. The 2024 BPS has been conceptualized at a time that the economy is faced with multiple challenges both on the external and domestic scene: These include**:** prolonged supply chain disruptions and external shocks that have resulted in high prices of imported commodities including fuel, agricultural inputs, food items among others. The unprecedented rise in interest rates globally has significantly affected capital flows to developing countries. Further, high debt service burden amplified by exchange rate instability, lacklustre business environment and limited fiscal space to respond to these eventualities continue to weigh down on the overall performance of the economy.

9. The BPS proposes expenditure ceilings for the national government including those of Parliament and the Judiciary, as well as indicative transfers to county governments for the next financial year and the medium term. Once considered and approved by National Assembly, the ceilings will form the basis for the preparation of the national budget for financial year 2024/2025 and over the medium term as well as form the basis for the Division of Revenue Bill, 2024.

10. The Committee assessed the BPS to ascertain compliance to the underpinning legal framework. A critical review of the submitted document revealed that most of the information has been provided. However, there is some critical missing information such as details of policies and how they have been costed. The Committee further evaluated the alignment of the BPS to the National Development Agenda, credibility of the proposed Macroeconomic Framework, adherence to the Hard Budget Constraints and criteria for the proposed Allocations to the sub national level of government.

2.2 Alignment to National Development Agenda

11. The National Development Agenda is articulated in the Kenya Vision 2030 that seeks to transform the country to a middle-income status by 2030 and is implemented through five-year Medium-Term Plans that defines, critical milestones and flagship projects that are to be attained in the defined span of time. The Committee noted with concern the fourth Medium Term Plan that would aid in linking the Bottom Up Economic Transformation Agenda (BETA) and Vision 2030.

12. The BPS has indicated that through the agricultural transformation pillar, the government intends to align all policies and strategies under the agriculture sector towards increasing food production and reducing the cost of food. The strategies under this pillar will be geared towards addressing the cost, quality and availability of farm inputs; reducing the cost of living ; reducing the number of food insecure Kenyans; raising productivity of key food value chains; increasing access to affordable credit and agricultural extension services; creating direct and indirect jobs, increasing average daily income of farmers as well as foreign exchange earnings by revamping underperforming export crops while expanding emerging crops such as avocado.

13. The progress reported in implementation of the agricultural transformation pillar include: countrywide digital registration of farmers on the e-voucher programme; provision of 5.5 million bags of fertilizer to farmers; reduction of cost of fertilizer from Kshs 6,500 to Kshs 2,500; provision of 17 certified warehouses and grain drying equipment in maize growing areas to contain post-harvest losses and mainstreaming key value chains for enhanced productivity and value addition.

14. The Committee noted the need to scale up some of the measures including provision of quality and certified seeds and planting materials; designing a last mile fertilizer distribution mechanism to bring it closer to the farmer; enhancing post-harvest management interventions to cover more farmers and wider variety of agricultural produce; upscaling the crop and livestock insurance to cushion farmers; enhancing irrigation capacity to reduce overreliance on rain fed agriculture and streamlining the marketing of agricultural produce to cushion farmers from exploitation by other value chain actors.

15. The Micro, Small and Medium Enterprises plays an important role in the economy especially in providing job and income generating opportunities both in the formal and informal sector. To optimize on the potential of the MSMEs, the BPS proposes to improve business environment for MSMEs, establishment of industrial parks and business incubation center in every TVET, promoting access to affordable finance, rationalize business licensing processes and establishment of business development centers in every ward and Industrial Aggregation Centers in all counties over the medium term.

16. In terms of progress achieved in harnessing the MSMEs, among other interventions, the government rolled out the Financial Inclusion Fund, which has disbursed over Kshs. 36.6 billion. The fund has also rolled out group product which has attracted about 20,000 groups which have cumulatively received approximately Kshs. 152 million.

17. The Committee noted with concern that the MSME sector is faced with a multiplicity of challenges that include access to affordable and reliable energy; unpredictability of tax policies; pending bills owed by government agencies. There is need for provision of long-term financing and inculcation of the culture of prompt payment for goods and services for the MSMEs to be sustainable.

18. With regard to the Affordable Housing pillar the government aims to provide at least 250,000 houses in every financial year by fast tracking the delivery of affordable houses and enabling low-cost housing mortgages. The BPS reports that 46,792 urban houses are underway while another 40,000 units are ready to commence construction. It estimates a total of 746,795 housing units are in the various stages of delivery.

19. The government is structuring affordable long-term housing finance schemes, including a National Housing Fund and Cooperative Social Housing Schemes, that will guarantee off take of houses from developers. The pillar targets job creation for graduates from TVETs though linkages to the Jua kali sector to produce high quality construction fittings.

20. The Committee underlined the need for a structured way to meaningfully and continuously engage value chain actors such as Jua kali artisans during the delivery of the affordable housing pillar. The Committee underscored the importance of upscaling efforts towards the enforcement of use of the locally produced components and inputs into the affordable housing to spur local manufacturing, production and job creating where the projects are being undertaken.

21. The choice of the Universal Health Coverage as a key pillar of the Bottom up Economic Transformation Agenda was informed by Article 43 of the Constitution that guarantees Kenyans the right to the highest standards of healthcare. To ensure realization of this, the government has put in place a number of measures including enactment of the relevant laws

to anchor healthcare reforms. The efforts are geared to implementation of the Social Health Insurance Fund, Primary Health Fund, Chronic, Emergency and Critical Illness Fund.

22. It is noted that to deliver universal health coverage, the government is committed to institute a paradigm shift from curative to preventive and promotive healthcare. The shift will be supported by the promotive services provided by Community Health Promoters (CHPs) at the household level. The CHPs have been engaged by the National Government in partnership with the County Government. These efforts are aimed at provision of all essential services from preventive, promotive, curative, palliative and rehabilitative health care services.

23. The Committee noted that while healthcare reforms are long overdue, the pronounced policies are not comprehensive enough to address the challenges bedeviling the sector. The measures broadly address the health financing component of universal health coverage but not the service delivery and governance issues facing the sector. The Committee also expressed concerns over lack of information among the general public on the operation of the recently introduced healthcare funds and the specific benefits that accrue to a household that is enrolled into the scheme.

24. The BPS is cognizant of the increasing role that the digital economy as an avenue for opportunity, productivity and competitiveness. The Bottom up Economic Transformation Agenda therefore commits to promoting investments in the digital superhighway, supporting extension of the fibre optic backbone infrastructure and digitization and automation of government services. It further indicates that the government is pursuing implementation of Maisha Namba and National Population Master Register to ease delivery of government services.

25. To achieve the envisaged objectives of the Digital superhighway and Creative Economy pillar some progress has been made including digitization of over 16,000 government services from an initial 250 to enhance efficiency in service delivery and revenue collection; expansion of the ICT capacity in TVETs; and continued expansion of the ICT infrastructure including setting up several WiFi hotspots in market centers and public spaces in some parts of the Country.

26. The Committee noted with concern that with increasing promotion and adoption of the digital technologies, there are emerging risks related to data privacy and cyber security. The Budget Policy Statement has remained silent on proposals to mitigate and deal with such threats especially with the consolidation of payment for all government services into the e-citizen platform. Further, the distinction or linkages between the Maisha number and the Huduma number that has been pursued previously is not elaborated.

2.3 Credibility of the Macroeconomic Framework

27. The 2024 budget policy statement projects that the economy will grow by 5.5 percent in 2024. This growth will be driven by both demand and supply side factors. On the supply side, key drivers include rebound of agriculture sector on account of sufficient rainfall and subsidized input prices, recovery of the industry sector driven by availability of raw materials for agroprocessing and construction sub sector on account of investments in affordable housing.

28. The service sector growth will be supported by the recovery in accommodation and restaurant subsector, increased tourists' arrivals as well as the telecommunication and ICT developments driven by efforts in digital transformation. On the demand side growth will be supported by increased household consumption and robust private sector investment, as well as government investments, and resilient remittances.

29. The Committee noted that the key driver for growth is expected to be agricultural sector, however, contribution of the sector to overall economic growth has been fluctuating over time an indication of the vulnerability of the sector to weather shocks. Despite the central role that the agriculture sector plays in household incomes and job creation it continues to face major hurdles including overreliance on rainfall, dysfunctional agricultural markets, lack of affordable working capital, unreliable extension services, poor post-harvest handling and unstainable land use practices. This confluence of risks has a bearing on productivity in agriculture thereby impacting food security and cost of living.

30. The Committee expressed concerns over the declining contribution of the industry sector to economic growth. The performance of the sector is majorly driven by the manufacturing and construction sub-sectors. The performance of the manufacturing component has been dwindling over the years. The decline has been attributed to deteriorating business environment and regional developments including tariff changes under the East Africa Customs Management Act.

31. Inflation remained below the 7.5 percent band but above the CBK target of 5 percent due to elevated inflationary pressures. It is however notable that it declined from 9.0 percent in January 2023 to 6.9 percent in January 2024. The slowdown was majorly driven by food inflation which decelerated from 12.8 percent in January 2023 to 7.9 percent in January 2024. The decline was supported by easing prices of food commodities due to improved weather conditions and government backed importation of non-vegetable food items and edible oils.

32. The Committee noted that fuel inflation remained elevated majorly on account of the volatility of the Kenyan Shilling, unpredictable international oil prices and high electricity prices. The contribution of fuel inflation to overall inflation increased from 27.8 percent in January 2023 to 36.2 percent in January 2024 driven by rising prices of electricity and increases in fuel pump prices.

33. The tightening monetary policy globally has had severe consequences including rise in interest rates and capital flight from developing countries as investors pursue higher returns in the developed economies. In response and to anchor inflation expectations, the CBK raised the CBR to 13% in February 2024. The high interest rates imply higher cost of borrowing for households, firms and the government which is likely to have a negative effect on both the investment and consumption components of the economy.

2.4 Linking Sector Priorities to Hard Budget Constraints

34. The Budget Policy Statement projects that ordinary revenue as a share of GDP will increase from 14.3 percent in FY 2022/23 to 19.1 percent in FY 2024/25. To achieve this, the government has published the Medium-Term Revenue Strategy (MTRS) whose objectives include: raising revenue as a share of GDP from 14.3 percent to 20 percent; increasing tax compliance rate from 70 percent to 90 percent; and increasing investment to GDP ratio from 19.3 percent to 25.7 percent by FY 2026/27 for sustained growth.

35. Some of the strategies in the MTRS include the reduction of the corporate income tax rate to boost Kenya's competitiveness and enhance investment and review of Pay as You Earn (PAYE) bands to improve progressivity. Further, to optimize revenue collection from Value Added Tax (VAT), the MTRS proposes rationalization of exempt and zero-rated supplies, a downward review of VAT rates, and an introduction of VAT on services such as education and insurance.

36. The Budget Policy Statement projects ordinary revenue collection for FY 2024/25 at Kshs. 2,948.1 billion. This represents a 14 percent growth relative to the National Treasury's expected collection in FY 2023/24. The Committee noted with concern that the revenue-raising measures contained in the 2023 BPS and Finance Act, 2023 have not achieved the revenue growth targets. The revenue shortfall by December 2023 amounted to Kshs. 178 billion. If the revenue target for FY 2023/24 is missed by a big margin, that would indicate similarly, the FY 2024/25 targets is way too high.

37. The Committee noted that the total expenditure and net lending as a share of GDP has been maintained at around 24 percent between 2013/14 and 2022/23. However, expenditures on interest payments on public debt as a share of GDP has increased from 2.4 percent to 4.8 percent, while development expenditure has declined from 6 percent to 4 percent. The proposed increase in the ceiling for development expenditure is laudable and will spur economic growth if the projects are realized efficiently.

38. The Budget Policy Statement proposes that the expenditure ceiling for FY 2024/25 be set at Kshs. 4,143.7 billion representing a Kshs. 162.1 billion increase relative to the approved supplementary estimates I for FY 2023/24. The main drivers for the increased budget include an additional Kshs. 89.9 billion on interest payment on public debt as well as a Kshs. 70.7 billion increase in development expenditure.

39. Given the disparity in revenue and expenditure, the resultant fiscal deficit for FY 2024/25 is projected at Kshs. 704 billion. To finance the deficit, the government proposes to borrow Kshs. 326 billion from external markets and Kshs. 377.7 billion from the domestic market. The projected borrowing from the domestic market for FY 2024/25 is significantly lower than the borrowing for FY 2023/24. Reduced domestic borrowing over the medium term may crowd in the private sector investments and spur private sector-led economic growth.

2.5 County Resource Allocation

40. The 2024 Budget Policy Statement highlights County Governments' compliance with the fiscal responsibilities Principles as provided for in Chapter Twelve of the Constitution and the Public Finance Management Act. The law requires certain expenditures such as development budget and wages to be maintained at a given threshold. Its noteworthy that counties have been complying with the thirty percent requirement for development expenditure while budgeting, however actual expenditure in development has dwindling from 29 percent in FY 2018/19 to 23 percent in FY 2022/23. This trend has a serious implication on realization of development programmes and service delivery.

41. The 2024 BPS notes the dismal performance of the Own Source Revenue (OSR) among all the county governments and proposes several measures to assist counties to enhance their revenue collection including the enactment of the National Rating Bill and the County Governments (Revenue Raising Process), Bill as well as offering rigorous training on tax policy and Revenue Forecasting.

42. The National Rating Bill purposes to provide the framework for the imposition of property taxes on land and buildings by County governments. The Bill also gives the procedure for claiming and payment of Contribution in Lieu of Rates (CILOR); and timely updating of valuation rolls by the County Governments. The overall objective of the Bill is to provide for enhancement, certainty, uniformity, and fairness in levying of property rates by the counties.

43. The BPS proposes that County Governments receive Ksh.391.117 billion as equitable share for FY 2024-25 from the projected ordinary revenue of Kshs. 2,948.1 billion. The amount is 24.86 percent of Kshs.1,573.4 billion being the most recent audited revenues raised nationally for FY 2019/20 as per the National Treasury and 13.3 percent of the total projected ordinary revenue for FY 2024/25. However, Parliament recently approved the audited revenues for FY 2020/21 amounting to Kshs 1,570.56 billion which now forms the basis for revenue sharing.

44. Pursuant to Article 202(2) of the Constitution, County governments are expected to receive additional allocations amounting to Ksh.48.2 billion in FY 2024/25. The additional allocations consist of Kshs 8.5 billion from the National Government's share of revenue and Ksh.35.66 billion from proceeds of loans and grants from development partners.

3.0 SUBMISSIONS TO THE BUDGET AND APPROPRIATIONS COMMITTEE

45. The Budget and Appropriations Committee oversights the Office of the Auditor General (OAG) and the Parliamentary Service Commission (PSC). The Committee invited the two to provide insights on policies informing proposed ceilings in the 2024 BPS. The Committee received submissions from the Departmental Committees on the ceilings for the Ministries, Departments and Agencies (MDAs) that they oversight. Pursuant to Article 201 of the Constitution on public participation, the Committee also received submissions on the proposed policies from various stakeholders and sector actors.

3.1 Submissions by the Office of the Auditor General

46. The Committee invited the office of the Auditor General to make submissions on two issues. First to appraise the Committee on key issues arising from audit processes that may inform the overall budget making process and second to provide insight on policies underlying the expenditure ceilings for the office.

3.1.1 Overarching Concerns from Audit Perspective

47. The Auditor General raised pertinent issues on budget credibility by underscoring the emerging deviations between approved expenditure and actual expenditure and large deviations between revenue targets and actual collections. The Auditor General raised concerns that supplementary budget and requests for additional allocations especially under Article 223 of the constitution significantly distort the budget as approved by the Legislature.

48. The Auditor General noted other risks to the budget credibility including delayed disbursement of exchequer releases to implementing agencies, challenges in implementation of donor funded projects, slow uptake and progress of projects, unused balances at the end of project period, pending bills and rising cost of debt service.

49. The Auditor General underscored the need to ensure greater coordination between the National Treasury and other stakeholders contributing critical information and macroeconomic data for fiscal forecasting, including the Kenya National Bureau of Statistics and the Kenya Revenue Authority. This will enhance the quality and accuracy of macroeconomic and fiscal forecasting to enhance budget credibility.

3.1.2 Expenditure Ceilings for the Office of the Auditor-General

50. The Office of the Auditor General has been allocated a budget ceiling of Kshs. 8.599 billion with Kshs.8.284 billion in recurrent expenditure and Development expenditure amounting to Kshs.315 million. This is against an estimated budgetary requirement of Kshs.11.380 billion meaning that there is a budgetary shortfall of Kshs.3.086 billion. This is despite the expansion of government programs over time to ensure sustainable development and delivery of continuous and quality services to the citizens.

51. The OAG indicated that government policies always result to additional institutions that the office is required to audit. For instance, the healthcare legislative framework has created additional entities which include, the Social Health Authority, Primary Healthcare Fund, Social Health Insurance Fund and Emergency Chronic and Critical Illness Fund that require to be audited. Additionally, the office will be expected to audit the Housing Levy Fund which is both a revenue and expenditure entity as well as the Financial Inclusion Fund which may require separation of business units in future due to its existing structure that has a savings component, a pension and a banking element.

52. Further, the Auditor General noted that the continued underfunding of oversight institutions such as Parliament, Office of the Auditor General, Ethics and Anti-Corruption Commission, Controller of Budget, Office of the Director of Public Prosecutions and the Judiciary. All these institutions have been allocated a mere 2% of the total national budget over the years, including FY 2024/25. There is need to increase the funding to these Institutions to see the fruits of the fight against wastage and corruption.

3.2 Submissions by the Parliamentary Service Commission

53. The Committee invited the PSC to make submissions on policies guiding the proposed ceilings and overall resource requirement for the Commission for FY 2024/25. The Commission submitted that the policy thrust is presently anchored on the PSC Strategic Plan 2019-2030 themed “Bringing Parliament closer to the People: Taking Responsibility”. The Plan is being implemented through Seven Strategic Pillars and Twenty-Two Strategic Objectives.

54. The Commission submitted that the 2024 BPS proposes a ceiling of Kshs 41.623 billion for the PSC as compared to Kshs 40.77 billion in FY 2023/24 approved estimates. The marginal increase is not sufficient to cater for the annual wage drift and the employer contribution to the Housing Levy. The proposed ceilings are against a total resource requirement of Kshs 65.810 billion for the FY 2024/25. The resource requirement is informed by the need to facilitate Members of Parliament in achieving their Constitutional mandate as well as promoting Parliamentary democracy. If the situation is not remedied, it essentially implies that the Legislature will continue to be underfunded and unable to implement its Constitutional mandate.

55. Concerned by the constant underfunding of the Legislature and noting the need to ensure predictability and adequacy of resources for the Legislature, the Commission recommended that going forward, the annual allocation to Parliament be pegged at an amount of not less than 2.5% (two and a half per centum) of all the national government’s share of revenue as divided by the annual Division of Revenue Act enacted pursuant to Article 218 of the Constitution. A predictable allocation of funds to Parliament ensures that legislative, oversight and scrutiny programmes are adequately funded as part of the good governance best practices for democratic societies.

3.3 Submissions by Stakeholders.

56. Pursuant to Article 201 of the Constitution on Public Participation, the Committee invited the public to give their perspectives on the BPS. The request for submission of memorandums was published in leading daily newspapers and publicized on the website of Parliament. The Committee held engagements with International Budget Partnership, the Kenya National Farmers Federation, the Kenya Association of Manufacturers and the Council of Governors.

57. Further, the Committee received a total of 15 memoranda from the following stakeholders and community-based groups: RSM Eastern Africa Consulting, Citizens of Ruaraka Constituency, Citizens of Mathare Constituency, World Vision Kenya, Institute of Public Finance, Civil Society Parliamentary Engagement Network. Children Agenda Forum, Kenya on School Meals, Rift Valley Budget Hub, Citizens Kitui East Constituency, Citizens of Kitui Rural Constituency, Children Rights Kenya, People of Voi, Wundayi, Taita and Taita Taveta Constituency, Civil Society Organizations, Kerio Valley development Authority and CPF Financial Services. The submissions from the public engagements have been attached to this report as annex 2.

3.4 Submissions by the National Treasury

58. The National Treasury in their submission noted that during the preparation of the 2024 Budget Policy Statement, they received numerous requirements for the FY 2024/25. The National Treasury was not in a position to accommodate all within the set ceilings in view of the resource constraint. These expenditures relate to new policies introduced during the financial year 2023/24. The total unfunded expenditures for the FY 2024/25 amount to Kshs 859.5 billion as indicated in Table 1. This comprises Recurrent Expenditures of Kshs. 484.9 billion and Development Expenditures of Kshs. 374.5 billion.

59. There is need provision for the critical unfunded priorities especially the Education Sector (New Funding Model for Universities and TVET and JSS, Health Sector (shortfall for Community Health Promoters and Medical Specialized Kits for CHP) and National Security (Modernization and salary adjustment for the police, prisons and NYS) and to align the budget proposals to address the shortfall during the finalization of the FY 2024/25 Budget.

Table 1: Unfunded priorities for FY 2024/25 by Sector Amount in Ksh. Million				
S/No.	Sector	Recurrent	Development	Total
1	Agriculture, Rural & Urban Development	2,492.4	7,150.0	9,642.4
2	Energy, Infrastructure and ICT	15,563.3	225,832.4	241,395.7
3	Education	146,875.8	16,255.0	163,130.8
4	General Economic and Commercial Affairs	4,738.4	40,824.0	45,562.4
5	Health	51,172.0	15,885.0	67,057.0
6	Governance, Justice Law and Order	96,819.5	1,800.0	98,619.5
7	Public Administration and Internation Relations	124,712.7	16,391.5	141,104.2
8	National Security	10,600.0	-	10,600.0
9	Social Protection, Culture and Recreation	20,014.5	22,737.4	42,751.9
10	Environment Protection, Water and Natural Resources	12,002.6	27,630.0	39,632.6
	Grand Total	**484,991.2**	**374,505.3**	**859,496.5**

4.0 SUBMISSIONS BY DEPARTMENTAL COMMITTEES

60. The Committee received submissions from Departmental Committees on policies and ceilings for programmes and votes being implemented by the MDAs that they oversight. Based on submissions by the MDAs, the Departmental Committees made observations, some of which are captured in this report. A comprehensive matrix of observations and recommendations by Departmental Committees are part of this report as annex 1.

61. The Committee received requests from the Departmental Committees to enhance the ceilings of the various entities that submitted requests for additional funding amounting to Kshs 914 billion shillings. However, given the constrained fiscal space and the need to adhere to the fiscal consolidation principles, these requests, though critical could not be accommodated within the available resource envelop. The unfunded requests are detailed in the forth schedule of this report.

4.1 Social Protection, Culture and Recreation Sector

62. The Departmental Committee on Social Protection observed that the commitments under Article 81(5) of the Constitution, to ending Gender Based Violence and merging of the National Council for Persons Living with Disabilities Fund and the Disabled Fund of Kenya to enhance sector coordination were not met.

63. The Committee noted that despite the increased cases of femicide and Gender Based Violence there is no concrete policy nor resource increase towards addressing these vices. The fight against Gender Based Violence continues to rely on donors, thereby exposing it to lengthy processes and underfunding.

64. The Committee observed that there is no coordination between the State Department for Gender and the offices of the 47 County Women Representatives in both the supply and distribution of sanitary pads in the Counties. This has caused poor targeting of needy cases and delays in availing these critical items to the girl child.

65. The Departmental Committee on Labour noted that the funding shortfalls within the sector will adversely affect key priority areas especially the Human Resource Management and Development Programme where the Public Service Internship Programme (PSIP) is domiciled. The programme is a strategic government intervention to expose graduates to the job market and ease their absorption.

66. The Departmental Committee on Sports, Arts and Culture noted that Kenya is poised to host two important sporting events alongside Uganda and Tanzania, these are CHAN (2024) and AFCON (2027). Consequently, the State Department for Sports requires considerable resource allocation to adequately prepare for these important continental tournaments. The State Department has however not developed a comprehensive resource requirement for the upgrade of Stadia and training grounds for these tournaments.

4.2 National Security Sector

67. The Departmental Committee on Defence, Intelligence and Foreign Relations observed that given the nature of work that the National Intelligence Service undertakes, it has not been possible to engage in leasing of equipment and systems for acquiring the necessary equipment. However, in view of constantly changing technology, there is need to consider leasing of such equipment to cushion the Service from the high cost of replacing them every time there are technological advancements.

68. The Committee noted that the procedure to access the Export Credit Agency (ECA) for the security sector is too long on account of the time taken to deposit the agreement and to do due diligence before the finalization and signing of the financing agreements. This therefore affects the commencement of the projects that are dependent on the ECA funding.

4.3 Public Administration and International Relations Sector

69. The Departmental Committee on Finance and National Planning noted that the BPS has highlighted the significant role of the Public-Private Partnership (PPP) in alternative financing. There are 31 projects at different stages within the PPP project cycle. However, there is lack of detailed disclosure which makes it challenging for stakeholders to assess the potential impact of these projects.

70. The Departmental Committee on Defence Intelligence and Foreign Relations noted that to ensure the effectiveness of the posted Ambassadors, the Department for Foreign Affairs has put all the Ambassadors under performance contracts for their 4-year tenure where they do

have an initial two-year contract after which evaluation is done and if the performance is poor the Ministry recommends their recall by the appointing authority.

71. The Committee noted that the Government Delivery Services had been transferred to the State Department of Performance & Delivery Management but the resources towards the same are still being held by the Office of the Prime Cabinet Secretary, highly compromising the deliverables of the entity.

72. The Committee noted with concern that over 800,000 Kenyans had applied for passport and remitted to the government through the e-citizen platform passport fees amounting to over Kshs 5 billion as of 23rd February 2024 but the State Department could not process the passport due to lack of booklets. The Committee noted that failure to transfer resources to the department promptly has affected service delivery and inconvenienced many Kenyans.

73. The Committee observed that the provision of Group Life and Group Personal Accident Cover through an insurance firm is not effective for the National Police Service Officers. This is because the officers are not being compensated as required despite the National Police Service paying premiums of Kshs. 2.342 billion. The Committee observed that the Kenya Defence Forces model is effective given that Section 3 of the Work Injury Benefits Act of 2007 exempts KDF from the requirement. There is need to develop a policy exempting the police officers just like the Defence Forces.

74. The Committee was concerned with the rise in drug and substance abuse due to structural issues arising from the weaknesses of the Alcoholic Drinks Control Act, 2010. The Constitution provides that liquor licensing is a function of the County Governments. However, the ruling on Petition No. E225 of 2020 declared that liquor licensing was a concurrent function between the National and county governments given that licensing for imports and regulation of manufacturing is a mandate of the National Government. The Committee observed that there was a need to review the legal framework on standardization, regulation, manufacture, importation, promotion, sale and consumption of alcoholic drinks.

4.4 General Economic and Commercial Affairs Sector

75. The Committee on Trade Industry and Cooperatives noted that the State Department for Cooperatives is undertaking modernization of cotton ginneries. However due to shortfall in resources, the department is implementing only one ginnery per financial year. There is need to channel adequate resources to cater for the modernization of all ginneries concurrently given the growth in cotton production in the country. There are only 6 ginneries currently in Kenya, five owned by private owners, while one is Government owned.

76. The Committee noted that the Warehouse Receipt System has been facing underfunding challenges despite the critical role it is supposed to play on the harnessing potential of various

value chains. The project targets to create a warehousing system in which farmers will be given warehouse receipts as they await to trade their commodities in the market. The intended impact is a reduction in post-harvest losses and improved access to markets and credit by farmers, who may use the warehouse receipts as collateral.

77. The Committee raised concern on the multiplicity of funds in the purview of the State Department for MSME development such as the Hustlers Fund and Uwezo Fund. It was noted that, the funds face similar challenges, such as default and they are likely not to achieve their intended impact if they are not restructured and aligned to evolving realities.

78. The Committee on Tourism and Wildlife noted the growth of the Airbnb as a critical component of the hotels and accommodation sub sector and its potential contribution to growth of the hospitality industry. However, the sector is largely unregulated and uncoordinated hurting the entire sector.

79. The Committee observed that the Tourism Promotion Fund holds the responsibility of financing various programs and initiatives aimed at the development, promotion, and branding of tourism products in Kenya. However, much of the resources have been allocated to non-core tourism activities that have not meaningfully contributed to the improvement in sector performance. There is need to relook at the structure of the fund to optimize on interventions that address critical bottlenecks in the sector.

80. The Committee observed that the National Drought Management Authority purposes to establish feed lots in thirty-one ASAL counties in Kenya to support pastoralists communities. The establishment and proper management of feedlots will bring about positive transformations in the livestock sector promoting resilience, sustainability, and economic development in these regions.

81. The Committee expressed concerns that despite the Nairobi Rivers Commission, developing and commissioning the Nairobi Rivers Rehabilitation Strategy, no major milestone has been accomplished on the ground towards the rehabilitation of the rivers.

4.5 Agriculture, Rural and Urban Development Sector

82. The Departmental Committee on Agriculture and Livestock acknowledged that the agriculture sector has good policies which if implemented to the latter, can transform agricultural productivity and the country's economic performance. However, the challenge is low budgetary allocations to key priority interventions which are often subjected to budget cuts during budget revisions disrupting project execution hence the non-achievement of the intended targets.

83. The Committee expressed concerns over lack of agricultural extension services in the country despite increased efforts on agricultural and livestock production. With the increased provision of improved animal genetics and subsidized farm inputs including fertilizers, seeds and seedlings, the missing component is agricultural extension services.

84. The Departmental Committee of Lands and Physical Planning noted that the State Department for Lands and Physical Planning intends to undertake digitization of ten Land offices with small registries namely: Baringo, West Pokot, Tana River, Vihiga, Laikipia, Gatundu North & South, Marsabit, Kisii and Nyeri. Further, the Department intends to undertake geo-referencing of land parcels in nine different counties.

4.6 Environment Protection, Water and Natural Resources Sector

85. The Committee on Environment, Forestry and Mining expressed concerns over revenue lost from the mining sub-sector due to lack of proper surveillance at entry and exit points and operating areas of the large mining companies. Further the Committee noted that the Cabinet decriminalized Artisanal Mining Activities. The Artisanal and Small-Scale Mining sub-sector is one of the highest contributors to job creation and rural growth. The formalization of ASM will entail setting up SACCOs that will enhance their productivity, enhance miners' health and safety and access to better market access.

86. The Committee observed that the government intends to strengthen actions to halt and reverse biodiversity loss, prevent deforestation, combat desertification and restore degraded landscapes as part of a broader programme to fulfil the commitments to reduce emissions by 32 percent by 2030. This is expected to achieve land degradation neutrality, implement a global biodiversity framework and enhance the integrity and efficacy of carbon markets.

87. The Departmental Committee on Blue Economy, Water and Irrigation noted that there is a lot of overlap in the mandates of the National Irrigation Authority (NIA), National Water Harvesting and Storage Authority (NWHSA) and the State Department Headquarters especially on implementation of projects.

88. The Committee noted that there are sustainability challenges for irrigation projects that have been handed over to county government and the community. This has led to the collapse of most of these projects leading to loss in value for money for the Kenyan taxpayer. The cause of this has been the slow formation of County Irrigation Development Units (CIDU) and the Irrigation Water User Associations (IWUA) resulting in weak administrative and management capacity of irrigation projects.

89. The Committee noted that the changes to the Water Act, 2016 by an amendment through the Statute Law (Miscellaneous Amendments) Act of 2017 complicated WRA's regulation of salt firms through issuance of water permits by exemption from Section 36 of the Water Act, 2016.

The effect of this has been the lack of regulation of salt firms through issuance of permits and payment of water user charges. This also reduces the potential of AIA collection by WRA.

4.7 Energy, Infrastructure and ICT Sector

90. The Committee on Communication, Information and Innovation noted the existence of several programmes within the sub-sector which are coordinated by various agencies such as Jitume Programme, Ajira Digital Programme, Presidential Digital Talent Programme, and Village digital hubs, Constituency Innovation Hubs, Studio Mashinani, Digital Literacy Programme and programmes on Business Process Outsourcing. Implementation of these noble interventions in a disjointed manner poses the risk of duplications of expenditures and efforts which derails their performance in service delivery.

91. The Committee observed that the centralization of government advertising services was largely informed by the need to standardize costs of advertising and subsequently to cut associated public expenditures however, the intended purpose has not been realized. Given that there is no mechanism to ensure that MDAs promptly pay Government Advertising Agency for the services, it has incurred huge pending bills that have made it inefficient. There is need to review the effectiveness of the Centralized System in government advertising with a view of decentralized system.

92. The Committee on Transport and Infrastructure noted that the BPS 2024 allocates Kshs. 10.52 billion to County Governments as a conditional grant from Road Maintenance Levy Fund (RMLF) effective Financial Year 2024/25.This is in spite of the House Resolution of 28th September, 2023 directing the Kenya Roads Board to strictly apply the formula for sharing the RMLF as set out in section 6 of the of the Kenya Roads Board Act, 1999.

93. The Committee observed that the gravel and murram roads are critical in rural areas as they play a vital role in economic development by connecting rural communities to markets, schools and other social utilities. These roads have been affected by the flash floods and require additional resources for rehabilitation.

94. The Committee raised concerns over the pending bills on road contracts including land compensation for individuals and relocation of public amenities amounted to Kshs.162.4 billion mainly due to budgetary deficiency. There is need to prioritize compensation of individuals whose properties have been acquired by the government to pave way for roads and other infrastructural developments.

95. The Departmental Committee on Housing, Urban Planning and Public Works noted that implementation challenges have necessitated adjustments in name, location, and budgets for the Economic Stimulus Programme (ESP) markets. The design review was mandated by

Executive Directive that aimed at enhancing market viability to accommodate approximately 300 traders per market and installation of all required amenities.

96. The Committee noted that through Alternative Building and Construction Technology Centres (AMBT), the State Department for Housing and Urban Planning intend to enhance the building and construction value chain by fostering transfer of technical skills and promoting the use of local material. This will enhance the role of locals in the affordable housing pillar.

97. The Committee observed that the government entered into a financing agreement with four (4) financiers i.e. BADEA, OFID, Abu Dhabi, and Saudi for the implementation of rural electrification projects in five regions at a total cost of Kshs.5.828 billion since September 2013 with an expected completion date of 30th December 2024. However, most of these projects are yet to commence while others are in the initial stages.

98. The Committee noted that the LPG Distribution and Infrastructure project (Mwanachi Gas) which was initiated in 2016 and has been revamped under the LPG growth policy has been faced with a myriad of challenges including distribution challenges, procurement of cylinders among others. These challenges continue to hamper the achievement of its envisaged objective of cutting low-income households' reliance on wood fuels by increasing access and affordability of LPG.

4.8 Governance Justice Law and Order Sector

99. The Departmental Committee on Justice and Legal Affairs observed that there is need for the State Department for Correctional Services to leverage on public private partnerships to implement some of its programmes including utilization of the huge tracks of land at its disposal for food production to complement receipts from the exchequer.

100. The Committee noted that correctional facilities in the country are congested putting pressure on available infrastructure and supplies. There is need for the departments in the Justice sector to collaborate together with a view to developing policies that are geared towards decongesting prisons considering other forms of restorative justice.

101. The Committee noted with concern that the Independent Electoral and Boundaries Commission has pending bills amounting to Kshs 4.8 billion of which non-legal suppliers account for Kshs 0.7 billion and Kshs 4.1 billion account for legal fees. The Committee stressed the need to engage in-house lawyers to undertake some of the petitions.

102. The Committee expressed concerns over the delayed implementation of section 4 (c) and (d) of the Judiciary Fund Act, 2016 that allows the Judiciary to retain monies that may accrue from investments, fees and levies administered by the judiciary. It is therefore imperative for the

National Treasury to fully operationalize the Judiciary Fund in order for the agency to benefit from the revenues it has been raising over years.

4.9 Education Sector

103. The Departmental Committee on Education noted with concern that the proposed ceilings are far below the current financial year baseline for the three State Departments. The proposed ceiling for the major programmes being implemented has decreased by Kshs 49.3 Billion. This means the budgeted amounts mainly for capitation (in primary and secondary level) as well as loans and scholarships (for Technical and University level) will significantly reduce. This is despite the fact that that this key sector has never been fully funded previously.

104. The Committee observed that the Ministry of Education and the NGCDF Board has not yet finalized the collaborative framework/guideline to support and guide infrastructure development in junior school by clearly outlining the roles of each institution involved and the flow of resources.

105. The Committee is concerned that the sector has not given adequate attention to Special Needs Education (SNE) where public special needs schools have to a great extent been neglected in terms of infrastructure development, availability of learning aids and assistive devices as well as the general well-being of the learners. This has resulted to disadvantaging of SNE learners who are already underprivileged;

106. The Committee was concerned that the Department for TVET operates manually in the administration of capitation which poses a risk in terms of management of public resources set aside for this purpose. Whereas progress has been made in deploying ICT infrastructure, there is need for clear timelines in terms of finalization of the ICT project given that adequate resources were provided in the current financial year.

107. The Committee observed that the Government, through Sessional Paper No.1 of 2003 established the Low-Cost Boarding Schools to expand access to basic education in the ASALs. Currently, there are 993 registered schools in nine Counties. However, the impact and visibility of this initiative is minimal mainly due to inadequate funding. The Committee noted that The Presidential Working Party Report on Education Reforms recommended that the LCBS function be implemented by the National Council for Nomadic Education in Kenya.

4.10 Health Sector

108. The Departmental Committee on Health noted that there is duplication of functions and roles within the sector with the Ministry of Health retaining some functions of SAGAs for instance the National Cancer Control Programme at the Ministry of Health is still performing some cancer related functions while the National Cancer Institute was established vide the Cancer Prevention and Control Act, No. 15 of 2012 to handle all matters related to cancer.

109. The Committee observed that the Primary Health Care Fund has not been allocated any funds while the Emergency, Chronic and Critical Illness Fund has been allocated Kshs.500 million. The two Funds are essential in the implementation of Universal Health Coverage in Kenya. Further, the actual resource requirements for operationalization of the various funds in the sector and the impact on overall national government expenditure has not been estimated.

110. The Committee expressed concerns over lack of clear framework on the establishment of level six hospitals in all counties in line with the Kenya Health Policy, 2014-2023. There is need to make legal provision for cooperation and partnership programmes between the National referral Hospitals and county hospitals that serve large number of people.

111. The Committee expressed concerns over delayed operationalization of the completed twenty-one Kenya Medical Training College campuses in various parts of the country. There is need to prioritize allocating more funds for the recruitment of staff to operationalize these campuses.

5.0 RECOMMENDATIONS BY THE BUDGET AND APPROPRIATIONS COMMITTEE

112. Following extensive deliberations, the Committee made the following recommendations:

5.1 Non- Non-Financial Recommendations

113. The non-financial recommendations presented in this report are categorized into general recommendations that address cross cutting issues and sector specific recommendations.

General Recommendations

1. **Medium Term Plan IV**: That, given the need to link the Bottom up Economic Transformation Agenda to the Vision 2030, the Cabinet Secretary for National Treasury and Economic Planning to submits the fourth medium term plan of the vision 2030 to the National Assembly before submission of the Budget Estimates for FY 2024/25.

2. **Costing of Government Policies**: That, Given the huge variance between planned and actual cost of government policies, the Cabinet Secretary for National Treasury and Economic Planning to prepare guidelines for proper costing of government policies, programmes and projects to minimize discrepancies between the planned and actual resource requirement before preparation of the 2025 BPS.

3. **Land Compensation**: That, in view of delayed compensation for land acquired from individuals by the government for various projects, the Cabinet Secretary for National Treasury and Economic Planning to prioritize payment for land compensation in the FY 2024/25 estimates before they are submitted to the National Assembly. Going forward, no government project should commence before the owners of the land are compensated.

4. **Locally Made Materials for Affordable Housing**: That, cognizant of the role that affordable housing can play in stimulating demand for local production, before submission of the Budget Estimates for FY 2024/25, the Cabinet Secretary for Housing, Urban Planning and Public Works to provide to the National Assembly the guidelines on use of locally made materials in development of affordable houses to spur the economy and create the intended job opportunities.

5. **One Stop Shop for Manufacturers and Exporters**: That, cognizant of the need to improve the ease of doing business, the Cabinet Secretary for Industry, Trade and Investments develops a framework for establishment of one stop shop for all required certifications targeting manufacturers and exporters in the lines of the Huduma Center model by 30th June 2024.

6. **Last Mile Distribution of Farm Inputs:** That, in view of the challenges that smallholder farmers encounter in accessing the subsidized farm inputs due to the distance from collection centers, before finalization of the Budget Estimates for FY 2024/25, the Cabinet Secretary for Agriculture and Livestock develops a framework for last mile delivery of subsidized fertilizer, seeds and seedlings to farmers across the country in partnership with the county governments.

7. **Delay in Passport Issuance**: That, given the funding challenges facing the Department of Immigration and Citizen Services on issuance of documents such as passports, Identity Cards, Birth and Death certificates. Before finalization of the Annual Estimates for FY 2024-25, the Cabinet Secretary for the National Treasury to enhance the Appropriation in Aid for the Department from the current Kshs. 1.3 billion to 20 percent of all the revenues it generates to the Exchequer through issuance of documents. (An equivalent of Kshs**.** 3.980 billion in FY 2024/25 Revenue estimates).

8. **Gender Responsive Budgeting**: That, to improve the gender responsiveness of government policies, before finalization of the 2025 Budget Policy Statement, the Cabinet Secretary for National Treasury and Economic Planning to incorporate a section on the gender responsiveness of the various policy proposals in line with international best practices.

9. **Transfer of Devolved Functions**: That, cognizant of the duplication of functions between the National and County levels of government and the need to identify, cost and transfer such functions, the Intergovernmental Relations Technical Committee (IGRTC) gazettes these functions and submits a report to the National Assembly on the same by 30th April 2024.

10. **EAC Customs Regime**: That, given the East Africa Customs Management Act of 2004 allows the Council of Ministers to review the regional customs tariffs, and that these changes have not been subjected to public participation, the Cabinet Secretary for the National Treasury to ensure than any such reviews are subjected to public participation and submitted to the National Assembly before they are formally ratified.

11. **County Additional Allocations**: That, given the delays in approval of the County Government Additional Allocation of Revenue Bill and subsequent interruption in implementation of those programmes, the Cabinet Secretary for the National Treasury to ensure that there are no requests for mid-year revision in compliance to the provisions of Section 191(1) of the PFM Act, 2012.

Social Protection, Culture and Recreation Sector

12. That by 30th June 2024, the State Department for Sports in conjunction with Sports Kenya, submit to the National Assembly a clear resource requirement and funding options for each stadia and training grounds earmarked for upgrading and construction in preparation of CHAN 2024 and AFCON 2027.

13. That by 30th June 2024, the Cabinet Secretary for Gender, Culture, the Arts and Heritage to develop the framework for coordinating the distribution of sanitary towels between the State Department for Gender and Affirmative Action and offices of the 47 County Women Representatives.

14. That by 30th June 2024, the Cabinet Secretary for Youth Affairs, Creative Economy and Sports submits a report to the National Assembly on the roadmap for the Talanta Hela Programme, institutions implementing the programme, expected outputs, talent identification, nurturing and marketing from the grassroots.

National Security Sector

15. That, in the 2025 BPS, the Ministry of Defense to consider the leasing of equipment and systems it uses since rapid changes in technology make leasing more affordable than purchasing. That way, the Ministry will avoid the risk of sinking huge budgets into equipment and systems that become obsolete before the end of their useful period.

Public Administration and International Relations Sector

16. That by 230th April 2024, the CS National Treasury to submit a detailed report on Public-Private Partnership (PPP) projects to the National Assembly. This report should address the shortcomings identified in the BPS by providing comprehensive information on the nature, scope, and status of individual PPP initiatives.

17. That before finalization of the FY 2024/25, the Cabinet Secretary for National Treasury to transfer the resources previously being utilized by the Government Delivery Services from the Office of the Prime Cabinet Secretary, Vote 1013 to the State Department for Performance and Delivery Management where the service is currently domiciled.

General Economic and Commercial Affairs Sector

18. That, by 30th June 2024, the Cabinet Secretary, Ministry of Cooperatives and MSMEs Development, to review the implementation of the various funds under the Ministry, and submit to the National Assembly proposals for better implementation of the funds with an aim to enhance efficiency and improved outcome.

19. That by 30th December 2024, the Cabinet Secretary for Tourism and Wildlife to submit to the National Assembly revised Tourism Promotion Fund regulations that are aimed at ensuring that 80% of the funds is geared towards funding of core tourism activities and 20% towards tourism promotion and marketing.

20. That by 30th April 2024, the Principal Secretary for Wildlife to present to the National Assembly a comprehensive report on the compensation for human-wildlife conflict victims. This report should clearly indicate payments done, pending verified claims and those awaiting verification.

21. That before finalization of the Estimates for FY 2024-25, the Nairobi Rivers Commission to submit to the National Assembly an action plan with clear timelines for rehabilitation of the Nairobi River and management plans for the Nairobi rivers ecosystem.

Agriculture, Rural and Urban Development Sector

22. That in the 2025 BPS, the Cabinet Secretary, Ministry of Agriculture and Livestock Development to engage the Cabinet Secretary for National Treasury and Economic Planning and the Cabinet at large to ensure that there is progressive addition of resources to the agriculture sector to enhance funding of prioritized value chains as well as achievement of the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods.

23. That, before submission of the Annual Estimates for FY 2024-25, the State Department for Lands and Physical Planning to ensure that the areas to be digitized should go hand in hand with the areas the State Department intends to undertake geo-reference to lower cost and ensure the process is seamless.

24. That, before submission of the 2025 BPS, the Cabinet Secretary, National Treasury to authorize the National Land Commission to be a collector of revenue for the national government as per the Public Finance Management Act, 2012 Section 76(1) to enhance AIA collections in the sector.

Environment Protection Water and Natural Resources Sector

25. That, by 30th June 2024, the Cabinet Secretary for Environment, Forestry and Mining to roll out the formalization of Artisanal and Small-Scale Mining programme that aims to expedite promotion of mineral-based cottage industries in all counties with viable mineral deposits.

26. That by 30th December 2024, the Principal Secretary for Irrigation reviews the structure of the Irrigation sub-sector so as to address the current overlap in mandates of the National Irrigation Authority (NIA), National Water Harvesting and Storage Authority (NWHSA) and the State Department Headquarters. Currently, there are overlaps in the projects being implemented by the 3 entities raising concerns on whether government is getting value for money.

27. That by 30th June 2024, the Principal Secretary for Irrigation develops a framework to provide technical support to the County Irrigation Development Units and the Irrigation Water User Associations. Currently, they have weak administrative capacity to manage the irrigation projects leading to sustainability challenges for these projects once they are handed over to county government and the community.

Energy, Infrastructure and ICT Sector

28. That by 30th June 2024, the Cabinet Secretary, Ministry of ICT and Digital Economy submits to the National Assembly a roadmap on consolidation of the various Youth empowerment programmes including Jitume Programme, Ajira Digital Programme, Presidential Digital Talent Programme, and Village digital hubs/ Constituency Innovation Hubs and the Digital Literacy Programme.

29. That by 30th June 2024, the State department for Broadcasting submits to the National Assembly a draft policy on decentralization of government advertising services with an aim to addressing the problems associated with the current centralized system key among them being the accumulation of pending bills due to failure by the MDAs to settle advertisement costs incurred by the Government Advertising Agency.

30. That by June 30, 2024, to support the building and construction value chain, the Cabinet Secretary for Housing, Urban Development and Public Works to provide roadmap for the construction of Alternative Building and Construction Technology centers in each constituency in the medium term and also establish a public portal providing information on local engagement in construction.

31. That by 30th June 2024, the Cabinet Secretary in charge of Energy and Petroleum in conjunction with Rural Electrification and Renewable Energy Corporation (REREC) submits to the National Assembly a report detailing the scope, works in progress, and pending works including amounts accrued as well as pending bills for last mile connectivity given that the financing agreements will lapse on 30th December 2024.

Governance Justice Law and Order Sector

32. That before finalization of the 2025 BPS, the State Department for Correctional Services to develop proposals for public private partnerships in order to modernize the prison industries and improve their outputs including development of the huge tracks of land at its disposal through mechanization to generate adequate food to complement the exchequer receipts.

33. That the Independent Electoral and Boundaries Commission in close collaboration with the National Treasury to undertake thorough scrutiny and audit of the all the pending bills particularly the bills owed to the suppliers with a view to settle the eligible pending bills.

Education Sector

34. That, before finalization of estimates for FY 2024/25, in line with the Presidential Working Party Report on Education Reforms, the Cabinet Secretary for National Treasury transfers the Low-Cost Boarding Schools function and the attendant budgetary provisions to the National Council for Nomadic Education in Kenya (NACONEK), which is best suited to implement the programme. This will ensure that the LCBS are given adequate attention to address education disparities and oversee interventions that will enhance access, retention, transition and completion rates in ASAL areas.

35. That, before finalization of the Annual Estimates for FY 2024-25, the State Department for TVET Education to complete and fully operationalize the TVET Education Management Information System (TEMIS) to create a pool of accurate, verifiable and credible data of TVET learners and Institutions in order to promote accountability and improve management of disbursements for capitation and scholarships funds;

36. That, before finalization of the Annual Estimates for FY 2024-25, the State Department for Basic Education and the NGCDF Board, through the Inter-Ministerial technical committee established to develop collaborative guidelines to support and guide infrastructure funds disbursements for Junior schools;

37. That, beginning FY 2024/25 and within the existing budgetary allocation, the State Department for Basic Education to ensure that all learners in the public Special Needs Education (SNE) schools are covered under the school feeding programme

Health Sector

38. That, before finalization of the budget estimates for FY 2024/25, the Principal Secretary, State Department for Medical Services transfers the National Cancer Control Programme from the Ministry to the National Cancer Institute to enhance coordination of cancer related services in the country.

39. That by 30th April 2024, the Principal Secretary, State Department for Public Health and Professional Standards to provide a progress report to the National Assembly on operationalization of the 21 completed KMTCs.

5.2 Financial Recommendations

Based on the deliberations and considering the fiscal responsibility principles, the Committee recommends that this House resolves:

i. **That,** the National Government budget ceiling be approved at Kshs.

Of which:

Executive	Kshs. **2,488,650,300,000**
Of which: Office of the Auditor General	Kshs. **8,599,500,000**
Parliament	Kshs. **43,623,000,000**
Judiciary	Kshs. **23,690,300,000**

ii. **That**, the allocation to County Government Equitable Share be approved at Kshs. **391,117,000,000**

iii. **That,** consistent with the latest audited and approved revenues for FY 2020/21 amounting to Kshs 1,570,562,945,014 the allocation to the Equalization Fund be set at Kshs. **7,852,814,725**

iv. **That,** the arrears to the equalization fund be set at Kshs. **3,547,185,275**

v. **That**, the allocation for the County Additional Allocations be approved at Kshs. **48,196,590,924** as per the third schedule which shall form the basis for the County Government Additional Allocation Bill, 2024.

vi. **That,** consistent with the approved borrowing strategy in the Medium-Term Debt Management Strategy, the projected fiscal deficit be set at Kshs **703,870,000,000** (3.9% of GDP) being the difference between total revenues and grants and total expenditure and net lending.

vii. **That,** the first and second schedule forms the basis for the ceilings for the FY 2024-25 Budget Estimates.

viii. **That,** once approved by this House, these recommendations **SHALL** form the basis for FY 2024/2025 budget estimates.

SIGNED

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HON. NDINDI NYORO, CBS, M.P.

CHAIRPERSON, THE BUDGET AND APPROPRIATIONS COMMITTEE

04.03.24
....

DATE

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 05 MAR 2024 DAY
TABLED BY:
CLERK-AT THE-TABLE: