

NATIONAL ASSEMBLY

OFFICIAL REPORT

Thursday, 13th March, 2014

The House met at 2.30 p.m.

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

PRAYERS

COMMUNICATION FROM THE CHAIR

NOMINATION OF MEMBERS TO MEDIATION COMMITTEE

Hon. Speaker: Hon. Members, I have the following Communication to make. This relates to the nomination of Members to the Mediation Committee to sit on the subject of the rejection by the National Assembly of the County Governments (Amendment) Bill, Senate Bill No.4 of 2013.

As you are aware, hon. Members, on Thursday, 6th March, 2014, I issued a Communication with regard to the rejection by the House of a motion for the Second Reading of the County Governments (Amendment) Bill, Senate Bill No.4 of 2013, which is a Bill originating in the Senate.

In my Communication, I directed that the Leader of Majority Party and the Leader of Minority Party forward the names of the Members to represent the National Assembly in the said Committee. Accordingly, on Wednesday, 12th March, 2014, by a letter addressed to me by the Leader of Majority Party, who indicated that he has consulted the Leader of Minority Party, I have received the names of the three hon. Members nominated by the parties to the Mediation Committee. They are:-

- (i) The Hon. Samuel Chepkong'a, MP.
- (ii) The Hon. Katoo ole Metito, EGH, MGH, MP.
- (iii) The Hon. (Dr.) David Eseli Simiyu, MP.

In accordance with Article 113 of the Constitution, I hereby appoint the said Members to the Mediation Committee, to represent the National Assembly and to develop a version of the Bill that will be considered by the two Houses. I thank you.

PETITION

STALLED ESP GRAIN PROJECT IN CHUKA/IGAMBANG'OMBE

Hon. Njuki: Thank you hon. Speaker, for giving me the opportunity to present this Petition on behalf of the people of Chuka/Igambang'ombe Constituency, Tharaka Nithi County, even though this matter may affect other constituencies.

Hon. Speaker: Hon. Muthomi Njuki, I cannot hear what you are saying.

Hon. Njuki: Hon. Speaker, I will increase my volume. Thank you for giving me the opportunity to present this Petition on behalf of the people of Chuka/Igambang'ombe Constituency, Tharaka Nithi County, in a matter that may be duplicated somewhere else in this country and, therefore, could affect other counties as well. It is not only restricted to Tharaka-Nithi County.

This is a public Petition by Chuka/Igambang'ombe residents on the stalled grain project of the Economic Stimulus Programme (ESP).

We, the undersigned citizens of Kenya, who are residents of Chuka/Igambang'ombe Constituency in Tharaka Nithi County, draw the attention of the House to the following:-

That, aware that the Mukuuni Grain Dry and Storage Project in Chuka/Igambang'ombe Constituency in Tharaka Nithi County was started in 2010/2011 by the then Ministry of Agriculture under ESP; and that the project was aimed at ensuring high quality of grains in the area with the view of ending post-harvest losses arising from aflatoxin contamination and ensure grain market value; the specific objective of the project was to reduce crop post-harvest losses arising from handling by ensuring proper drying and storage of grains and also ensure quality of harvested grains.

The project is 50 per cent complete but has stalled due to non-payment for the main works. This includes electrical installations and internal wiring, installation of standby generator and provision of three phase service line, plumbing works, drainage and waste water disposal. That the highly productive agricultural ridge, the Tharaka Nithi County, lacks a National Cereals and Produce Board (NCPB) store and it is the only one among the 47 counties in the country that lacks a store. That, residents of Chuka/Igambang'ombe Constituency in Tharaka Nithi County miss out on opportunities to benefit from subsidized fertilizer due to lack of storage facilities and further loss of harvest through aflatoxin contamination, hunger and over-reliance on relief food distributed by the Government.

Therefore, the humble petition/prayer is that a relevant Departmental Committee of the National Assembly inquires into this matter. The residents pray:-

(i) That the National Assembly intervenes in this matter with a view to ensuring that appropriate action is taken by the Ministry of Agriculture, Livestock and Fisheries and ensures that construction is complete.

(ii) The National Assembly explores ways of ensuring that the National Treasury releases enough funds for completion of the project.

Your Petitioners will ever pray. Thank you.

This is a matter that touches on most of the ESP projects that were started all over the country before the devolved function of agriculture. I will present the petition to the Chair.

Hon. Speaker: The Petition then stands committed to the relevant Departmental Committee which is Agriculture, Livestock and Co-operatives. Hon. Mithika Linturi.

Hon. Linturi: Thank you, hon. Speaker, for giving me this opportunity. I just want to speak on this Petition and from the outset, say that I support it. However, as the Committee considers this Petition, I want to remind the country that ESP projects were the brain-child of our current President. Those ESP projects cut across the country. When

you go to any constituency, you will find that, at least, there could be one or two projects that have stalled. They have not been finished because the money that was voted for them was not sufficient and, hence, the failure by the implementing committees to complete the projects. My prayer would be that because we are in the budget-making cycle, for the projects that have not been finalized, kindly with the able leadership of hon. Mutava Musyimi as the Chairman of the Budget and Appropriations Committee, to consider getting some money for the completion of all the ESP projects in the country. They involved schools, dispensaries and markets to support our young men and women in this country.

Hon. Onyonka: Thank you, hon. Speaker. On a very short intervention, just to echo what my brother hon. Linturi has raised, I was going to think, with your guidance, issues concerning ESP projects within our constituencies are very serious. They include markets and health centres. I make a request to you, so that you can give guidance, as my brother has said. All those projects are cross-cutting. So, it may not be necessary just to have one Departmental Committee to deal with it. Maybe, we should have the whole House debate it, so that then we can agree on how they can be completed. All of them are half or three quarters done. It is a waste of public funds because they would be of great help to our people.

Hon. Speaker: Well, as you know, the Petition has been presented. Indeed, it is committed and the relevant Departmental Committee is the Committee on Agriculture, Livestock and Co-operatives. Hon. Onyonka, as you are aware, if you intend that the House debates an issue, you just move the appropriate Motion. We cannot use your intervention to then subvert the Petition because the rules, both in the Constitution and in the Standing Orders are that, when the Petition is presented, then it must go to the Committee. However, that does not mean that you cannot move the Motion. You still can go ahead and move a Motion to address the issues as you have indicated.

Hon. Ng'ongo: Hon. Speaker, I would also like to just support this Petition and urge that the issues of ESP projects, which came into effect in the 2009/2010 Financial Year, need to be addressed. The Budget and Appropriations Committee has been discussing how we can support the allocation of funds to some of these projects to have them completed. Especially, I know that my Chair has been very passionate about primary and secondary schools as ESP projects.

Hon. Letimalo: Hon. Speaker, this Petition is really timely. Even though this particular Petition has been committed to the Departmental Committee on Agriculture, Livestock and Co-operatives, just as it has been pointed out, the ESP projects cut across and have relevance to different Departmental Committees. The ESP projects have two components. One, many of those projects have stalled. Two, there are projects where contractors have been paid, but they have not completed even the work that has been paid for. So, it is important that as the Departmental Committee on Agriculture, Livestock and Co-operatives looks into this Petition, the Committee on Budget and Appropriations should be brought on board so that it can go deeper and investigate some of those anomalies that occurred under the ESP projects.

Hon. Speaker: As you know, your own rules merely require that a few Members be given an opportunity to ventilate. I have determined now that a sufficient number of

you have ventilated sufficiently. No resolution, it is merely to ventilate and that is enough for now. We will discuss more when the report is brought from the Committee.

Next Order.

PAPERS LAID

Hon. A.B. Duale: Thank you, hon. Speaker. I beg to lay the following Paper on the Table of the House today Thursday, 12th March, 2014:-

Report of the Auditor-General on the Financial Statements of Kenya Urban Roads Authority for the year ended 30th June, 2013 and the certificate of the Auditor-General therein

Report of the Auditor-General on the Financial Statements of Kenya Roads Board for the year ended 30th June, 2013 and the certificate of the Auditor-General therein

Report of the Auditor-General on the Financial Statements of Kenya Roads Board Fund for the year ended 30th June, 2013 and the certificate of the Auditor-General therein

Recommendation on the Sharing of Revenue Raised Nationally Between the National Government and the County Governments for the Financial Year 2014/2015 by the Commission on Revenue Allocation.

NOTICES OF MOTIONS

ESTABLISHMENT OF ID CARD PRODUCTION CENTRES IN CONSTITUENCIES

Hon. Odanga: Hon. Speaker, I beg to give notice of the following Motion:-

THAT, aware that the process of obtaining national identification cards is long due to the fact that there is only one production center in Nairobi that caters for the entire country; deeply concerned at the backlog of the production of these identification cards due to the centralization of the process; noting that the decentralization of administrative functions by way of devolution is central to the Government of the day and it is not an option but a constitutional choice; this House urges the Government to establish national identification card production centres in every constituency as a way of decentralization to allow access of such services to the local people.

STATEMENTS

Hon. Speaker: Hon. Members, as you know, Thursday afternoon is a day reserved for responses to Statements. It is slightly over a month since we resumed. I am sure Statements have been sought. Chairpersons of Committees, their Deputies and from time to time even Members, have given undertakings that they will be responding within specified periods. As it is today, unless it is a Member who can claim to have been given an undertaking that a response will be given by today, we do not have any responses to any requests made.

Hon. Mutinda Mule appears to be indicating by his fingers that he had requested. Hon. Mule, would you wish to suggest that you had been given an undertaking?

Hon. Mule: Yes, hon. Speaker.

Hon. Speaker: Hon. Mule, before you do so, I can see the Chairperson of the Departmental Committee on Defence and Foreign Relations, hon. Ndung'u Gethenji.

Hon. Gethenji: Thank you, hon. Speaker. I had requested that I make my response yesterday to a request that was made on South Sudan. I am prepared to give that response even today.

Hon. Speaker: Are you ready with some response?

Hon. Gethenji: Yes, I am, hon. Speaker.

Hon. Speaker: What you should have done is to get in touch with the Clerk's Office, so that it can be included in the records. My record shows that there is a Statement request to be responded to. Nevertheless, if you have your response ready, you may go ahead and give it. Who requested the Statement? Is it hon. John Njoroge Chege?

Hon. Gethenji: Yes, hon. Speaker.

Hon. Speaker: Very well. Go ahead and give the response.

Hon. Gethenji: Hon. Speaker, you had directed from the Chair the day before yesterday that I could make my response today. So, I thank you for the opportunity.

MEASURES TO COMPENSATE KENYANS EVACUATED FROM SOUTH SUDAN

Hon. Gethenji: Hon. Speaker, Kenya has played a pivotal role within the ambit of IGAD to negotiate a peaceful settlement of the conflict in Sudan. This has led to the signing of the Comprehensive Peace Agreement in Naivasha, which created space for a precept on self-determination in 2005. In 2011, the Republic of South Sudan was born. Arising from the historical relations over the period, an estimated 30,000 Kenyans have seized the opportunity to engage in business and gainful employment in South Sudan.

Prior to 15th December, 2013 crisis, trade between the two countries was robust, with Kenya being the second-largest exporter after Uganda, with an expected annual trade volume of US\$200 million. On investment, Kenya has the largest investment in the country. Kenya has diverse portfolio, mainly in banking. Kenya Commercial Bank, Equity Bank and Co-operative Bank of Kenya have branches in South Sudan.

In the area of air services, Kenya Airways and Flight 540 are operating there. The UAP dominate the insurance market in South Sudan. Kenyans have also invested in small and medium-size businesses in petroleum products, real estate, hospitality and transport. Kenya Breweries Limited also operates there. Kenya also supplies construction materials such as cement and steel.

Following the attempted coup in Juba on 15th – 16th December, 2013 and the ensuing political and security crisis, His Excellency President Uhuru Kenyatta responded immediately and through a Kenyan initiative, IGAD dispatched the Ministries of Foreign Affairs from member States to Juba. They stayed there from 19th – 21st December, 2013.

Cabinet Secretary Amina Mohamed was a member of the three day mission by IGAD's Foreign Affairs Ministers delegation. The delegation held consultative meetings with His Excellency President Salva Kiir, Madame Rebecca Nyandeng' de Mabior and other senior officials. In addition to visiting hospitals to comfort the civilians who were

affected by the outbreak of violence in Juba and elsewhere in the country, Amb. Mohamed also worked to ensure that Kenyans seeking refuge in different UN camps around the country, and particularly in Jonglei State, received every possible aid as soon as possible.

On 21st December, 2013, while in Juba, Cabinet Secretary Amina Mohamed received and handed over to the Government of South Sudan the first consignment of humanitarian relief from the Government of Kenya. His Excellency the President also sent Lt-Gen. (Rtd). Lazarus Sumbeiywo to Juba, South Sudan, as a special envoy to lend his considerable stature and commitment to the search for a peaceful solution to the crisis. Afterwards, Lt-Gen. Sumbeiywo was appointed as one of the lead mediators by IGAD Heads of State and Governments.

Hon. Speaker, determined to bring an end to the political and humanitarian crisis, His Excellency President Uhuru Kenyatta, made an official visit to South Sudan on 26th December, 2013. He held consultations with President Salva Kiir and visited the 11 political detainees who were in custody for their alleged involvement in the attempted coup. On 28th December, 2013, His Excellency President Uhuru Kenyatta hosted the 23rd Extra Ordinary Summit of IGAD Heads of State and Governments on the situation in South Sudan in Nairobi, Kenya.

Meanwhile, under the directive of His Excellency the President, the Government, through the Ministry of Foreign Affairs, in coordination with the Ministry of Devolution and Planning and Ministry of Defence began the delivery of humanitarian aid to South Sudan on 21st December, 2013. So far, Kenya has supplied about 80 tonnes of humanitarian relief supplies to South Sudan by air and road. It involved Kenya Air Force, Kenya Airways and transport by road.

Hon. Speaker, in order to provide emergency response and assist in the evacuation of Kenyans living in South Sudan, the Government established a crisis centre at the Ministry of Foreign Affairs, bringing together a multiplicity of expertise. To assist in the exercise, on 24th December, 2013, a team of immigration officers were deployed to beef up the team at the Kenya Embassy in Juba. The estimated number of stranded and stressed Kenyans in different locations at the time was:-

Juba Town, 1,000; Terekeka Town (Central Equatorial State), 100; Bor Town (Jonglei State), 1,600; Malakal Town (Upper Nile State), 120; Bunj and Maban towns, 100; Bantui Town (Unity State), 256, and in Lirr Town, 22 Kenyans.

Kenyans in various locations without travel documents and willing to return were issued with emergency certificates. The place of issue was the Kenyan Embassy, the town of Bor and Juba International Airport. The number of emergency certificates issued at the Kenyan Embassy was 3,140. In Bor Town, 731 emergency certificates were issued while at Juba International Airport, 151 emergency certificates were issued.

Hon. Speaker, let me reiterate that relations between Kenya and South Sudan have been and are fraternal. On 9th April, 2013, His Excellency President Salva Kiir made an official visit to Kenya to attend the swearing-in ceremony of His Excellency Uhuru Kenyatta as Kenya's Fourth President. In reciprocity, President Kenyatta made an official visit to the Republic of South Sudan on 23rd May, 2013.

During the visit, the two Heads of State underscored their commitment to strengthen the bilateral relations between the two countries and agreed to fast-track the

implementation of the LAPSSSET programme. They also agreed to prioritise the development of the Eldoret-Lokichoggio-Nadapal-Torit-Juba Road and to expand bilateral trade and investment. On 12th December, 2013, His Excellency President Salva Kiir attended the celebrations of the 50th Anniversary of the Independence Day of the Republic of Kenya.

Hon. Speaker, besides those high level contacts, the two countries are engaging each other at many other levels, including at the ministerial level. Those interactions are intended to cement relations in the interest of the two countries and people. The negotiations of the Draft Bilateral Air Service Agreement (BASA) between Kenya and South Sudan took place in Nairobi at the beginning of September, 2013. The draft agreement was agreed upon and initialled. The BASA is expected to be signed in Juba soon.

On capacity building, the Kenya South Sudan Technical Assistance Programme (KSSTAP) has extended extensive support in all areas and sectors of economy. Under the IGAD countries initiative, Kenya has successfully lobbied to maintain its 40 per cent quota in Phase Two of the IGAD regional initiative for capacity enhancement in South Sudan. The Government is therefore expected to deploy 55 civil servants out of the required 139 ---

(Loud consultations)

Hon. Speaker: Order Members! Order Members! Consult in low tones.

Hon. Gethenji: The rest will come from Uganda and Ethiopia. In the area of economic trade, His Excellency President Kenyatta and His Excellency President Salva Kiir, participated in the Second Regional Infrastructure Summit, which was held in Mombasa, Kenya, between 26th and 28th August, 2013. During the Summit, the need to expedite the implementation of LAPSSSET project was also emphasized.

Subsequently, South Sudan participated in the 3rd Regional Infrastructure Summit held in Kigali, Rwanda from 25th - 28th October, 2013, which emphasized on the need to expedite the construction of the South Sudan-Kenya crude oil pipeline. Finally, to sustain Kenya's commitment and engagement with the multiplicity of experience, His Excellency the President appointed hon. Dalmas Otieno as a special envoy to South Sudan.

Some of the questions that were requested may not be entirely contained in this Statement. On my own volition, at the beginning of this year, I had sought this Statement from the Ministry of Foreign Affairs. I would request the hon. Member who raised this Statement, if he still has some questions, he can forward them to me. We will either write directly to the Ministry of Foreign Affairs or we could summon them to the Committee to answer any outstanding issues.

Thank you, hon. Speaker

Hon. Speaker: Hon. Njoroge.

Hon. J.N. Chege: Thank you, hon. Speaker. I need a hard copy of the Statement given by the Chairman. At the same time, I am not satisfied because much of what I had requested in my Statement was not answered, neither was it highlighted. I request the Chairman, when he convenes his Committee, to call the Cabinet Secretary and also invite

me, so that we can interrogate. Some of the issues we have talked about are cases where people have money in their banks but they cannot transact business and yet, some of those banks have branches here.

I had also requested to know how much money was used for the same exercise and how much money the people who were evacuated from South Sudan were being paid. I understand that once they landed in Wilson Airport, some were either given Kshs500, Kshs1,000 or Kshs3,000. I do not know the criteria that was used to know whether one deserved Kshs300 or Kshs500. So, the answer is not satisfactory.

Thank you, hon. Speaker.

Hon. Speaker: Hon. Gethenji.

Hon. Gethenji: Thank you, hon. Speaker. By my own admission---

Hon. Speaker: Before you respond, there is a point of order from hon. Eng. Gumbo.

Hon. (Eng.) Gumbo: On a point of order, hon. Speaker. I just wanted to seek further clarification as a follow up to what the Chair of the Committee on Defence and Foreign Relations has read in his Statement on South Sudan.

I have listened carefully to what he has outlined. Some of those undertakings the Government is currently engaged in South Sudan may become a subject of investigation by this House. We may need to inquire into some of those actions. Those are functions in my view, which fall within the purview of the Executive arm of Government.

You heard the hon. Chairman of the Committee on Defence and Foreign Relations say that His Excellency the President, as part of Kenya Government's interventions on the on-goings in South Sudan, has appointed the Member for Rongo, hon. Dalmas Otieno, as a special envoy. I just want him to confirm if that action by the President may not be a confrontation on the principle of separation of powers between the Executive and Legislature.

Hon. Speaker: Yes, hon. Gethenji.

Hon. Gethenji: Thank you, hon. Speaker. In response to hon. Njoroge, I stated earlier that on my own volition, I had sought a Statement from the Ministry of Foreign Affairs at the beginning of this year upon our resumption from recess. Given the topical nature of events---

(Loud consultations)

Hon. Speaker: Hon. Member for Nakuru Town East, this is not Nakuru. You are using very loudly, a language that is not obviously acceptable here. What language is that? You are addressing your colleagues as though you are already in your constituency, where they only understand one language.

(Laughter)

Please avoid that. Hon. Gethenji proceed.

Hon. Gethenji: I had sought this Statement, given the topical nature of the events that were taking place and the fact that South Sudan is a very close ally of this country. It is a close trading partner and many Kenyans were affected by the events. Certainly, it

was not a direct response to hon. Njoroge's request. I thought it would be wise, given the high level of interest, to read out what I had immediately, while we make an inquiry into the specifics of his request, which we will do next week or within 10 days.

On the question asked by my brother, hon. Eng. Gumbo as to whether or not there was a direct confrontation between the Executive and Legislature, I believe that His Excellency must have been adequately advised. Of course, the Executive has a wide prerogative to make appointments of special envoys. It also behooves us in this House, hon. Gumbo, if we have a question regarding that appointment, you are welcome to bring it to my Committee. We will interrogate the same as we perform our oversight role, so that we can satisfy your question and curiosity.

Hon. Speaker: Hon. Gumbo, points of order are not points to show disagreement, obviously. Even as you raise that point, I was wondering whether you were not out of order on the constitutional principle of separation of powers. The constitutional principle of separation of powers does not mean that nothing happens between the three arms of Government, in consultation. It is not a matter that we can start saying, merely, because somebody has been named to do something, that affects their functioning as a Member of Parliament. In fact, it is very useful because they can even decide to teach the Executive certain lessons on the lines of separation. Hon. Njoroge indicated that he wanted some more time.

Hon. J.N. Chege: Thank you, hon. Speaker for warning one of the Members not to use the third official language of Kenya here in the House.

Hon. Speaker, the Chairman has admitted in his own words that he never sought this Statement from the Cabinet Secretary. He has indicated that the Statement he read here is the one he had sought earlier. I will be satisfied if he would get that Statement - the one I had request for - in the next ten days.

Hon. Speaker: Very well. You say that you are not satisfied. Therefore, hon. Gethenji, there is nothing to respond to.

Hon. Gethenji: Hon. Speaker, I did not admit that I have not sought a Statement from the Ministry of Foreign Affairs. What I admitted was not having requested specifically in response to the request. That is for the record.

Hon. Speaker: I can see something burning from hon. F.K. Wanyonyi, Member of Parliament for Kwana Constituency.

Hon. F. K. Wanyonyi: Thank you, hon. Speaker. The answer given by the Chairman of the Committee has aroused some interest. I come from the border of Uganda, which is very close to South Sudan. I thought I should just add something. As the Chairman goes to find out from the people concerned; there is a saying in Kiswahili: "*Ahsante ya punda ni mateke.*" I think Kenyans have done quite a bit to the new State of South Sudan. As I am talking here, very many teachers have gone to South Sudan. Very many people from my constituency went there to do some work. I have buried about four of them who have been killed in South Sudan.

Hon. Speaker, Kenyans are known to be enterprising. I want to ask the Chairman of the Committee on Defence and Foreign Relations to further find out whether South Sudan is committed to working with Kenyans who are trying to help develop that country. We have very many Kenyans who have moved there to either work or do business.

Hon. Speaker, the independence of South Sudan is a brain-child of this country, but the way South Sudan people have treated our people leaves a lot to be desired. That is why I am asking the Chairman, apart from just finding out from the Ministry of Foreign Affairs--- You can see from what we have read that the President has done so much to try to bring South Sudan close to us. But I am not happy in the way they have been treating our people. I have buried four people in my constituency in the last three months and more people are coming back from there. South Sudan has never been grateful despite the good relations and work that Kenyans have had with that new State. Could the Chairman find out whether South Sudan State is committed to working with us, having helped them to gain independence?

Hon. Onyonka: Thank you, hon. Speaker. Personally, the South Sudan issue actually happens to be a heartbreak for the simple reason that their diplomatic success is what the coalition and, indeed, President Kibaki, worked so hard for. He had to make sure that the South Sudan Government became independent and settle in as one of the new states of the Continent of Africa.

Hon. Speaker, but the unfortunate events which have taken place for the last three to four months are heartbreaking. I would want the Chairman of the Committee, that is the Committee on Defence and Foreign Relations, to give us information as to whether the Kenya Government is currently engaging with the South Sudan Government - including the rebels - to come up with an amicable agreement on what is to be done.

Hon. Speaker, we want the Chairman to tell this House whether the Kenya Government, indeed, through the Ministry of Foreign Affairs, is engaged with South Sudan Government so that Kenyans who lost their lives and property, can receive adequate compensation for the loss.

Secondly, I would also want the Chairman to clarify if, indeed, the Kenya Government is willing to engage with the South Sudan Government to make sure that Kenyans who may have been displaced or were forced to leave that country--- It is important to find out whether those who had work permits and were allowed to eke out a living in South Sudan can be allowed back. Also, if the situation in South Sudan has stabilized for them to continue with their lives and earn a living.

Thank you very much. I hope that the Chairman of the Committee will be able to inform this House.

Hon. Gethenji: Thank you, hon. Speaker. On the issue of the nature of the treatment of Kenyans in South Sudan, this is a matter that has been on our table. We have had to intervene in more than one occasion, through our Committee directly with the Ministry of Foreign Affairs where Kenyans have either been incarcerated in South Sudan or even mistreated and their property taken.

Let me say that despite Kenya's fraternal relations with South Sudan, the people to people contact, the relationship between Kenyans living in South Sudan is a matter of serious concern. I must agree with the hon. Member's concern.

Hon. Speaker, we will take this opportunity to issue Statement from the Floor of this House and request our brothers in South Sudan, whom we have worked with very closely in stabilizing their country through investments in their country, to work well with our people. The points raised by hon. Members about the treatment of their constituents and the treatment of Kenyan citizens inside that country are valid generally

and in specific instances which are increasing in number and sometimes in severity. We would like to request that in the spirit of brotherhood and in good fraternity, as we continue our engagement politically and otherwise, people to people contact must improve. The relationship between the South Sudan people and the people of Kenya working and living there must also be fraternal and improve.

Hon. Speaker, certainly, hon. Onyonka will be with us in our Committee as we engage the Ministry of Foreign Affairs. As we inquire into the issue of compensation for loss either of life or property, we will certainly also inquire into the status of displaced Kenyans who are working and living there and whether they are able to return.

I am aware of a few instances of some Kenyan nationals who have already returned to South Sudan and are already trying to pick up from where they left. But we want to understand from the Ministry of Foreign Affairs, at policy level, whether there is engagement to ensure that happens and what specific steps are being taken.

Hon. Baiya: Hon. Speaker, we are still asking the Chairman to give us the timeline. How many days is he going to take so that he can give us an answer?

Hon. Gethenji: Hon. Speaker, will two weeks suffice?

Hon. Speaker: Two weeks will suffice. Hon. Mutinda Mule, you had indicated that you had---

Hon. Mule: Thank you, hon. Speaker. I requested a Statement regarding the Teachers Service Commission (TSC) and the Leader of Majority Party promised to give a response today.

Therefore, I stand guided, if he can do so; please.

Hon. A.B. Duale: Yes, hon. Speaker, Sir. I was supposed to give an answer but the answer from the Executive looked not very satisfactory and I will indulge the House that I do that on Wednesday morning next week, with your permission.

Hon. Speaker: Very well. Next Order.

BUSINESS FOR THE WEEK COMMENCING
TUESDAY, 18TH TO 20TH MARCH, 2014

Hon. A.B. Duale: Hon. Speaker, pursuant to Standing Order No.44(1)(2), on behalf of the House Business Committee (HBC), I rise to give the following Statements regarding the business appearing before the House the week beginning Tuesday, 18th March, 2014.

Hon. Speaker, the HBC met on Tuesday this week and gave priority to the following business: Next week the House will consider the Marriage Bill, 2013 and the National Police Service (Amendment) Bill, 2013 for the Committee of the whole House.

In this regard, through you, hon. Speaker, I wish to encourage Members to participate in this very important stage of these two Bills.

Hon. Speaker, through you again, let me take the opportunity to urge Members with proposed amendments to the two Bills to hand them over to the office of the Clerk in good time as they have to appear on the Order Paper.

Hon. Speaker, the House will debate the Report of the Budget and Appropriations Committee.

(Loud consultations)

Hon. Speaker, allow the Vice-Chair of the Budget and Appropriations Committee to allow Members to listen to me.

Hon. Speaker, the House will also debate the Report of the Budget and Appropriations Committee on the Budget Policy Statement 2014 laid on the Table of the House on Thursday, 6th March, 2014 and the Report of the Joint Sittings of the Departmental Committee on Administration and National Security and the Departmental Committee on Defence and Foreign Relations on the inquiry into the terrorist attacks at the Westgate Mall and other terror attacks in Mandera and Kilifi, tabled in the House on Thursday, 5th December, 2013. Both reports are listed in today's Order Paper and debate will continue. In the event that the debates are not concluded, we will deal with them next week.

Hon. Speaker, through you, I wish to urge Members to take keen interest and familiarise themselves with the content of these reports on the very important subject relating to the budgetary process and the security of the country to enable them make informed debates.

Hon. Speaker, besides the two reports, the House will also continue with debate for the Second Reading of the following Bills:

- (i) The Kenya Qualifications Framework Bill, 2013
- (ii) The Value Added Tax (Amendment) Bill, 2013
- (iii) The Statute Law (Miscellaneous Amendments) (No.2) Bill No.33 of 2013.

Hon. Speaker, through you too, I wish to remind Members about your constant guidance to this House regarding Statements, that the Chairpersons of Committees do not necessarily need to invite the Executive and the Chief Executive Officers (CEOs) of State agencies, departments and parastatals to respond to Statements. Depending on the nature of the Statement, Committees may choose to write to the relevant institutions to request for direct responses especially on Statements that the Committee may deem to require direct response and such responses should be conveyed directly to the Members and the House without delay. However, only in exceptional cases should the House invite Cabinet Secretaries and the CEOs regarding Statements.

Hon. Speaker, this will allow Committees to concentrate on their oversight function, Bills, petitions, treaties or conventions and other functions provided for in the Standing Orders. On the same note, allow me to remind the Chairs of the respective Committees their important roles in the business of the House.

Finally, hon. Speaker, the HBC will meet on Tuesday, 18th of March, 2014 at the rise of the House to consider business for the rest of the week. I wish to lay the Statement on the Table of the House.

Thank you, hon. Speaker.

(Hon. A.B. laid the document on the Table)

Hon. Speaker: Deputy Leader of the Minority Party.

Hon. Midiwo: Thank you, hon. Speaker. Let me rise to support the Leader of Majority Party on his Statement for the work planned for the week ahead. I want to agree

with him on the caution and the guidance he is giving to Committee Chairmen as to the operations of the Committees.

Hon. Speaker, there is too much complaint from Members and from the Executive and the public is also beginning to complain about the intrusion of some Committees and particularly some Committee Chairmen to the work of the Executive.

Hon. Speaker, it is good for Members of Parliament including Committee Chairmen to know and understand their roles. Our role is to oversee the Executive to the extent that Committee Chairmen are beginning to behave as if they are Cabinets Secretaries and as if they work for the Executive. That will result and end in a very shameful end to this House.

Hon. Speaker, we want to plead with our Committee Chairs. We know many of them maybe new to the procedures of the House but I think I have been here long enough to know that some Committees have intimidated the Executive.

Hon. Speaker, under your watch I want to plead with you that if there are Committee Chairs that are guiding or leading their Committee in that direction, we will stop them and we will shame them.

Hon. Speaker, so, we are here and there is so much noise around the country about the wrong things in the Executive with their expenditure and, therefore, this House cannot condone any activity or action that looks or even gives the semblance of corruption. If there is any Member and people are already complaining, so that we do not talk about Committee "A", "B", "C" or "D", we should stop that.

Hon. Speaker, only the day before yesterday there was an altercation between members of one Committee. The contradiction is that some Chairs are even behaving as if they are bosses of the Committee. A Chair is elected by members of a Committee and they can kick him out. There are Members here of both sides of the House who are even complaining that there are notorious Chairmen who even if there is a trip that concerns the Committee, they do not even consult the Committee.

Hon. Speaker, let me bring to the attention of Members that you will have yourself to blame if your Chair is not listening to you and it is your responsibility to kick him out because all Members of this Parliament are equal.

(Applause)

As Members, we do what we are paid to do and what our people expect of us.

Hon. Speaker, lastly, I wanted to ask the Leader of Majority Party to clarify if the Statute Law (Miscellaneous Amendments) Bill, which is before the House does not contain any issues as the one which we kicked out a few months ago. It is not six months and that Bill would be improperly before this House if those issues are contained there.

I thank you, hon. Speaker.

Hon. Speaker: I am almost very sure that if you can remember very well, towards the end of the last Session there were two Statute Law (Miscellaneous Amendments) Bills. One was rejected by this House, but the other one was never tackled. It is that one, courtesy of the amendments that we made in the Standing Orders, that is being carried on with. It is a carryover of the last Session's Bills.

However, hon. Midiwo, you have raised a very important point and particularly for those that may wish to keep constantly updating their knowledge on the Standing Orders. Committees have a leadership or leaderships and those are the spokespersons. So, if you do not hold any such position or even deputise, when you go and purport to even speak, you speak in vain. You may just be merely entertaining yourself. The House will look at it as something that the member of the Committee is uttering concerning the work, mandate and functions of their Committee. You will be speaking in futility. Members of Parliament are constantly reminded not to act in futility just as the House constantly reminds other arms of Government not to act in futility. But the other issue, the Leader of Majority Party does not need to respond because the Bill is properly before the House. It is not the one that was rejected. I have confirmed that.

Hon. Kanini Kega: Hon. Speaker, in view of your earlier communication to the House regarding the composition of the mediation team, I rise on Standing Order No.1 seeking your further guidance on the actual composition of the six member team in view of the one third gender rule. From the list, I did not hear a name from the lady gender and I believe by your guidance we have able hon. Members from the other gender who are very good in negotiating. I was seeking your further guidance on the same.

Hon. Speaker: Well, those are just three names. The other House is to produce three names. So, there is nothing wrong with proceeding in the manner that we have proceeded. It would become a committee when it sits. That is when you can now raise the issue of whether it complies with Article 81(b) of the Constitution. So for now, those are just three names. The other House is to produce three names. It is not a committee as yet. So, it is up to the other House to know that this House has produced these three names and when appointing their membership to, therefore, bear in mind that they have a responsibility. The responsibility is now on them to ensure that there is gender mainstreaming. They should take care of the gender consideration that is required in Article 81 or indeed, in Article 27 of the Constitution.

(Loud consultations)

Let us not discuss this! That is not the matter. We have given the names of Members of this House. It is not yet a committee until it meets then we can say that the Committee does not reflect one third gender rule.

Hon. (Eng.) Gumbo: Hon. Speaker, I wish to thank the Leader of Majority Party for outlining the business coming before the House next week. In early 2012, the Tenth Parliament enacted the Engineers Act. In Clause 58 of that Act, it requires a subsidiary legislation to that Act; we have rules particularly Clause 58(d) which says the prescribed standards and conditions of professional practice for persons registered or licenced. I have previously requested the Leader of Majority Party and if possible the Chairman of Delegated Legislation---As you may be aware, the practice of engineering in this country has so many unqualified people who go by the name “engineer” and in the process they endanger the lives of members of the public. It is the intention of those rules that such individuals are weeded out. Those individuals are not just local; there are even foreigners who come to this country masquerading as engineers. In the process they are unqualified

to do so and they endanger the lives of people. But most importantly, as we speak now, there is no uniform guideline on the scale of fees for engineering services. There is one for consulting engineers; another by the Ministry of Public Works. These rules, for the first time in the history of this country, were attempting to give a legal framework for the scales of fees for engineering practice in this country and terms of engagement between local engineers and foreign engineers. I would request the Leader of Majority Party and the Chair of Delegated Legislation, if these rules can be brought to the House because it is now more than two years and they have not yet come here for debate.

Thank you.

Hon. Speaker: Have they been proposed?

Hon. (Eng.) Gumbo: Yes, hon. Speaker. Being somebody who is directly interested, I am aware that these rules have been proposed and Eng. Mahamud can bear me witness. They have been proposed for over one year now and even stakeholder participation has been invited beginning as early as last year, but it is taking too long to bring them here. We are requesting if they could be expedited so that they come here and we can debate and adopt them.

Hon. A.B. Duale: Hon. Speaker, I totally agree with hon. (Eng.) Gumbo on these regulations and I can confirm that the process has taken place. I will notify the Cabinet Secretary concerned to bring them as fast as possible, maybe next week to be tabled on the Floor of the House.

Hon Speaker: Very well! I hope then we can look at the record and see whether that has happened by the expiry of seven days from today. So, be vigilant Hon. (Eng.) Gumbo.

Member for Nakuru East, do you want to speak now in the language of the House?

Hon. Gikaria: Hon. Speaker, I apologize and I will not repeat that. I just want some guidance. I signed a Statement on 25th February, 2014 regarding an issue to do with the bypass. There are many issues in my constituency about a bypass and to date I have not seen it listed.

Secondly, I also have another one which is very urgent of a pupil who has been denied opportunity to register for exams after she refused to repeat in a private school in Nakuru. Maybe you could give me some guidance.

Hon. Speaker: Well, I am told that there are slightly over 40 requests for Statements so far and that yours could be on the queue if you only signed it on 25th February.

Hon. Gikaria: Just guidance so that we can know. It is because of the urgency. I know of the Kisii issue which only happened recently---

Hon. Speaker: Hon. Gikaria, the Chair cannot give you guidance on that. When you made the request, you must have directed it to an appropriate Committee of the House. The Chair of that Committee must have given you some undertaking. It is that Chair you need to follow to find out whether they have started addressing the issues you raised. The Statement was never directed to the Speaker.

Hon. Gikaria: Hon. Speaker, the same has not even been brought for us--- I have not even read it; I just have my copy. I have not been listed but I agree that there is a queue, I was only asking about the urgency. It was about a girl who---

Hon. Speaker: Go to the Committee Room where Statements--- You cannot bring that issue here. That is really mechanical. The Speaker cannot be dealing with such things. Once I have approved the Statement, now it cannot be my business to again follow to know whether it is in some folder somewhere. Have you read out the Statement request openly here in the plenary?

Hon. Gikaria: Not yet!

Hon. Speaker: Then go and follow it up but certainly not from here. Go to the Clerk's office. That is where they are processed; not here in plenary.

MOTION

ADOPTION OF PAC REPORTS 2008/2009; 2009/2010

(Hon. Ababu on 6.3.2014)

(Resumption of Debate interrupted on 12.3.2014)

Hon. Speaker: Hon. Member the business appearing in Order No.8 is the Report of the Public Accounts Committee. Hon. Mulu, you have a balance of eight minutes.

Hon. Mulu: Thank you hon. Speaker. I rise to support the adoption of the Report which was presented by the Chair of the Public Accounts Committee yesterday. As I said yesterday when I got only a minute or two to speak, as I sat here and listened to the Chair present the Report, I kept on asking myself: How many times have Kenyans listened to these kinds of presentations? And any time a presentation is made, the same observations and recommendations are repeated. The question I ask is whether this House and Kenyans in general learn any lessons from these reports. Listening to the Report, three items were highlighted as the main challenges.

There were pending bills, outstanding imprest and uncollected Appropriations-in-Aid (A-in-A). If you read the previous reports, the same issues keep on coming up every year. Despite the fact that these reports are being presented a bit late - because the House is actually discussing reports for 2008/2009 and 2009/2010 - I can for sure say that, if the year's report was to be presented, the same three issues would, more likely, crop up. Let us take, for example, the issue of pending bills.

In the two Reports we are discussing, it is reported that a total of Kshs16.3 billion is pending bills as per the last Report. That is implying that the accounting officers have not managed to pay the suppliers of goods and services. The question we ask ourselves as hon. Members of this House is: If you are a contractor or a supplier and you have already supplied your goods or services and you have not been paid to the tune of Kshs16.3 billion in total, is that not killing our local entrepreneurs, even if they are international?

I think that is why these Reports need to be taken seriously. It means people go to the extent of getting loans from banks to service those contracts. In a situation where the accounting officers do not pay, that is a serious omission. Time has come when people must be punished for not doing the right thing or what they are expected to do. Even as we discuss about the Chairs of Committees in this House who are not performing as per the expectations--- I am wondering what Members are doing or thinking. That is because

for me, we should not be wasting time. If a chairperson of a committee is not performing, you just replace the chair. We have very good and competent Members of this House who can chair those committees. Instead of coming everyday and talking about chairs who are not performing, I want to challenge the Leader of Majority Party because most of the committees, in terms of membership, Jubilee has the highest number. You need to take up the responsibility and change those chairs. Convince your hon. Members to vote them out and if you cannot meet the expectations, CORD has enough Members who can chair those committees and things will move.

On the issue of outstanding imprests, there is a figure of Kshs3.3billion. This figure is mind-boggling. I have worked in the Civil Service for a short time. The time I worked there, I knew very well that if you are issued with an imprest to go on official duty, immediately you come back to your station, you are expected to surrender it within 48 hours. What has changed now that we can see a report that is about three years old talk about an outstanding imprest of Kshs3.3 billion? It is either people are not doing the work they are sent out to do or they are trying to cook figures so that they can account for that imprest. There is one thing, hon. Speaker, that this honourable House must do. This House needs to use the powers which it has to punish those accounting officers.

The other item is on the delay in presenting these reports. We are all aware that, as per the current Constitution of 2010, allocation of revenues to the counties and determination of how much goes to the Equalization Fund is actually pegged on the approval of this Report by the House. In a situation where these Reports are not approved up to the year 2009/2010, then it means this House might not be able to use the same figure for 2010/2011, 2011/2012 and 2012/2013 to allocate money either vertically to the central Government and county governments or even to important funds like the Equalization Fund. I think that is very unfair to the parties that are involved in the allocation of revenue. That is why, even as we talk about the issue of the wage bill, if Kenyans are serious, we need to talk about the level of wastage and corruption in terms of the way we use our resources. If we all recall, the Auditor-General was in this House last year, where he made a presentation and from that presentation, he indicated that Kshs300 billion could not be properly accounted for. I always ask myself: We are talking about Kshs300 billion and we want to cut people's salaries which will only save about Kshs300 million. So, it is Kshs300 billion compared to Kshs300 million. So, I think we are not getting it right in terms of the strategies to solve the problem of wage bill.

In conclusion, I want to say this: Time has come to deny funds to accounting officers who are not using their funds well. We should not give them more money. I would plead with my Chair - Chair of the Committee on Budget and Appropriations - to ensure that as we allocate money, we should consider how funds given in the previous years have been used by the accounting officers.

With those remarks, I support the adoption of the Reports. Thank you.

Hon. Speaker: Hon. (Dr) Pukose.

Hon. (Dr.) Pukose: Thank you hon. Speaker for allowing me to contribute to this very important Motion. When these Reports were presented by the Public Accounts Committee, one of the issues that was stated very clearly was that the Reports had been presented too late and too little. We are talking about accounts of up to 2009/2010 after the promulgation of the current Constitution. What it means is that some of the

Ministries even no longer exist. We are talking, for example, of the Ministry of Public Health and Sanitation. We used to have the Ministry of Medical Services. The two ministries no longer exist. We now have Ministry of Health. Again, the Ministry of Health has undergone a lot of devolution. We are talking of the Ministry having been devolved to the counties. We are talking of the headquarters and the referral institutions remaining within the national Government. There was even the Office of the Prime Minister, which was also audited. It no longer exists. So, to me, this Report is too late. The only value that it will add is maybe looking at historical issues and trying to isolate issues that might be of some value to Kenyans in terms of forming a basis upon which we can have future engagements.

On the outstanding imprest figure of Kshs16.3 billion as at that time, we do not know the position as of now. It could have gone up or down. Could the officers who took the imprest have since accounted for the money? These are the issues we need to consider. These are some of the challenges facing the Government. Even as the President and the Deputy President talk about reduction of the wage bill, these are the areas we have in mind when we talk about pilferage. These are the areas where the Government is losing money.

Talking of pending bills, people have supplied goods and services to the Government. They have engaged in Government contracts in various stages. This may include supplying commodities to Government institutions or carrying out some works within the various Government institutions. These are Kenyans who have invested their money. As a businessman, you expect that at the end of your investment, somebody will pay you. If, for example, this was under the Ministry of Medical Services or the Office of the Prime Minister, and that pending bill was carried forward up to today, who would pay it?

We are hurting Kenyans who have invested their hard-earned cash to be able to come up with an investment that can move them to the next step; they now move around and are tossed from one office to another in the name of trying to recover their money. At one time, when I was working as a medical superintendent, an old man was following up on payment, having repaired a vehicle for the Ministry in the early 1990s, when I was a student at the university.

In 2009, when I was a medical superintendent, he was still following up the payment. This was as a result of the splitting of the Ministry of Health into the Ministry Public Health and Sanitation and the Ministry of Medical Services. He was told that the vehicle he had repaired belonged to the Medical Officer of Health (MoH), who was then in the Ministry of Public Health and Sanitation. If you look at the budget of the MoH, you realise that he is not even able to take care of such pending bills. So, such Kenyans end up losing their hard-earned money. These are serious issues we need to look at.

As much as it is too late, we can still debate it and come up with various recommendations that will enable the Government to come up with proper decisions. The other day I heard the Deputy President talking about the cost of Government commodities. If you supply even pens to the Government, you have to charge up to even three times the sale price in a shop. This is the tendering process that we have in place. Can we come up with decisions that can inform the PAC to look at how to improve our procurement processes? Do we do it in such a way that we make the taxpayer pay more

for a commodity that we could have gotten at a much lower price? Are we getting value for money? Is the investment that the Government undertakes worth the cash used?

These are areas we need to look at. The PAC, the Office of the Auditor-General and other people involved in accounting for public expenditure need to up their game. They need to move faster, so that we can be discussing current issues. If we debate a report in this House, we should be able to interrogate matters more effectively and link the various issues that will come up with the existing Ministries. That way, we will be able to come up with reports that can inform the ethics and anti-corruption commission to follow up the matter with the culpable individuals and recover some of the lost money. That way, we can determine how this country can move to the next level.

Currently, we are talking about money that was sent to the counties in the last financial year. People are saying that the amount is being reduced from Kshs239 billion to Kshs229 billion. A big chunk of the Kshs210 billion that was given to counties last year is still lying idle at the Central Bank of Kenya (CBK). It is not earning any interest. It is not invested. It is not being utilised by the counties. Why should we give the counties more money if they are unable to spend what we gave them last year? The financial year closes on 30th June. The accounting system that we have in place is such that all the money that will not have been utilised or committed at the end of the accounting period will go back to the Government. So, even as we talk about giving more money to the county governments, we should be talking about how much of the money that is allocated to them was absorbed.

An analysis of how much money the counties are utilising in development and recurrent expenditure leaves a lot to be desired. We are talking of a wage bill that is almost out of control, but we should ask ourselves how many people the counties have employed since the beginning of devolution. The counties have employed more than 15,000 new employees. Yesterday, I said that a big state like Texas, USA, has only one governor. Can we reduce the number of counties to 14? Let us engage ourselves in that debate. If need be, let us go for a referendum.

As we are all aware, many doctors are resigning from the public service. The Government spends a lot of money to train a single doctor, but at the end of the day, we are not able to utilise them. We are creating an environment that is forcing doctors to resign from public service. How is the public going to benefit with a big patient to doctor ratio?

With those few remarks, I beg to support.

Hon. Speaker: Hon. Members, before I proceed to give chances to other hon. Members, I need to point out something, so that hon. Members may not have to come here to check at what position their names are. I am aware that there are hon. Members who have placed requests not to contribute to this particular Motion but on the next Motion – on the Budget Policy Statement. For avoidance of doubt, I want to read out the names of the hon. Members who have so far contributed, so that you know that, in keeping with our Standing Orders, you cannot be expected to contribute again today.

With exception of the Chairperson, who is the Mover of the Motion and who is entitled to reply, the rest whose names I now read out, cannot contribute today on this Motion: Hon. Joseph Manje, who seconded; hon. John Mbadi, hon. Katoo ole Metito, hon. Joyce Akai, hon. Okoth Ken Odhiambo, hon. Agostino Neto, hon. Millie Odhiambo,

hon. Ronald Tonui, hon. Manson Nyamweya, hon. Aden Duale, hon. Silvas Anami, hon. Sakwa Bunyasi, hon. Nicholas Gumbo and hon. Makali Mulu. These hon. Members contributed to this Motion yesterday. Therefore, they cannot contribute to it again today.

I say this because I can see that first on the list now is hon. Ken Okoth, followed by hon. Agostino Neto. I had to take liberty to make that announcement, so that the two hon. Members do not feel that they are being jumped unfairly. I suspect that they are being strategic in case debate on the other Motion commences. I will use my discretion to skip them and go to hon. Shukra Gure. She was seated next to hon. Okoth.

Hon. Okoth: She left hon. Speaker, but she had a request for a Statement.

Hon. Member: No! No! She is here.

Hon. Speaker: Well, in the spirit of consultation, Members are allowed to be nomadic in the Chamber. Hon. Shukra Gure, it is your chance.

(Laughter)

Hon. (Ms.) Gure: Thank you, hon. Speaker, for giving me this opportunity which I have waited for, for quite a while. We are talking about accountability, which has to start from this House before we even discuss about other issues outside here. If you can remember, last year there was an issue about Pan African Parliament (PAP), that has---

Hon. Speaker: The debate is on the report by the Public Accounts Committee.

Hon. (Ms.) Gure: Yes, but I am taking about---

Hon. Speaker: It is this one, if you are not contributing to it, then you may resume your seat, so that other Members can contribute to it.

Hon. (Ms.) Gure: But hon. Speaker, I thought we were discussing about accountability.

Hon. Speaker: Hon. Shukra Gure, you are only expected to contribute to this one. In fact if you insist, you will be out of order. Read your Standing Order No.107. You did not want to contribute to this one, and that is the problem.

Yes, hon. Jackson Rop.

Hon. Rop: Thank you, hon. Speaker, for giving me this opportunity to contribute to this Motion. Being a Member of this Committee, I want to say on the outset that as a general observation of the report, accounting officers have been questioned for not being responsive to management letters, which are given to them in time. As a result of that, we are getting these issues, which have been raised by several of us on the pending bills, which are really enormous in most Ministries.

The Ministry of Transport and Infrastructure, in this Report, is leading with a whopping over Kshs.10.1 billion that was attributed to failure by donors to release funds on time and late Exchequer releases. These are issues that the Chair and the Committee have not taken lightly. We have instructed the accounting officers to be very keen on this, so that we do not get reports of the same nature appearing year in, year out. When we will be doing the Financial Year 2010/2011, we will find that all the issues which were raised in the previous years, will recur.

We want to instruct the accounting officers that they should operate within the new Constitution. It is now a constitutional requirement under Article 229, that auditors must, within six months, table their reports before the Committee, so that it is able to

move very fast, and after going through, table them in the House. We have instructed the accounting officers to be alive to that fact. The issues that are now facing the counties are as a result of us not adhering to Article 203(2)(3) of the Constitution. This is about sharing of revenue between the two levels of government, that is the national Government and the county governments; this sharing is to be based on audited revenues collected by the national Government. These revenues must be approved by this House.

If you look at the reports we are discussing, the 2008/2009 Financial Year; it means, if we do not improve and move fast to the 2010/2011 Financial Year, the revenue that is being shared out will really be meager. We want to really push the accounting officers to adhere to the reports and work smart in their departments.

There are issues on imprests totaling to billions of shillings. Issues on excess expenditure are worrying; there are pending bills totaling to about Kshs.16 billion and excess expenditure of over Kshs.33 billion. That means Kshs.17 billion is money that was spent outside the Budget, and we are instructing the accounting officers that they should be very keen.

As a Committee, we are serious and are working round the clock. For your information, most of us do not even go home on Mondays and Fridays. We are here in our committee meetings, so that we can really improve on these reports, because we are lagging behind. I am happy that this Report has been tabled in this House; I am requesting that it be passed, because we really want to update it, so that we improve accounting and have more revenue to share between the national Government and the counties.

In the Report, I also saw something on Fund accounts. Those are the accounts of district treasuries and the Rural Enterprise Development Fund that ought to have been frozen or closed and monies wired back to the National Treasury to be used for meaningful development. These are issues the National Treasury should take up seriously because several district treasuries are still holding some funds, which they should by now have actually surrendered back to the National Treasury to enable the Government utilize them. Those are unspent balances that have been lying in those accounts.

It is very unfortunate to get reports of unsupported expenditures and these are issues we are seeing every other time; a Ministry could be having unsupported expenditure totaling to about Kshs.3.6 billion. These are expenditures that were incurred but the documentation could not be ascertained by the auditor. You find the officer of the Auditor-General working round the clock trying to generate quality reports, but occasionally Ministries do not give them the documents that they require on expenditures. It is really pathetic for the auditor to query such an expenditure that was incurred by a Ministry. These are issues that the accounting officers and all the heads of accounting units in the Ministries should take seriously.

Excluded expenditures are issues that have been raised in this Report. I am happy that the National Treasury has admitted. It is worrying to be told that these excluded expenditures are attributed to book-keeping errors, when we have qualified accountants; this is very pathetic. I believe that as they have indicated there, the National Treasury has posted qualified accountants to all accounting units and district treasuries; reports which will be generated in future will be better than this.

Look at maintenance of accounting records; they were also queried by the auditors as they are poor and inadequate. Their cashbooks are un-reconciled and there are so many outstanding items in bank reconciliations that could be cleared. But I am happy that using the EFT system that is now in place, several of these outstanding items will be cleared upfront.

Hon. Speaker, I stated that Article 203 requires us to share revenue that has been received by the national Government between the two levels of Government. For sure, if these reports are not updated, we will be complaining of the amounts allocated to the counties as very little. It is a constitutional requirement that not less than 15 per cent of the audited revenue will be distributed to the counties.

Hon. Speaker, it is important to let the public know that when we are sharing revenue, we do not base it on the budget. When I was seated here yesterday, I listened to one hon. Member saying that the Budget of this nation is Kshs1.6 trillion and 15 per cent of that is not going to the counties. We do not base our revenue sharing on estimates. A budget is just an estimate of what we intend to use, how much to we expect to receive and how we intend to spend it. So, we do not share that amount that goes to the county using the Budget; but audited revenue which is received and approved by this House.

With those remarks, I want to say that I support the Reports and I want to believe the accounting officers and officers manning Treasury and all other heads of accounting units take care of these resources. We should not be questioning or quarreling about reducing salaries of workers. In fact, the problem we face in this country is the budget. Our budgets are too huge and enormous.

Hon. Speaker, implementing this Constitution is very expensive. I want to believe those who voted "No" knew what they meant because it is costly to implement the Constitution. I was watching a documentary yesterday where one of us had visited Rwanda. In Rwanda, Ministers are allowed to buy cars, the way hon. Members are buying. They are then given maintenance allowance and probably fuel allowance. They then take care of their cars. Therefore, you find the expenditure in that country is---

Hon. F.K. Wanyonyi: Thank you hon. Speaker, for giving me this opportunity to contribute. I want take this opportunity to also contribute on this Report of PAC. First of all, I do not know what has happened in the last three years. We are now doing postmortem and I do not know how this is going to help us. This is because I was expecting that the report we were going to get was for 2011/2012; but now we are doing a report that has actually been overtaken by events. I think so much has happened and we have even changed the Constitution. The financial management of the institutions and the framework has changed. Here we are doing a postmortem of what happened three years back.

Hon. Speaker, much as that is also a problem; I think it is lack of discipline. It is indiscipline in the part of accounting officers. It is lack of patriotism and concentration and there is no loyalty. People just want to get money and go home. I was expecting that, with many things that have changed, I think this is with the past regime. I thought that as many things have changed, things will also change for better. I am looking forward to seeing a better report, having gone through a changed Constitution.

Having said that, when I look at the pending bills; Kshs60 billion, that is almost a budget for some of the small countries around the region. What that means is that there is

no confidence in our country from some of the foreigners who want to do business with us. It erodes confidence in our country and in whatever we are supposed to do. That is why today, when you look at some of the foreign investors; they prefer going do business elsewhere, for example, Rwanda a small country. I have been to Rwanda and I worked there when I was the Chief Executive Officer (CEO) for Kodak. The country was just coming up and we were far ahead of them. Yesterday, as one of the hon. Members just mentioned, the Rwanda I saw on the documentary, I could not believe it. I did not believe what I was seeing happening in Rwanda. I saw the President walking out of a car being escorted by three vehicles. Here, if you are coming to town and the Head of State is coming to town, I think you will be pushed aside; a lot of wastage of time.

Hon. Speaker, all I am saying is that the issue of pending Bills is just work not being done by the people we have empowered to do the business. No wonder, as I said, this has made it hard for people who want to come to do business with us.

Thirdly, the underperformance of this economy is nothing other than people being lazy. We had the Performance Contracting (PC) system which started about five years ago. What has happened with the system of performance contracting, where targets are set for each CEO of the Ministries? I saw them being signed recently. So, what is happening with this under-performance of our economy?

Hon. Speaker, I want to say this; although we are doing postmortem, I am not sure that the current report I am going to get would have some of these un-doings. I saw the A-in-A collection of some of the operations in our institutions. They are doing business for us, but some of them are not recorded. There is no record of A-in-A generated by some of these performing financial institutions. Apart from the records, some of them are not even collected and accounted for. So, that is why we are having problems.

Hon. Speaker, if we are serious as a country let us go back to the system we have set, the performance contracting; a very good idea was borrowed from America and German, from economies that are doing very well.

The other thing is the wastage that I saw in the Report. That again is something that is very graying; it is an eye sore when you walk at the countryside. Seeing infrastructure that is supposed to have been completed yet they have not been completed is very sad. When I was a CEO of one of the parastatals in the lake side; there was a building of three floors that had sat for eight years and over Kshs300 million had been sunk there. By the time I went there, nobody was concerned; it was just business as usual. I think it has been reported in this Report. Of course, you can see the assets that Kenyans pay for. Just go to the Ministry of Public Works and see how many lorries, tractors and trucks are being wasted in the yards.

Hon. Speaker, there is something I have noticed and again is coming up in this Report. It is the foreign travels and seminars. Something must be done because we have had people going out for seminars and again this has come up in the Report. We have people travelling out there and coming back; resolutions are passed. Can I tell you what happens? They are put on the shelves to wait for the next generation. What are we going to do and what are we doing about that?

The other one is this outstanding imprest that we all know about. Those who have had time and opportunity to work with the Government know that you are supposed to surrender imprest within forty eight hours. So, what has happened? I think the

Government must do something about it. The accounting officer whether it is the Permanent Secretary, the Cabinet Secretary or heads of departments should be held accountable. This is because we are talking about Kshs3 million out there as imprests. I do not understand where we are heading to.

Hon. Speaker, so, I am saying that most of these things we are having in this Report are not good. I am just hoping and praying that when I am sitting here legislating for this country and being the representative of my people in Kwanza, I will not see this kind of thing in the coming Report. If they do that, let us put sanctions immediately on them.

I think the previous Kibaki Government had a reporting officer, I think *Mzee Muthaura*. If imprest in an institution is taking too long to surrender then that is bad. You know we are talking about 2008/2009 imprests which have not been surrendered. We are not serious as a country. We are not serious as people who have taken leadership of this country. Therefore, I want to say that given that there is this laxity, let us put sanctions on the accounting officers.

Lastly and not least, I think the contracts are just a joke. We have contracts all over and any contract that you have seen and read about is faulted. I want to say this: I did some work in my constituency and I have realised that contractors work with the accounting officers to fleece the Government. We should do something about that. I have had cases where I did the work myself in my constituency and I spent a quarter of what would actually be spent, if I gave it to a contractor.

Hon. Speaker, with those few remarks, I want to say that the best we can do now is to blacklist and sanction some of the contractors that I have seen reported here, that are actually fleecing our country. I look forward to having a better Report for 2011/2012 so that we can debate on something that is current.

With those few remarks, I support the Report as it is. Thank you.

Hon. Speaker: Hon. Ali Rasso.

Hon. Dido: Thank you, hon. Speaker for giving me this opportunity. I rise to support this Report by the Public Accounts Committee (PAC). I think reading through the volume of this Report, I see how much work has gone into putting it together.

Hon. Speaker, from the outset, although many of the hon. Members are saying the Reports have delayed, unless we do a forensic audit and interrogation of how public funds are used, I think we may not be able to project what will be the development of Kenya in the future.

One of the clear areas that come to light is things like excess expenditure that has not been authorised by the National Assembly. I think this in itself is violation of the Constitution; not a single cent should be used or utilised by any Ministry or Governmental organisation without due authorisation by the National Assembly. The fact that Ministries will be able to spend almost in excess by Kshs10 billion simply shows that, that is why we are not getting more money in Development Expenditure. Most of it is going into Recurrent Expenditure. It appears that it is the easy way of spending money without really asking: "What are the physical aspects that this money has achieved?"

Hon. Speaker, one of the major areas that we have observed or noticed as the National Assembly in the recent months and days is this issue of corruption and lack of capacity to absorb funds. This is really glaring particularly at the county level. Also,

through this Report we also are experiencing the same problems at the national level because in 2009 up to 2010 there were really no county governments. So, apparently it is as if we are trying to shelve or load the problems which were bedeviling the national Government down to the grassroots.

So, I will not be really surprised that at the end of the current financial year, maybe 60 or so per cent of monies allocated to the counties might go to the Recurrent Expenditure and also a lot of it will not have been utilised for the purposes they were meant for.

Hon. Speaker: There is an intervention from hon. Yusuf Chanzu

Hon. Chanzu: Thank you, hon. Speaker. Just as you have heard, we are talking about PAC Reports of 2008/2009 and 2009/2010 Financial Years. I want to congratulate the Chair of the Committee for the Reports that he has tabled but you can see we still have got Reports of 2010/2011 up to now. So, taking into account the views that have been raised by Members here so far from yesterday, I believe the issues that are being dealt with are repetitive. I would like to ask that the debate on this stops so that we allow the Mover to reply. This is so that we can give them more time also to be able to go and work on the other reports and be able to table them in this House later on. We need to be up to date. So, I would like to ask that the Mover be asked to reply.

Hon. Speaker: Well, let us allow hon. Rasso to complete and then I will put the Question.

Hon. Dido: Thank you very much, hon. Speaker. I think we have sat here long hours waiting to contribute to these Reports and it is really important. It is not just a passing cloud. That is why we are saying that PAC has done very serious work and the National Assembly must give voice to some of the idiosyncrasies that we see in these Reports.

We see, for example, the Asian and European Widows Fund. What we must be asking is: "To whom do these funds go?" "How does Treasury retain this Fund?" If there are no beneficiaries for this Fund at this point in time, such funds must be removed from the books of accounts and transferred elsewhere so that this money can be used for the important purposes.

Hon. Speaker: Another intervention from hon. Mohammed Diriye.

Hon. Mohamed Diriye: Hon. Speaker, I wish to differ with my colleague. Some of us are very eager to contribute to these Reports. These Reports are very important as it is the financial spending of the Government. So, we want the debate to continue until all people sitting here have contributed.

Hon. Speaker: That is not a point of order because you are "eating" into his time. If you just want to say you want to contribute, I mean you are wrong. Hon. Rasso proceed please.

Hon. Dido: Hon. Speaker, thank you for coming to my defence. I think it has also taken away my train of thought but I will continue.

Through this report which the Committee has put together, I think what we expect from the Executive is individuals who are culpable to be brought to book because looking at the amounts of monies that have not been appropriately accounted for or properly utilized; monies meant for development of this country have been taken back to the Treasury. The question is how many individuals have been brought before courts of law.

The other thing which I wish to say is unless we are going to empower and fund more the Office of the Auditor-General so that, that Office is able to work long hours smartly to be fast particularly in coming up with these reports and observations, we will not achieve much. This will ensure that we receive timely reports from the Public Accounts Committee (PAC).

From the look of things, maybe the Auditor-General might not be in a position to come up with these reports and observations as quickly as we would want. Also, if we want answers from these Reports and others, the Ethics and Ant-Corruption Commission (EACC) must be empowered and properly funded so that the cycle of prosecution can be faster.

Yesterday, we heard in this House that by coming up with IFMIS---

Hon. Speaker: Your time is up!

Hon. Dido: I beg to support.

Hon. Member: On a point of order---

Hon. Speaker: You can see I am on my feet and you are a fairly experienced Member. Hon. Members, I think it is fair that you determine this matter. I am taking into account the points raised by hon. Chanzu. He seemed to have been alluding to the business in the next Order. It may be the reason informing his request.

(Question, that the Mover be called upon to reply, put and agreed to)

Hon. Ababu: Hon. Speaker, let me first of all, take this opportunity to really thank hon. Members for the enthusiasm they have shown in the two Reports, and as I said while moving the Motion, that this, indeed, was historic. This is the first time ever in the history of our Parliament that the House has had the opportunity to consider reports of two consecutive financial years at the same time. Let me also reiterate again what I said at the beginning that these Reports were, indeed, prepared by the preceding Committee, the predecessor to the current PAC in the last Parliament. And that, indeed, as hon. Members have expressed, there has been a considerable time lapse; the period that has already lapsed covered by these Reports.

But let me just remind this House that responsibility for accountability over public funds never expires and that is why responsibility for matters such as Ken Ren which is a financial impropriety dating all the way back to the 1970s, the Goldenberg dating back to the 1990s and Anglo Leasing dating all the way back to the NARC Government around 2000-2004; all those are responsibilities that cannot expire such that even the passage of time does not really take away responsibility for all those actions.

I have listened very keenly and the PAC is very much alive to a number of key issues that have emerged out of this debate. Allow me to reiterate a few of them. First, is the need to be up to date; to make sure that this House discusses accounts that are as recent as possible and especially we have taken cognizance of the importance of this in view of Article 203(3) of the Constitution which makes it clear that division of revenue between the national and county governments is calculated on the basis of the most recent audited accounts of revenue received as approved by the National Assembly. Therefore, the factor used by the Commission on Revenue Allocation (CRA) really is dependent on

the audited accounts that this House shall approve and the more recent we are, the more justice we shall do especially to county governments. In view of this, I want to assure this House that the PAC already has been working under me on a kind of marathon. We are holding extra sittings. We do not go on recess. The House may want to know that this is one Committee that never goes on recess. We work during recess. Sometimes we work during sitting hours when the House is in session and I really want to appreciate hon. Speaker because we made a special request to him and he did grant this Committee permission to hold extra sittings in view of this pressure.

Let me also inform the House that we are pushing the Office of the Auditor-General very hard to make sure that even as we work overtime, I just want to assure the House that our Report on accounts for the year 2010/2011 will be ready in about three weeks. We are just about to conclude our discussions on that and so in a month's time we will be tabling here the next report on accounts for 2010/2011. Immediately we conclude that in a month's time, we will start discussions on the accounts for 2011/2012 and we are pushing the Auditor-General very hard to submit to use the accounts for 2012/2013, latest by June this year. So we are making every effort to ensure that we are up to date.

Hon. Speaker, in that respect, we made a resolution today during the sitting of the PAC that we shall not excuse any laziness on the side of accounting officers. We have had difficulty occasionally with accounting officers seeking to be excused from sittings with the PAC. Today we passed a resolution in Committee that there will be absolutely no excuse and let all accounting officers know that the day you are summoned to appear before the PAC, you must so appear or otherwise the Committee will submit the accounts touching on your Ministry or your department as presented to us by the Auditor-General without your input. Better take that very seriously.

The second issue that again the House has expressed considerable concern over is breach of Article 229(4) of the Constitution which provides that within six months after the end of each financial year, the Auditor-General shall audit and report in respect of that financial year. Together with that is Article 229(8) which provides that within three months after receiving an audit report, Parliament or the county assembly shall debate and consider the report and take appropriate action. The Committee is aware that we are already in breach of these constitutional provisions. The accounting officers, the Office of the Auditor-General and, therefore, by extension this House is in breach of these provisions of the law. We need to make it clear that Parliament cannot act on reports that have not come to this House.

Therefore, the responsibility lies squarely on, first, the Auditor-General and, secondly, with the accounting officers to make sure that they work with the Auditor-General to ensure that the provisions of Article 229 are strictly adhered to. As a Committee, we have resolved that the following measures will be useful in assisting to move towards the requirement of Articles 229(4) and 229(8).

(i) We are aware that the Office of the Auditor-General is considerably constrained in terms of personnel and capacity to undertake their responsibilities. Remember, the Office of the Auditor-General now has a responsibility over 48 governments - the national Government and 47 county governments. The Auditor-General has to release audited accounts such as this for the national Government and 47 separate reports for each of the 47 county governments. We are therefore, requesting the

Budget and Appropriations Committee and the Treasury to consider very seriously, providing extra budgetary support to the Office of the Auditor-General so that they can hire more staff and expand their capacity to be able to work more effectively and fulfill this mandate.

(ii) We are also reiterating the commitment of the Public Accounts Committee to work extra time, including during recess and even during weekends, to be able to be up to date as soon as reports reach us from the Office of the Auditor-General.

We have scheduled an extra-ordinary tripartite forum between PAC, Office of the Auditor-General and Treasury alongside all the accounting officers who are the Principal Secretaries. The purpose of that forum is to discuss the implications of Article 229(4) of the Constitution and arrive at a very specific and clear way forward on how to live within the provision of that Article. We do believe that together, we should be able to chart an appropriate way forward. Let me just repeat this stern warning from PAC to all accounting officers on delays, shoddy and un-convincing responses to audit queries that occasion un-necessary delays. PAC has noted with a lot of concern that it takes an inordinate time for accounting officers to respond to audit queries raised by the Auditor-General. Often, accounting officers wait until they appear before PAC to start scrambling to provide clarifications to the Auditor-General. PAC will not accept that and all accounting officers better be warned that they must utilize the three month period from the end of the financial year to make sure that they provide all the required information, data and supporting documentation to the Auditor-General. We shall not accept any information or documentation submitted outside the three month window after the closure of the financial year.

An hon. Member: Your time is up!

Hon. Speaker: No. He has 30 minutes.

Hon. Ababu: Have I exhausted my time?

Hon. Speaker: No! They were still operating on the ten minutes for ordinary contributions.

Hon. Ababu: Hon. Speaker, we have also made it clear to the Auditor-General that the accounts for the year 2013/2014 must be on time. We have set the target of accounts for this financial year to be the year when we must come within the requirement of Article 229(4) of the Constitution. The Auditor-General should also take this as a notice. PAC will expect the report for the Financial Year 2013/2014 to be submitted strictly on time. Again, because of your kindness and generosity, we will be expecting the Auditor-General to submit those accounts on the Floor of this House.

We have also recommended and we will be making a specific recommendation to the Budget and Appropriations Committee to link accountability to budgeting so that departments and Ministries that have not fulfilled the accountability obligation should have no business appearing before the Budget and Appropriations Committee to request for more funds. The same enthusiasm that Ministries have when they are defending their budgets and when they are spending public resources must be demonstrated when they are accounting for those resources.

Finally, on the question of personal responsibility for financial and procurements impropriety, the Committee again wishes to re-state our commitment to live by the letter and spirit of Article 226(5) of the Constitution which is clear that if the holder of a public

office, including a political office directs or approves the use of public funds contrary to the law or instructions, the person is liable for any loss arising from that use and shall make good the loss whether the person remains the holder of the office or not. Again, let everybody be warned that you shall be held personally liable for any action or inaction you take that leads to loss or wastage of public resources. That will happen whether you are still in office or you have vacated the office. Among the areas that have remained notorious include:- Misappropriation of funds; unsupported expenditure in the accounts that we have been debating up to 30th June, 2010; unsupported expenditure amounting to Ksh6,955,884,425.51 - that is money actually spent and no supporting documentation was submitted to either the Auditor-General or PAC. There is also the question of excluded expenditure and by 30th June, 2010, we had an excluded expenditure of Ksh4,037,425, 912.68.

Other issues include, abuse of office; violation of procurement regulations; outstanding imprests which, as at 30th June, 2010, amounted to Ksh792,557,902.65; pending bills which as at 30th June, 2010, stood at Ksh16,640,966,825.99; delayed responses to audit queries; under-collection of Appropriations-in-Aid. As at 30th June, 2010 there was a deficiency of Ksh40,892,496,697.63. That is under-collection amounting to 35 per cent of the initial target. That is a very high deficiency rate regarding under-collection of Appropriations-in-Aid.

To respond to all those challenges, the Committee has resolve hence forth to undertake the following measures:-

(i) The Committee will name and shame individuals bearing responsibility across all arms of State publicly.

(ii) The Committee will also recommend to the Ethics and Anti-Corruption Commission to conduct further investigation where necessary.

(iii) The Committee will also recommend to the Director of Public Prosecutions to immediately institute prosecution where culpability is obvious and glaring.

As part of our effort to harmonize our activities as a National Assembly and also aware that accountability is cross-cutting and involves other players including the office of DPP, Ethics and Anti-Corruption Commission, Judiciary and other actors, we will be launching on the 27th of March this year a network that we have christened "Accountability Kenya. Hon. Speaker, let me thank you once again for having presided over the birth of the idea of "Accountability Kenya", which shall serve as a platform that will bring together all actors in the arena of accountability and help us synergize and coordinate our efforts. That way, when Parliament makes recommendations, such as the recommendations contained in the Report we are just concluding debate, we can pass the baton on to the next actors; be they Ethics and Anti-Corruption Commission, DPP, Judiciary and other actors.

We will therefore be inviting our hon. colleagues to the birth of Accountability Kenya on 27th March, this year, actually in two weeks' time. We are expecting His Excellency the President to preside over this occasion. It will also be an opportunity for His Excellency the President to demonstrate and assert the commitment of the Government to work with us and all other actors to raise the bar of accountability in the country.

Talking about coordinated activities, let me also use this opportunity to thank you for the facilitation you have afforded the PAC that has led this National Assembly to become the focal point of accountability in Africa. The PAC now hosts the Secretariat of the East African Association of Public Accounts Committees and African Organization of Public Accounts Committees. These are networks that coordinate accountability activities both in the East African region and on the African Continent. Hon. Speaker has kindly assisted the PAC to set aside facilities including office space to host these organizations together with the newly born Accountability Kenya.

Let me conclude by saying that the PAC will work with all actors including other relevant Committees like the Budget and Appropriations Committee to ensure better management of resources. In doing so, we restate our commitment to aid every effort intended to fight corruption decisively, not just in word but in deed. We will also support efforts that cut wastage and emphasize savings in such areas such as expenditure on hospitality, entertainment and travel and any other area of public expenditure that can enable the Government to save funds and direct the same to development activities.

With those remarks, I thank all the Members. I beg to move.

Hon. Speaker: Very well spoken. Members, I am told you are not quorate. There is no need of ringing the bell. We will stand down the putting of the Question until such time as there will be quorum. We will move to the next Order.

ADOPTION OF REPORT ON 2014/2015
BUDGET POLICY STATEMENT

Hon. Musyimi: Hon. Speaker, I beg to move the following Motion:-

THAT, pursuant to the provisions of Section 25(7) of the Public Finance Management Act (Cap 412 C) and Standing Order 232(7), this House adopts the Report of the Budget and Appropriations Committee on the Budget Policy Statement 2014, laid on the Table of the House on Thursday, March 06, 2014.

On behalf of the Members of the Budget and Appropriations Committee and as required under our Standing Order 232 (5), I hereby present to this House the Committee's Report on the 2014/2015 Budget Policy Statement which was tabled in this House on 18th February, 2014. I need to say from the outset that the approved report on the BPS, as it is called, will indeed inform the preparation of the annual estimates and by extension, should form the basis for evaluating the 2014/2015 Estimates for the various spending agencies.

Pursuant to Standing Order No.232(2), (5) and (6), my Committee examined and discussed the Budget Policy Statement and made recommendations taking into account the provisions of Article 218 of our Constitution. In reviewing the 2014/2015 Budget Policy Statement, the Committee held five sittings during which the Cabinet Secretary, National Treasury was invited to give his views and clarify on certain matters concerning the BPS. The Committee also received submissions from different Departmental Committees and held extensive discussions with the Chairpersons.

I take this opportunity on behalf of the Committee and myself to express our appreciation to the Executive arm of the Government who appeared before the

Committee and note the contribution made by many stakeholders. My Committee is also grateful to you, Sir, and your office, and to the Office of the Clerk of the National Assembly as well as the Parliamentary Budget Office, for the support that we have received in discharging our mandate of examining the BPS and also to thank all the Members of Parliament who participated in this process.

By way of introduction, let me say again that the Budget Policy Statement (BPS) is an important document in the budget cycle. It is prepared by the National Treasury and it sets out the broad objectives, policy goals and strategic priorities that guide the national Government and the county governments in preparing their budgets, both for the following financial year and over the medium term. In the builder's language, the BPS is the foundation stone of the national and county budgets. It is with this in mind that we need to say what is included in the BPS.

(a) The BPS normally has an assessment of the current state of the economy and the financial outlook over the medium term including macro-economic outlook.

(b) Financial outlook with respect to the Government revenues, expenditures and borrowing for the next financial year and over the medium term.

[Hon. Speaker left the Chair]

*[The Temporary Deputy Speaker (Hon. (Ms.) Mbalu)
took the Chair]*

(c) The proposed expenditure ceilings for the three arms of Government and indicative transfers to county governments.

(d) The fiscal responsibility principles and financial objectives over the medium term including limits on total annual debt.

(e) Finally, it has the total resources to be allocated to individual programmes and projects within sectors, Ministries, departments and agencies indicating outputs expected during the period.

After careful consideration, the Committee notes that:-

The BPS achieved a compliance rate of 75.7 per cent. In other words, most of the information required was availed. However, the BPS did not show programmes outputs and key targets, a matter raised by my friend, hon. Ababu Namwamba. Lack of this information hinders the Budget and Appropriations Committee as well as the Departmental Committees from making informed choices and decisions.

Even though the National Treasury conformed to the legal requirement on the deadline for submission of the BPS, the Constitution and the PFM envisaged that the Legislature, as a Budget making institution should be given ample time to review the document. We submit and indeed, we make the case that the National Treasury ought to consider submitting the document much earlier. I know that this is a matter that you, Madam Temporary Deputy Speaker, has given your view on.

In matter of fact, in the next few days, we, as a Committee, will be proposing amendments to the PFM law geared towards giving the National Assembly sufficient time to engage on the BPS.

Several new programmes have been introduced and there is no reason or explanation as to what outputs were realized from the programmes in the previous year. Let me now say one or two words about the recent economic developments and policy outlook and also Budget framework.

The 2014 Medium-Term Budget Policy Statement has been prepared at a time when there is a slight upward trend in global economic outlook. Indeed, the IMF projects that the global economy will grow by 3.6 per cent compared to an estimated growth of 2.9 per cent in 2013. On the other hand, the Sub-saharan Africa is expected to grow by 5 per cent in 2014. Closer home, the East African economies are expected to grow at around 6 per cent.

The Treasury focused that the Kenyan economy will grow by 5.2 per cent, 5.8, 6.4 and 6.8 per cent in 2013, 2014, 2015 and 2016 respectively.

Hon. Temporary Deputy Speaker, the Committee notes with concern that the Treasury has often projected high economic growth at the start of the year, but the targets is often revised downwards in the course of the year. This impacts rather negatively on budget execution since Ministries, departments and agencies are forced to cut down on various programmes and projects.

For Kenya to achieve higher growth rate, there is urgent need to increase investment in infrastructure projects. Going forward, a stable political and macroeconomic environment will be a pre-requisite to ensuring stability in interest rates that will eventually support credit access to the private sector and thereby promote private investment.

Overall, it is important to point out that despite the pessimism in the forecast by the Treasury, the following risks remain:

(i) Challenges in implementing the new system of Government: The transition to devolved governments has been plagued with a number of fiscal challenges in its implementation phase. The county governments came into existence in the middle of the budget cycle, resulting in poorly prepared and rushed budgets, most of which were not anchored on the fiscal development strategies, and which entailed huge deficits, raising questions of sustainability. Other pertinent issues which will need to be addressed include: (a) low absorption of funds occasioned by delays in county budget approvals; (b) large recurrent spending associated with inherited public workforce from the national Government as well as the defunct local authorities; (c) ensuring full adoption of IFMIS; (d) proliferation of county level taxes, fees and licences which are likely to increase the cost of doing business, thereby hampering economic activity; (e) slow pace in creating the necessary capacity especially in public finance matters.

(ii) With regard to security, we continue to face significant terror threats in various parts of our country. These security concerns may have an adverse impact on the country investment climate.

(iii) With regard to expenditure pressures and misalignment of expenditure, our nation faces the twin problem of rising expenditure pressure at the national and county levels of government and misalignment of resources through duplication of roles and expenditure. At the national level, rising expenditure is driven by massive infrastructure spending and the public wage bill. At the county level, high wage bill together with low

absorption and misalignment of the budget by the counties presents significant fiscal challenges.

(iv) With regard to the weak global economic outlook, despite projections of improvement in the global economic outlook, the situation is not particularly rosy and downside risks still persist, which may curtail the projected growth, particularly in the Euro area. Constrained growth in Europe would impact negatively on our country in terms of decreasing external demand for Kenya's exports, particularly horticulture and decreased foreign direct investment. This may also adversely affect tourism.

(v) While the discovery of mineral deposits portends significant benefits to our economy, there are risks accruing from the robust extractive industry such as negative environmental impact, macroeconomic imbalances as well as conflict among communities, the government and mining investors. As we all know, unfortunately, the threat of massive corruption becomes and remains a real possibility in the extractive sector.

Hon. Temporary Deputy Speaker, with regard to inflation, according to the Budget Policy Statement, inflation is expected to stabilize at the medium term target of around 5 per cent. My Committee is concerned that inflation is likely to trend upwards owing to various factors. In fact, the BPS recognizes that supply side shocks are still a threat to price stability and notes that reserves for food, oil and foreign exchange will provide an intervention mechanism for moderating overall inflation. However, it is highly unlikely that these reserves can provide enough buffers to rein in inflation as envisaged.

Already consumer goods prices have been on the increase due to VAT law. The likelihood of food shortage remains a real threat. Available evidence suggests that maize production in parts of Rift Valley and Western is likely to be below average compared to the 2012 production. The Food and Agriculture organization of the United Nation's forecast of cereal production in Kenya for 2012 and 2013 indicates that production is actually falling.

Hon. Temporary Deputy Speaker, oil reserves remain volatile; furthermore at 4.2 months of import cover, the forex reserves are still too close to the statutory four months level and the likelihood of falling below the threshold is actually quite high. With this picture in mind, maintaining inflation at 5 per cent level may be difficult to achieve.

Hon. Temporary Deputy Speaker, the easing of the monetary policy stance by the Central Bank of Kenya through the reduction in the CBR rate or the base lending rates which currently stand at 8.5 per cent has led to reduction in interest rates. Commercial bank lending rates have gradually declined from 19.7 per cent in September, 2012 to 16.95 per cent in 2013, to support credit uptake by the private sector.

Interest rates spread between the average lending and deposit rates decreased to 10.6 per cent in September, 2013 from 20.33 per cent in September, 2012. It is worth noting that there is projected high foreign payment over the medium term. The BPS also points out that the credit access to the private sector is increasing. However, expenditure projections indicate an increase in net domestic borrowing mainly by Government in 2014/2015 and this may reduce credit access to the private sector.

With regard to the exchange rate, the Kenya Shilling rate has stabilized against the major world currencies. This has been attributed to increased short term inflows and remittances particularly from the Diaspora; disbursements under the Extended Credit

Facility programme and the Central Bank activity in the foreign exchange market. However, the risks to the exchange rate include oil price volatility as well as increased importation of goods. The BPS envisages high import demands for capital goods; and therefore care ought to be taken to ensure that the official foreign exchange reserve position is maintained above the statutory four months level in order to cushion the country against exchange rate volatility.

Hon. Temporary Deputy Speaker, my Committee notes that the end of the three year arrangement of IMF support under the Extended Credit Facility implies that the country could be vulnerable to shocks. Going forward, export led growth strategy will be necessary.

With regard to public debt, the fiscal stance envisages continued borrowing from domestic and external sources with the later being largely on concessional terms. It is important for government to restrict growth of public debts. A look at the key components of Recurrent Expenditure shows that interest payments will take second largest component of Recurrent Expenditure over the next three years. There is a noted increase in foreign interest payment. It can be observed that the ratio of public debt to GDP is to stand at 52.2 per cent, 55.8 per cent, 53.3 per cent and 50.4 per cent respectively in 2012/2013, 2013/2014, 2014/2015 as well as 2015/2016 respectively. The slowdown in the debt ratios could largely be explained by the high envisaged growth rate, which if not realized may result in a higher debt to GDP ratio.

Hon. Temporary Deputy Speaker, with regard to fiscal consolidation, the Government strategy does not seem to be working. Quite often the Government seems not to stick to its deficit targets in the Budget Policy Statement. There is a tendency by the Treasury to indicate a lower deficit at the BPS level while a significant increase appears when the Budget is submitted.

The thrust of fiscal discipline must be centred on a significant reduction in the growth of compensation to employees. My Committee is concerned that despite the fact that some functions have been taken by county governments, the growth rate of compensation to employees will have reached 7 per cent in the period 2014/2015 and 2016/2017.

Let me say something about the fiscal performance of 2013/2014 and emerging challenges. The implementation of the 2013/2014 Budget is being done under very unique circumstances. According to the BPS, implementation of the Financial Year 2013/2014 Budget begun with significant revenue shortfall in the Financial Year 2013/2014 resulting in expenditure carryovers otherwise known as pending bills of about Kshs36 billion. In addition, initial transitional issues also delayed the enactment of the County Allocation of Revenue Act. It is important to know that the economic challenges experienced in the 2013/2014 have had an impact on the implementation of this Budget.

Hon. Temporary Deputy Speaker, as at the end of December 2013, cumulative revenue receipts amounted to Kshs460.6 billion against a target of Kshs489.2 billion resulting in an underperformance of Kshs28.6 billion. The underperformance was in respect of Kshs10.4 billion in ordinary revenue (inclusive of Railway Development Levy) and Kshs18.2 billion in Appropriations-in-Aid (A-in-A). The underperformance in ordinary revenue was mainly reflected in excise and income taxes or the shortfall in A-in-A partly reflects underreporting by line Ministries.

Hon. Temporary Deputy Speaker, with regard to expenditure, in 2013/2014 both Recurrent and Development Expenditure have experienced shortfalls which have been partly attributed to lower absorption by line Ministries and revenue shortfalls. Notably, shortfall in Development Expenditure is more than that of Recurrent Expenditure, implying that many projects are indeed behind target. By December 2013, total expenditure (based on disbursements) amounted to Kshs574.2 billion against a target of Kshs685 billion. This reflected an overall under-spending of Kshs110.8 billion. Flaws in the procurement process have routinely been cited as an impediment to Development Expenditure. Deficiencies in the procurement law have hindered the successful execution of public procurement. It is important therefore to fast track the review of procurement law and to address the challenges experienced in procurement in order to ensure projects are finalised on time.

Hon. Temporary Deputy Speaker, on the other hand the issue of underreporting by A-in-A by the spending agencies has been highlighted for a very long time but the issue has really not been addressed. To this end, there is need for a policy decision with regard to automation of collection of A-in-A.

Hon. Temporary Deputy Speaker, with regard to fiscal policy and Budget framework, allow me to say the following: The Government targets to achieve fiscal consolidation by putting in measures to reduce the Budget deficit from 8.9 per cent of the Gross Domestic Product (GDP) in 2013/2014 to 6.3 per cent of GDP in 2014/2015 and 4.9 per cent of GDP in 2016/2017. It will be done by bringing down debt-to-GDP ratio to below 50 per cent in medium term while increasing absorption of external resources from 60 per cent to 80 per cent by reforming the procurement law.

My Committee observes that in the previous BPS, the Government has consistently laid plans for achieving targets. However, achieving this target has proved elusive. Indeed in 2014, the BPS still attempts to do this by proposing expenditure containment while at the same time increasing revenue collection. I think we have made this point and I rest my case on that.

My Committee is concerned with the extent to which revenue raising strategies are going to be implemented. Indeed, any increase in taxation may weaken near term domestic demand. These have to be chosen carefully since it requires trade-offs between conflicting policy objectives. On the revenue side, substantial opportunities exist for broadening Income Tax such as redesigning the Turn-Over Tax (TOT) regime. That is to say anybody who has a business whose turnover is below Kshs3 million pays a flat tax of the annual turnover as opposed to paying the Value Added Tax (VAT).

Hon. Temporary Deputy Speaker, the BPS presents forecast revenue, expenditure and borrowing estimates for the medium term. When you look at the document in Table 4, the projects will be shown there and I do not think I wish to go too much into that. Let me however say that the large Budget deficit reflects substantial debt redemption especially the planned repayment of the syndicated loan. Consequently, net external borrowing for the current fiscal year contains the planned sovereign bond estimated at Kshs30 billion. Thus, the net external financing amounts to Kshs238.8 billion up from Kshs226.7 billion estimated in the revised budget.

My Committee notes that the net external borrowing will ultimately return to trend and decline to Kshs100.7 billion in 2014/2015 but domestic borrowing is poised to

rise from Kshs133.5 billion in 2014/2015 to Kshs190.8 billion in 2014/2015, partly to compensate for the absence of large external non-concessional borrowing component in the next financial year. Following this trend, it is likely that the Government will borrow from the domestic market and interest rates are likely to go high. That cannot be good for business.

Hon. Temporary Deputy Speaker, my Committee observes that the BPS details a host of reforms in revenue collection during the course of the coming financial year and the medium term. These include:-

(i) Raising the revenue to GDP ratio to 25.1 per cent by 2016/2017. The current ratio is 24.5 per cent for this financial year.

(ii) Simplifying the tax systems and expanding the tax base by capturing the informal sector

(iii) Rationalising tax incentives/exemptions

(iv) Splitting Kenya Revenue Authority (KRA) into two organs namely; the Inland Revenue Agency and Custom and Border Control Agency

(v) increasing VAT share by 4 per cent of GDP (tax effort) on account of the new VAT law

(vi) Repealing of old tax laws such as the Excise Management Bill, Tax Procurement Bill as well as review parts of the Income Tax Act that deal with the extractive industry.

Hon. Temporary Deputy Speaker, my Committee urges this House to expedite the scrutiny and approval of these Bills once they are introduced in Parliament to modernise and streamline the tax regime in our country and thereby support the revenue effort to fund our expenditure.

Let me say something about programmes for achieving economic transformation for a shared prosperity. My Committee observed that the BPS identified five broad pillars that aim to address the challenges which constrain the economy from achieving its full potential. The first pillar seeks to create conducive business environment for employment. Pillar two is agricultural transformation and food security. Pillar three is transport. Pillar three is Transport, logistics, energy and water for inclusive growth. Pillar four is access to quality social services, that is education and health and pillar five is further entrenching of devolution for better service delivery.

Hon. Temporary Deputy Speaker, the Budget and Appropriations Committee appreciates the goals targeted in each of these pillars which include the enactment of various laws as well as developing policies on land use, spurring food production, ensuring stability in energy supply as well as in improving the quality of social services.

My Committee is, however, concerned that the first pillar may prove elusive to achieve since the Budget Policy Statement has not clearly identified policies that will enable the country to achieve macroeconomic stability to support conducive business environment. For example, hon. Temporary Deputy Speaker, no concrete policies have been put in place to contain the ballooning public debt. Furthermore, Government's priority programmes are always identified in the planning stages but never really fully implemented during the year. My Committee further observed that the third pillar proposes several infrastructure and energy projects which are normally financed through donor funds. The uptake of external funds is sometimes hindered by the tedious

procurement processes, donor conditionality and delayed counterpart funding by the Government. My Committee, therefore, recommends that efforts be made to ensure that projects with counterpart funding are adequately funded in the Budget to guarantee full implementation.

The BPS in the fourth pillar has cited reforms to the Kenya Medical Supplies Agency (KEMSA) supply chain management so as to address the challenge of shortage of essential medicines and medical equipment. We note with concern that weak financial management systems among subunits in the education sector is leading to under-reporting and irregular capturing of expenditure and revenues. My Committee, therefore, urges quick action on these concerns so that the economy may achieve inclusive growth and provide employment opportunities for our people, especially the youth and improve the quality of services provided by the Government.

Let me then say something about medium term spending priorities in the BPS. The Budget and Appropriations Committee received recommendations from various departmental committees. These recommendations requested increments to the allocations proposed to the BPS to various sectors. It is, however, important to note the short period that was availed to the various Departmental Committees was not very helpful to any of us. It was, therefore, not possible to undertake detailed scrutiny of the past performance of the spending agencies under their respective jurisdictions. I can say that this is a matter we have shared with the President and the Deputy President as we continue to perform our oversight roles.

I urge the Committees to in future spend more time in interrogating the policies behind the programmes that the Ministries implement. I also urge the Parliamentary Service Commission to recruit specialist in the various sectors so that Committees have access to continuous advice. Let us remind ourselves that budget making is a continuous process. This is a point we sought to make to the governors when we met them today. We had a meeting with the governors, the Council of Governors led by the Deputy Chair and Dr. Evans Kidero, Governor of Nairobi. We must note that budget making is a continuous process. It is not right that we see governors not so quick to attend meetings that hold them to account but they are quite quick to attend meetings when they need money from Parliament. So let us take budget making as a continuous process and let us apply the disciplines that attend to that process. I also urge the Parliamentary Service Commission (PSC) to recruit specialists in the various sectors so that Committees have access to continuous professional advice.

The following are the sectoral issues and recommendations made by the various Committees. In the social sector, the Committee notes that it has an expenditure ceiling of Kshs336.9 billion in the BPS. This constitutes 30.3 per cent of total discretionary expenditures. The Committee, however, notes that the effort should be made by the sector to upscale free maternity health programme and only commit to projects that require counterpart funding once the requisite resources have been secured rather than in anticipation of the same. The Chair of this Committee, hon. (Dr.) Nyamai, was fairly strong on this matter and certainly we heard her and her Committee.

There is also need to institute curriculum reforms in education so as to align the outputs with the requirements of the market. Although the social protection fund for senior citizens of the society has been very beneficial, proper statistics on the exact

number and the distribution of beneficiaries is actually lacking. The allocation for this fund has increased from 2.5 to Kshs1 billion between 2007 and 2012. Questions have been raised as to whether the resources from the fund have been fairly and equitably distributed across the country. My Committee recommends that starting 2014/2015 direct cash disbursements for the older persons be based on a clear criterion backed by statistics. This will go a long way in addressing issues of equity and fairness.

Hon. Temporary Deputy Speaker, with the regard to the energy infrastructure communication and technology sector, my Committee observes that this sector has a proposed allocation in the BPS of Kshs250 billion which is 22.5 per cent of the total discretionary expenditure. The Committee notes that energy and petroleum subsectors seeks significant resources for counterpart funding to the tune of Kshs120 billion. Given the expenditure pressures from other sectors, other methods of financing should be explored to ensure that this critical sector is adequately provided for.

The third sector is that of agriculture, rural and urban development. My Committee notes that the agriculture, rural and urban development sector has a proposed allocation in the BPS of Kshs55.6 billion. With these resources the Committee urges that the sector also prioritizes the following in addition to previous expenditure priorities. We need to see a revival of the pyrethrum sector, construction of modern slaughter houses and completion of the stalled ones and the development of the Kenya Animal Genetic Resource Center (KAGRC).

On the land, housing and urban development sub-sector, my Committee urges this sub-sector to use the Kshs16 billion proposed for allocation with the following priorities. One, provide office space and equipment for the National Land Commission (NLC). The tensions between the NLC and the Ministry have been of some concern to us and we are glad that the Departmental Committee on Land is also involved in finding a lasting solution. We need to start the metropolitan, urban planning and slum upgrading and finally we need to continue investment in the spatial data network infrastructure.

Hon. Temporary Deputy Speaker, on the governance, Justice Law and Order Sector, my Committee urges the sector to use the allocated Kshs133.2 billion to operationalise the Kenya citizens and foreign nationals services retooling to automate and decentralize the key sub-sector programmes to all counties including operationalisation of the witness protection programmes, entrenchment of democracy, promotion and mainstreaming of human rights, gender equality and non-discrimination. My Committee further urges the sector to reduce case backlogs, improve access to justice and modernize the court systems.

On the general economic and financial sectors, the Budget and Appropriations Committee urges the sector to use the allocated Kshs13.8 billion for implementing programmes aimed at promoting regional integration and cooperation; growth and development of commerce; tourism promotion and development; savings and investment mobilization; employment creation; industry and entrepreneurship development. The Committee urges the sector to avail the Kenya Integrated Household and Budget Survey with the resources provided for.

On the public administration and international relations sector, the Budget and Appropriations Committee notes that the sector has a proposed expenditure ceiling of Kshs168 billion. We urge the sector to continue providing leadership and policy direction

in the governance of our nation, coordinate and supervise Government affairs, promote efficient and effective human resource management, develop improved public service delivery and promote public sector integrity.

On environmental protection, water and natural resources, the Budget and Appropriations Committee urges the sector to use its proposed expenditure ceilings of Kshs54.9 billion in the BPS to provide for the expansion of water coverage and sewerage facilities; scaling up water storage to improve water security; conservation and management of water catchment areas; mitigation and adoption measures on climate change; enforcement of sector laws and regulations and restoration of Nairobi River must continue. We express our gratitude to the late hon. Michuki, for his tremendous work and vision. They also do enforcement of sector laws and regulations; restoration of Nairobi rivers; modernization of meteorological services; mineral exploitation and developing a mining cadastre system.

The Committee further urges the national security which has a proposed allocation in the BPS of Kshs80.1 billion to continue maintaining and safeguarding our national security.

Hon. Temporary Deputy Speaker, let me go to a review of how the 2014/2015 BPS responds to medium-term to long-term challenges. The economy faces several policy challenges such as the high appetite for expenditure from most spending agencies. These include a high wage bill. At its current growth levels, the public wage bill remains totally unsustainable as well as providing adequate infrastructure to support economic growth. The Budget and Appropriations Committee observed that the external balance – the difference between imports and export – will shift favourably for Kenya from negative 9.6 per cent of GDP in 2013/2014 Financial Year to negative 8.8 per cent of GDP in the next financial year. Simply put, either exports are scheduled to increase or imports are set to decline. This is a positive trend. However, my Committee noted that the BPS projects exports will remain stable at 25 per cent of GDP from the current financial year. The BPS further projects a marginal decline in imports from 40.2 per cent of GDP to 39 per cent of GDP; which, combined, are unlikely to address current account balance as projected. It is also not clear to my Committee what policy prescriptions would drive either of these variables to narrow the current account balance.

Hon. Temporary Deputy Speaker, the Budget and Appropriations Committee further noted that the BPS projects an increase in wages and benefits for the Civil Service by 12.4 per cent, from Kshs263 billion to Kshs295.7 billion in Financial Years 2013/2014 and 2014/2015, respectively. This is an indicator of upward movement of wages at the national level despite the devolving of several functions to the counties and the movement of personnel to follow functions. This would go against the pronouncement of this House. It also goes counter to policy prescriptions from the Executive that the wage bill of the Government be stayed, pending the outcome of the ongoing national debate or dialogue.

The Committee further noted that the Road Transport Programme is set to have a decrease in resources by Kshs11 billion, from Kshs101 billion in Financial Year 2013/2014. The Rail Transport Programme will more than double in allocation to Kshs45 billion. This may be taken as a re-orientation of priorities within the transport sector towards rail transport, which is in crucial need of resources.

The reduced allocation to the roads, however, implies that the programme has not sufficiently demonstrated capacity to absorb resources, hence the reduced allocation, or that the roads are expected to contribute less to economic growth than rail transport. My Committee, therefore, urges the memorandum to be provided with the annual estimates under Section 38(1) (a) of the Public Finance Management Act, 2012, to provide explanations for the proposed reduction to expenditure allocations for the Road Transport Programme.

Hon. Temporary Deputy Speaker, on inter-governmental fiscal relations and division of revenue, allow me to say that it is encouraging that the BPS recognises the hiccups faced in the early months of devolution such as hurried budgeting in counties, capacity problems in planning and budgeting, revision of county budgets and problems of transfer of functions. These problems were addressed through the Inter-governmental Budget and Economic Council and through direct support by the National Treasury although as we said this morning, it will be very helpful if Parliament can also be involved in some of these discussions in a more general way.

The Committee notes that the BPS considers as critical the matter of sharing revenue between the national Government and county governments. The Budget and Appropriations Committee notes that in determining revenue sharing, the following factors need to be considered:

1. Adherence to the county allocations threshold set in Article 203(2) of the Constitution. Revenue allocations to the counties should be at least 15 per cent of nationally raised revenue calculated on the basis of latest audited and approved accounts, in line with Article 203 of the Constitution. That is the law.

2. Ideally, revenue allocation should be based on costing of the functions and needs of each level of Government. Unfortunately, this has not been done, making it difficult to determine the quantum of revenue that actually ought to be set aside for counties. We are still trying our best to do the right thing on this one.

3. Adherence to criteria set out in Article 203(1) of the Constitution. The Constitution requires that the revenue allocations take into account the elaborate provisions set out in Article 203(1).

4. Determination of conditional and unconditional allocations as per Article 202(2) of the Constitution. The Constitution allows the national Government to allocate resources to counties from its own revenue share as conditional or unconditional allocations. We will be proposing this today.

Hon. Temporary Deputy Speaker, in addition to these issues, the Budget and Appropriations Committee broadly agrees on the need to consider the following when considering revenue allocations:

1. Ensuring stable revenue allocations between levels of Government. Revenue allocations between the two levels of Government should be stable and predictable. In the absence of proper costing of functions or a needs-based framework for financing of the two levels of Government, the Budget and Appropriations Committee considers that revenue allocation be based on revenue growth.

2. Observing fiscal austerity or hard budget constraints. The Budget and Appropriations Committee takes the view that each level of Government should live within its means. The prevailing orientation in public sector budgeting is to simply

increase resources to each level of Government. This approach is inconsistent with fiscal prudence in the face of limited tax resources. Eventually, it can be suicidal. We need to check our appetites.

3. Fostering the symbiotic relationship envisaged in Article 187 of our Constitution. Sharing of functions and resource transfer in 2013/2014 was marked by unprecedented acrimony. Little attention was paid to other aspects of the Constitution, designed to foster a gradual transfer and sharing of functions and resources. The Budget and Appropriations Committee considers that the implementation of Article 187 and the provisions of the Inter-governmental Relations Act can help in moving away from present antagonistic competition over functions and resources.

4. Addressing emerging issues raised in the COB and the Report of the Auditor-General. Low absorption capacity, widespread wastage and corruption have been reported across many counties. My Committee recommends that future revenue allocations take into account accountability and fiscal prudence factors.

Hon. Temporary Deputy Speaker, I now come to the recommendations. I beg the House to listen carefully. Given the above issues, the Budget and Appropriations Committee recommends that this House resolves as follows:

1. That, a vertical distribution of nationally-raised resources be as set out in Annex 2. Out of the estimated sharable revenues amounting to Kshs1, 026,310,000,000, a total of Kshs808, 440,000,000 be allocated to the national Government. This includes resources for the Rural Electrification Authority (REA) and the Equalisation Fund. The county equitable share will amount to Kshs217.87 billion, which is 32 per cent of the 2011/2012 audited revenues. These figures have been arrived at, taking into account Articles 202 and 203 of the Constitution, revenue growth for Financial Years 2013/2014 and 2014/2015 and the baseline allocations to both levels of Government in Financial Year 2013/2014.

2. That, the overall resource envelope for the national Government be divided as per Annex 1, which sets out expenditure ceilings for Judiciary, Parliament, Consolidated Fund Services and the rest of the Government as per the Standing Orders. The ceilings provided in Annex 1 should be adhered to. In this regard, we recommend that any additional resources that may be raised on account of new measures or administrative efforts be used to reduce our public debt.

3. That, in line with PFM Act 2012, there is need to review all forms of Appropriations-In-Aid (A-I-A) to be collected as miscellaneous revenues payable to the Exchequer.

4. That, information be provided, listing all outputs and indicators for each programme in the Annual Budget, in all Supplementary Budgets and future BPSs submitted to this House.

5. That, in order to give effect to Article 27 on affirmative action and mainstreaming of gender-based budgeting, the ceiling for devolution and planning includes provisions for implementation of affirmative action and social development programmes once the necessary legislative and administrative procedures are in place.

6. That, the provisions that I am going to read out shortly be included in the allocations. I dare say that appropriate amendments to what I am going to say, which

have been authorised by the Speaker, will be communicated by my Vice-Chairperson, who will be seconding this Motion.

Number one is the provisions for supporting requirements for Level 5 hospitals at Kshs3.74 billion. Then the provision to establish village polytechnics amounting to Kshs1.4 billion to be shared equally amongst all counties. One of the concerns that my Committee has is that there does not seem to be the necessary commitment to the young people who started Standard One in 2005, 1.3 million children. Out of those 1.3 million children who started Standard One in 2005, only 50 per cent made it to Form One this year. The question then remains, where are those other children? Our children aged 14 and 15, where do they go? We have not sensed the commitment by the county governments to put up the village or youth polytechnics as it is expected of them by Schedule Four of the Constitution. So, we have made the decision and the recommendation that we make money available and ring-fence it to begin the process of nudging the governors by having a youth polytechnic in each constituency in the entire country.

I would urge my colleagues to put pressure on these governors, so that we can have more polytechnics in these constituencies. I was privileged to be a Member of Parliament for my constituency in the Tenth Parliament and I put up six polytechnic and I want to do another eight because really, that is the only hope a lot of these children who do not make it to Form One have. For children to be out there, on their own without any support from us, is a failure. It is a tremendous failure on our part. So, this is a cry and commitment for our young people.

Later on when we come to the Appropriations, you will also notice that my Committee will be suggesting to this House that we increase the CDF, fairly significantly, and the money that we shall increase the CDF by, the entire 100 per cent, goes for investment to improve infrastructure in public primary schools. This is because unless we turn and focus our attention on children on public primary schools, we will have no country here in another 20 years. That will be coming and I will have more to say about that. So, there is a commitment and a concern, you can see, for our children across the country. So we are saying that we set aside Kshs1.4 billion and ring-fence it so that each constituency gets a polytechnic.

Thirdly, provision of Kshs7.3 billion for REA. Fourthly, provision of Kshs5 million per constituency. This matter was raised earlier towards completion of centres of excellence under the ESP package.

It is now my pleasure and I thank you for giving me audience as generously as you have done. I now beg to move. I ask that my very able Vice-Chair, hon. Mary Emaase, takes the Floor to second. Then she can handle the other issues that are coming to my attention right now.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): I have communication that it is hon. Gichigi to second.

Hon. Gichigi: Thank you, hon. Temporary Deputy Speaker. As my able Chairman has rightly pointed out, our Deputy Chair is the one who is going to move an amendment and is therefore not able to second this.

I rise to second this Motion. I have had the privilege of working in the Budget and Appropriations Committee and I am thankful to our Chair and the Vice-Chair as well

as the other Members for the good work that they have carried out this particular year in analyzing the Budget Policy Statement.

The last Budget found us as new comers to this House and we did not have sufficient time to look at it. In fact, there was no BPS for us to consider. We just dealt with the Budget and very many mistakes were made which I believe are not going to be repeated this year. It is important that every Member of this House realizes that they have a role of participating in the setting of the ceilings of the various sectors. This is the right time to make your contribution because at some point, or immediately after this, it may not be possible to shift anything vertically. Perhaps, horizontally, but any allocations, it is going to be impossible to shift them vertically.

I also want to say that it is a bit sad for me. I am looking at this House and while the direction of this country for the next one year, perhaps even the subsequent years is being determined, very many of our Members are not here. Let us hope that later nobody is going to rise and complain that we should have done this in the Budget, in the BPS yet they are not here to make their contributions today.

The other thing that I want to do is to give thanks to our revenue authority. Year after year, they have been giving us about a 20 per cent growth in the revenue collected in this country. I am aware that the Treasury has been setting, perhaps overly high targets, some that may not be realistic. I only urge this House to look at the Budget proposals when they come to ensure that our revenue authority gets proper resources to carry out their job instead of their perennial complaints that they are being underfunded. I also wish to request Kenyans to be a bit patriotic. It is very costly when the taxman has to keep on knocking doors to do accounts of businesses. If most of us voluntarily complied with the tax law, not only would we increase our collection, but also the cost of collection by the KRA would go down.

I also request that investors, both local and foreign, should be compliant. Recently, as part of the Committee on Labour and Social Welfare, we went to investigate what is happening at the Karuturi Farm in Naivasha and what is coming out is that a number of investors have been coming to the country, putting in some little cash and then they carry out what is called transfer pricing. This is where you take away all the profits that you are getting. You even pretend that your inputs are costing more and your exports fetching less; such that you cheat the country in the imports that you bring in and you also cheat in the exports that you send out. It is important that, perhaps, we enhance the capacity of tax collectors when it comes to the issue of transfer pricing.

Hon. Temporary Deputy Speaker, yes we have a budget that is on the way coming and we must accept that we have certain challenges we must face and deal with. One is that Treasury must tell us why their targets in revenue growth are never attained. It is important that we understand the reason why. Do they have the correct calculations? There has been debate in the public about the public debt. We must try and reduce it. There is no way we are going to build this country if most of our money is going to repay public debt and interest.

Hon. Temporary Deputy Speaker, on the wage bill, I will not hammer on that because everybody is talking about the wage bill. We have to make painful decisions to deal with this issue; perhaps retrenchment or cutting of wages. I think most of us are

willing to possibly get a little less, in terms of our earnings, if that would save this country. Personally, I am ready to surrender part of my earnings.

The other challenge we must face is wastage. Every other time we hear the Permanent Secretaries; as they were then called, and the current office holders; keep on talking about wastage of Kshs300 billion per year - obviously it has risen. The question that you ask yourself is this: Why would I in Kipipiri construct a classroom at a cost of Kshs500,000 or Kshs600,000, but when the Ministry of Public Works does the job; it is three times that particular cost? What is happening? Is that what is also happening on our roads and on other major projects? Are we actually losing about a third of the money to unexplained costing and valuation by the Government? What is really happening?

Hon. Temporary Deputy Speaker, the other issue that we must deal with is interest rates. If I am asked, it is high time we revisited the Donde Bill. If commercial banks cannot hear the plea by the Central Bank or the Treasury, it is high time this particular House legislated on cutting down interest rates. I do not believe that our banks will have any mercy on our people. I think we should bring back the Donde Bill.

The other challenge that we must deal with is the misallocation of resources. How much are we giving? It is important that hon. Members look into this matter. How much are we giving to agriculture *vis-a-vis* what we are giving to other sectors? We must also deal with the issue of absorption. Every other year money is going back to Treasury. I am aware that the county governments are now falling into this problem. Over Kshs50 billion is laying in their accounts utilized. This money ought to be in the economy circulating to boost development in this country. I am aware that Treasury is in the habit of disbursing funds to various Ministries and even the counties late and then towards the end of year, they claim that there is a problem with absorption.

Hon. Temporary Deputy Speaker, we have a new Constitution and devolution. We know that counties are having problems. The first thing that ought to have been done, after the county governments were established, is to enhance their financial management capacity because that has not been done. Secondly, the county governments ought to look at their revenue generation measures. Where I come from, there is revenue and therefore, it is important that they deal with how to harness it. They should not always focus on what is coming from the central Government, but also tell us how they are generating it locally.

As we move to the next budget cycle, after this one---

With those remarks, I wish to second.

(Question proposed)

Hon. Nyenze: Thank you very much, hon. Temporary Deputy Speaker, for giving me this opportunity to contribute and support this Motion.

Having listened to the Chairman of the Public Accounts Committee (PAC) and the Chairman of the Departmental Committee on Budget and Appropriations, the would-be president, hon. Mutava Musyimi- He was shy to be the president, though we wanted to give him the post. I am very convinced that there are certain things that are very wrong in this country and they need to be fixed in order to move this economy forward.

I will not take a lot of time talking about the recommendations of the Budget and Appropriations Committee and the very good highlights talked about. They have done a good job, but I want to talk about areas to be tackled. We know there is global economic slowdown where we normally get business from, like Europe, where we get tourists from and where we export our flowers to; the economies have slowed down. Consequently that has affected Kenya's economy, but because we want to grow this economy so that everybody gets a cake, including our children, we need to do something.

I think the challenges we face are: How do we grow the economy to double digits so that we do not retrench? Instead of retrenching, we create employment and instead of pay cuts, we increase salaries. As ably presented by hon. Rev. Mutava Musyimi, the first major question is the public debt. In the last ten years, this country has borrowed both externally and internally to an extent that we have almost reached the limit. It is a big challenge because if the GDP ratio goes past 50 per cent, which country can survival on that? The country cannot grow and nobody will be willing to put their money here because very soon, if that is not checked this country will grind to halt and then you will see people in the streets.

Hon. Temporary Deputy Speaker, I just want to say that taxation regime in this country has been a hindrance to foreign investment. Very many foreign investors, who would have put their businesses here to create employment and wealth, are saying: "We better do it in Rwanda or Tanzania". This is because they are taxed less in those countries. I hope this will help grow the economy. If these companies are helped to set a base here, and if they are not heavily taxed, we will attract foreign direct investment.

Hon. Temporary Deputy Speaker, I have just come from Kitui, and I was confronted by two very senior citizens who have served this country very well. One man who is a trader at Katutu Shopping Centre called Vamba Mbuti, and another retired teacher from Matinyani called Nzambu asked me: "We took loans from the Agriculture Finance Corporation (AFC) and then there was drought. Whenever other people from Rift Valley, Central Province and other areas take loans and there is no harvest, we hear they are written off. Now our houses are being auctioned. *Mheshimiwa* Nyenze, can you do something in that Parliament so that AFC does not sell our houses where our children live?"

We have served this country well, it is not our wish to be in this situation but because of drought now everything has gone. You know Kitui. We get one good rainy season and five dry seasons. We will bring a Bill so that we stop AFC from chasing our people.

Hon. Temporary Deputy Speaker, I want to say that this new Constitution which created county governments is good but it has some defects. We are asking: "Where did the money go?" The cost of devolution is so high and this Parliament should not shy away from discussing devolution. Where it is expensive, we fix it. So much money has gone to waste because of duplication of roles and we cannot show much on the ground and let us not run away from saying the truth. Devolution, in the form it is, may not be sustainable with a small economy like Kenya's. We need to address it and fix it so that this Government moves on.

Those governments that are doing very well in economic growth like China have this kind of central economy and they commanded from the center. They do well because

if a policy is to irrigate one million acres, it has to be done. However, where you have to consult and then you pass through so much bureaucracy, it is not easy for you to implement any single thing. Devolution is eating into a lot of our resources and that is why there is no money in this country. That is one reason but there are other reasons. The other one is lack of security. There is so much insecurity everywhere and we cannot blame the police force because every time there is insecurity people say the regular police force and Administration Police (AP) are not doing their work.

Hon. Temporary Deputy Speaker, I went to Milimani Police Station to visit a relative, and then they took me to the Officer Commanding Police Division's office to say *jambo*. Do you know what I sat on? He had to stand so that I sit on his chair because the other chair that was there had only three legs and he did not want *Mheshimiwa* to fall down and that was one of the best police stations because it has chairs. In most of these police stations, there are no chairs. There is nothing. Let the Government put money in security service and insecurity will be a thing of the past.

In fact, the police officers should be paid well instead of deducting their salaries in order to cut the wage bill. Besides increasing their salaries, you also need to provide the infrastructure for them to work. You find there is a Land Rover that they have been given but it has no tyres. It has no fuel and there is no money for its maintenance. How do you expect them to work? In fact, let us address these issues and insecurity will be a thing of the past. If there is insecurity, no investor will put their money here. They will fear because of insecurity and there will be no jobs.

Hon. Temporary Deputy Speaker, we have talked about the big wage bill, and I commend the President and his Deputy for having their salaries deducted. Even Aden Duale, the Leader of Majority Party, said 15 per cent should be deducted. However, I just want to say that it is a good gesture but that is not the solution to the problem we are having. Let us address the problem of high level corruption and wastage, the way the Chairman of the Budget and Appropriations Committee has said. If we can save Kshs300 billion through checking on wastage in Government offices, we will not even have our salaries deducted. We will increase it. However, I am ready to offer mine to be slashed but let us not touch the teachers' and the *askaris*' salaries.

Hon. Temporary Deputy Speaker I also want to say this: Education is key to growth, and I am very happy that hon. Rev. Mutava Musyimi who nearly became our President and am sure he is a potential President, has insisted and suggested that every constituency should have an extra polytechnic because where do our students go? He has given very worrying figures that 1.3 million children go to Standard One because there is free education, courtesy of the former President Moi. Now 1.3 million go to Standard One and then after that it is only 600,000 who go to Form One. He asked: "Where do the other 700,000 go? I got a bit shocked. Where do they go at that young age? If they do not join Standard One, are we not being irresponsible by not worrying about where they go at that young age? Let us build polytechnics and I would buy that idea you have, to build as many polytechnics in my constituency to cater for those young people who have no place in Form One.

In my constituency like in your constituencies, so many parents come to me asking for bursaries to educate their children. I am appealing to the Budget and Appropriations Committee Chairman that in any other future budgets, he should allocate

more money for bursaries because of the poverty that we have in our countryside. In fact, if your Committee can increase the money for bursaries so that each child gets education, it would even be better than building modern classrooms.

With that hon. Temporary Deputy Speaker, I support. I still have 15 minutes. I want to donate my time to Diriye.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): No, you cannot donate time, hon. Leader of Minority Party. Let us have the Leader of Majority Party.

Hon. A.B. Duale: Hon. Temporary Deputy Speaker, the Leader of Minority Party must read the Standing Orders. The time allocated for leadership is not *Bonga* points. It is not *M-Pesa*. You cannot transfer it.

(Laughter)

Hon. Temporary Deputy Speaker, having said that, I want to commend the Budget and Appropriations Committee for their dedication and commitment in the Budget making process of this House and this nation. I know they have had a fruitful discussion between the Committee, the National Treasury and the Ministries and I am sure this Report they have presented sheds light on some of the issues they have finalised.

Hon. Temporary Deputy Speaker, it is the Constitution and the Public Finance Management Act 2012 that assign this fundamental role to this Committee. In doing what? In discussing and reviewing Budget Policy Statements (BPSs) that come from the National Treasury. And what do they do after that? They make recommendations to the National Assembly of the Republic of Kenya. So, hon. Temporary Deputy Speaker, we believe the exercise that this Committee took under the able leadership of hon. Mutava Musyimi - it looks like the Leader of Minority Party is running short. He has no confidence in his leader, Stephen Kalonzo Musyoka. He is endorsing the hon. Mutava Musyimi on the Floor of the House. This is an indication of where the Wiper movement is moving. His own party leader is endorsing a Member of this side.

Hon. Temporary Deputy Speaker, if I go back to the gist of my contribution---

(Hon. Wandayi consulted loudly)

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): There is an intervention from hon. Wandayi.

Hon. Nyenze: On a point of order, hon. Temporary Deputy Speaker. Is the Leader of Majority Party in order to---

Hon. Wandayi: I have the microphone my leader!

Hon. Opiyo: On a point of order, hon. Temporary Deputy Speaker. Is hon. A.B. Duale in order to start casting aspersions on the person of the very hon. Kalonzo Musyoka who is destined to be the President of this country at some point in time? Can he be called upon to withdraw and apologize unreservedly?

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Leader of Majority Party, can you withdraw and apologize?

Hon. A.B. Duale: Temporary Deputy Speaker, I think you never heard what I said. You were busy. It is not a matter of withdrawing. Just the way the Budget and

Appropriations Committee reviewed, I analyzed the statements of the Leader of Minority Party. The HANSARD will bear me out. He said hon. Musyimi is a presidential candidate. If you analyze that, it shows---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Just withdraw!

Hon. A.B. Duale: Hon. Temporary Deputy Speaker, because I want to discuss pertinent issues, I will withdraw.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you!

Hon. A.B. Duale: Hon. Temporary Deputy Speaker, I am sure the HANSARD will bear me out. I also want to note that the Committee considered very daunting challenges that our country is facing; the matter of wage bill and security in this report and more so, the over-challenging daunting task of implementing a devolved system of government. These are three key challenges that face this Government; The wage bill, security sector and the devolved system.

I looked both at this report and by virtue of my position I looked at how the National Treasury viewed this report. So, my contribution will be more or less where the Committee did well and where we should do more in our next Budget Policy Statement (BPS). The Committee did and provided very good comments on the overall expenditure and the impact it would have on our economy. The Committee, if I pick on one, looked at our country's public sector wage bill as an issue which we cannot sustain as opposed to increasing capital investment. I want to make it very clear. What His Excellency the President did was that he set a debate; a dialogue; an agenda; something of national importance. If today the CORD leadership, hon. Raila Odinga, was given an opportunity he would have addressed the same issue of wage bill. If hon. Musyoka did not team up and went through the *katikati* way and became the president, he would have addressed the same issue. If hon. A.B. Duale was the president, he would address the same issue.

An hon. Member: On a point of order!

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): There is nothing out of order, let the Leader of Majority Party continue; he has the right the express himself.

Hon. A.B. Duale: Let us not be very trivial! Nobody can confirm he owns Raila Odinga. He is a national leader. Kalonzo Musyoka is not a village leader. The moment I say "Raila", you do not freak. At one time he taught me politics. At one time he was my party leader. So, please you can mention Uhuru or Ruto as many times as you want in your deliberations. Please relax!

Hon. Temporary Deputy Speaker, the wage bill - and I want my colleagues to listen to me - from a layman's economic point of view, if the wage bill growth rate is higher and growing faster than the GDP of a country; the population of a country, then there is a serious economic crisis. These are facts! It is not politics. In two years' time our wage bill percentage will grow to 12.6 per cent. The Asian Tigers have 7.5 per cent. Parliament's Recurrent Expenditure, the salaries of 349 Members plus the Senate are about 3 per cent compared to the other sectors. The Ministry of Internal Security is about 13 per cent. So, the issue is not about that. In fact, if a Member of Parliament says today that he wants to reduce his salary by 10 per cent, it will be Kshs30,000. This is because your basic salary is about Kshs300,000. So, 10 per cent of that is Kshs30,000. These are peanuts but what are we saying? What is the President saying? The road we are leading is not a safe road as a country. Our debt management system--- We do not want to leave our

country for our children and for their children when they do not know what the future brings; when the future is bleak. I am happy this Committee under the able leadership of our Chair brought out the elements of the public wage bill, security and devolved government. We are talking of Vision 2030. We cannot see that vision. As for me, I have some more years but for my colleague, the Leader of Minority Party, with your age that vision will be a mirage with the wage bill. That is on a light touch!

I do not need you to stand on a point of order; that was on a light touch.

We must deal with expensive administrative structures. Why should we have 860 nominated MCAs? Those are crazy administrative structures. We must audit our governance structures. We must look at the Senate. Why do we have 26 nominated Senators? Can we do with 1,000 or even less MCAs in 47 counties? Why must we have 1,450? The County of Garissa can have only five MCAs. We can even say we want 47 counties and three MCAs. We need to look at the expensive administrative and governance structures in our country. We must bite the bullet!

Hon. Temporary Deputy Speaker, in the preparation of this report, the National Treasury, I am sure, took into account the requirements of Section 25(4) of the Public Finance Management Act. What does it say? I am sure this section envisages the element of outputs and targets but in the report it says they must provide a detailed programme based budget. They cannot run away from it and we want the Chair to make sure that, that is provided in future.

Let me look at the social services in this report and what the National Treasury wants to do after their provision of basic social services is looked at. We are talking of free maternity and if there is somebody who is happy with the free maternity, it is me, the guy of pastoralist community, because this tyranny of numbers is not only in this house, it will be in the elections. We are telling the pastoralists they must use that free service properly for a day will come when we will compete with our brothers from the Western, Rift Valley and Central regions. Of course, we are now at par with our neighbours in the Eastern region, even in terms of the number of Members of Parliament in this House. So, basic social services include provision of free maternity services to mothers and the money that we give to our elderly people.

Even our colleagues on the Opposition must see, in the eyes of God, when they go to church on Sundays and to mosques on Fridays; the good things that Uhuru Kenyatta's government has done. In every constituency in Kenya, including the constituency of hon. Junet, you will find old people getting money, for the first time in the history of this country. When you go to church, and you are in front of God, please, give what is due to Uhuru Kenyatta's Government.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Duale, there is a point of information from hon. Wanyonyi. Do you want to be informed?

Hon. A.B. Duale: Hon. Temporary Deputy Speaker, I do not take information. I am one of the most competent guys from this side of this House.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Wanyonyi, hon. Duale does not want to be informed.

Hon. F.K. Wanyonyi: He needs it!

Hon. A.B. Duale: Hon. Speaker, we are not in Kitale's bus park. We are in the National Assembly.

On matters of agriculture and food security---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Junet, what is out of order?

Hon. Nuh: Hon. Temporary Deputy Speaker, is the Leader of the Majority Coalition in order to mislead this House by claiming that old and vulnerable people in my constituency have gotten money when they have not gotten a cent? I was in the constituency as late as last week. Is he in order to mislead the House? When is he taking the money to my elderly and vulnerable constituents?

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. A.B. Duale, can you clarify what you know about hon. Junet's constituency as far as what you said is concerned?

Hon. A.B. Duale: Hon. Temporary Deputy Speaker, I can confirm. You know, hon. Junet is a serious stakeholder in one of the serious factions within the ODM. He might have been the owner of the "guys in black". So, he has never been to the constituency.

(Hon. Nuh stood up in his place)

Hon. A.B. Duale: Hon. Temporary Deputy Speaker, hon. Junet is a very good colleague of mine. I taught him politics. He must respect me.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): He is on a point of order. Let us hear what he has as a point of order.

Hon. Nuh: Hon. Temporary Deputy Speaker, this is a House of records. The Leader of Majority Coalition is speaking on HANSARD. He has claimed here that I am the owner of the "men in black". Can he withdraw that remark? I cannot allow that claim to remain on the record of this House when I was not the owner of the "men in black". We know that the bungling of our elections was done by the URP. It is on record. They were from the URP, it is known.

Hon. A.B. Duale: Hon. Temporary Deputy Speaker, I withdraw that remark because I have just realised---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Duale, as the Leader of Majority Party, this House respects you. You need to withdraw the statement to the effect that hon. Junet is in any way connected to the "men in black".

Hon. A.B. Duale: Hon. Temporary Deputy Speaker, I can confirm that it is not the faction that he was leading. It is another faction. So, I withdraw the remarks.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you, hon. Duale, for withdrawing the remarks.

Hon. A.B. Duale: I want hon. Junet to forgive me. On matters of agriculture and food security, the Ministry of Livestock, unfortunately---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Duale, hon. Kamama has a point of order.

Hon. Abongotum: Hon. Temporary Deputy Speaker, hon. Junet has even made the matter worse because he has cast aspersions on the very special party of "kuseme na kutenda" called URP. He has said that the URP participated---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Kamama, the Leader of Majority Coalition has withdrawn the remarks. So, the matter has been settled.

Hon. Abongotum: Hon. Temporary Deputy Speaker, hon. Junet has not withdrawn the remarks he made about the URP.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Proceed, Leader of the Majority Coalition.

Hon. Abongotum: Hon. Junet has not withdrawn, hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): He had already finished. Leader of the Majority Coalition, please, carry on.

Hon. A.B. Duale: Hon. Temporary Deputy Speaker, the only way you can tell the difference between this House and the Senate is that this is a House of humour. It is a House of young people. You cannot just read papers. You also need to be humorous.

Hon. Temporary Deputy Speaker, the Chairman and the Committee have really helped us as a country, in terms of matters of agriculture and food security. Hon. Members will see the investment that is going to be put in irrigation. It will be seen in the Budget that is going to be read. The idea is to provide quality and subsidised seeds and fertilizers to farmers. Some of the details will be given by the National Treasury in their 2014/2015 Budget Statement.

The Government has also, through this Committee's Report, made recommendations on the need to improve this country's transport infrastructure. I am sure that the second biggest share of budgetary allocation in the forthcoming financial year goes to infrastructure. That is why I said you can criticise the Jubilee Government at political rallies, funeral gatherings and on the Floor of this House. However, when you appear before the Almighty God in either a church or mosque, you must stand up and say---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Duale, you should be finishing. Your time is up.

Hon. A.B. Duale: Hon. Temporary Deputy Speaker, I have two minutes. You know, we need to touch the hearts of our colleagues in the Opposition. Their hearts are hard line stones. We need to soften them, so that they can see the light.

Finally, the National Treasury recommends the allocation to the county governments, from the sharable revenue of Kshs228 billion for the last financial year. I agree with the Chair. Today, we have Kshs40 billion lying in the CBK. The Constitution of Kenya, the County Government Act and the Public Finance Management Act must be followed. Money must be given to counties based on the functions that have been devolved. That is the law. You cannot give money in the manner money is given out at a political rally.

With those remarks, I beg to support.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Members, let us hear the voice of a lady.

Yes, hon. Emaase.

Hon. (Ms.) Otucho: Thank you, hon. Temporary Deputy Speaker. Let me join my colleagues in congratulating my Chairman for that very commendable Report that he has presented to this House on our behalf. I was hoping that I would get time to move the

amendments that we agreed on as a Committee. Looking at the time, I believe that I may not be able to get the time to present those amendments.

Having said so, let me say that this nation has moved away from itemised budgeting to programme-based budgeting. As alluded by my Chairman earlier on, going forward, through the Budget Policy Statement, we look forward to seeing Budgets that have indicated certain specified outputs that should be realised by the end of it all. The focus for all the spending agencies should be on implementation of projects to completion – so that we can realise the outputs – as opposed to piecemeal or phased implantation, which in the long run becomes very expensive.

I also want to comment on projected or predicted growth rates. The Chairman did a very good comparative analysis globally, regionally and even locally. Going by the growth rate that has been predicted by the National Treasury, which is 35.2 per cent---

ADJOURNMENT

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Mary Emaase, our time is up. You will have eight minutes when this debate resumes.

Hon. Members, I must appreciate your intention to comment on this debate, as indicated by your requests for the Floor but the time now is 6.30 p.m. Therefore, this House stands adjourned until Tuesday, 18th March, 2014, at 2.30 p.m.

The House rose 6.30 p.m.