

PARLIAMENT OF KENYA
THE NATIONAL ASSEMBLY

THE HANSARD

Wednesday, 4th March 2020

The House met at 2.30 p.m.

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

PRAYERS

COMMUNICATION FROM THE CHAIR

Hon. Speaker: I will be making a Communication after Order No.9.

PETITION

REVIVAL OF STALLED MZEE WANYAMA WATER PROJECT IN NAKURU

Hon. David Gikaria (Nakuru Town East, JP): Thank you, Hon. Speaker.

I, the undersigned, on behalf of the residents of Nakuru Town East Constituency, draw the attention of the House to the following:

THAT, Article 43(1)(d) of the Constitution provides right to clean and safe water in adequate quantities for every Kenyan and that Article 21(2) places an obligation on the State to take measures to realise that right, among others;

THAT, in 2016, the Ministry of Water and Irrigation initiated the construction of a water pan at Mzee Wanyama Estate in Nakuru East Ward with the hopes of mitigating the perennial water shortage that is experienced in the area;

THAT, following the commencement of the project, the contractor left the site before completion of the dam as stipulated on the plan;

THAT, the dam in its current state is not functional and is, instead, a hazard as no barrier exists to prevent the contamination of water and to ensure the safety of the locals;

THAT, while the residents of Nakuru do appreciate the original intent of the project, they are dismayed by the fact that it was used in what they believe to be a means of embezzling public funds;

THAT, the continuous shortage of water is detrimental to their health, animals and plants as the area is prime for agricultural practice;

THAT, efforts to have the matter resolved by the relevant State agencies have been futile;

THAT, the matters raised in this Petition are not pending in any court of law, constitutional or statutory body;

THEREFORE, your humble Petitioners pray that the National Assembly, through the Departmental Committee on Environment and Natural Resources, investigates into the stalling of

the project and appropriately resolves the matters herein to ensure provision of clean and adequate water to the affected residents of Nakuru Town East Constituency;

And your Petitioners will ever pray.

Hon. Speaker: The Petition is referred to the Departmental Committee on Environment and Natural Resources.

Next Order.

PAPER LAID

Hon. Korei ole Lemein (Narok South, JP): Hon. Speaker, I beg to lay the following Paper on the Table of the House:

The Report of the Departmental Committee on Sports, Culture and Tourism Delegation to Nevada, United States of America on benchmarking on the Gaming Bill, 2019 from 15th to 22nd September 2019.

Hon. Speaker: Next Order.

ORDINARY QUESTIONS

Question No.034/2020

PAYMENT OF STIPEND TO OLDER PERSONS IN KAIRO LOCATION

Hon. Speaker: There is a Question by the Member for Mathioya.

Hon. Peter Kimaru (Mathioya, JP): Hon. Speaker, I beg to ask the Cabinet Secretary for Labour and Social Protection the following Question:

(i) Could the Cabinet Secretary explain why over 470 residents under the Older Persons Cash Transfer Programme in Kairo Location in Mathioya Constituency are yet to receive their stipend since the commencement of the programme?

(ii) Has the Ministry put in place any measures to ensure that the said persons are paid their stipends?

Hon. Speaker: The Question is referred to the Departmental Committee on Labour and Social Welfare. The next Question is by the Member for Saku, Hon. Rasso.

Question No.035/2020

STATUS OF ROAD PROJECTS IN MARSABIT COUNTY

Hon. Ali Rasso (Saku, JP): Hon. Speaker, I beg to ask the Cabinet Secretary for Transport, Infrastructure, Housing and Urban Development the following Question:

(i) Could the Cabinet Secretary provide a list of all road projects in Marsabit County under the Kenya National Highways Authority (KeNHA), including its budgetary allocations from the Financial Year 2013/2014, giving a breakdown of the allocations per road?

(ii) How much was each constituency from Marsabit County allocated and utilised during the said period?

(iii) Could the Cabinet Secretary provide a list of all the contractors, the roads they constructed and the amount paid to them during the said period?

(iv) What is the projected allocation per constituency in the Financial Year 2019/2020?

Hon. Speaker: Is it Financial Year 2019/2020? Indeed, what you have read, Hon. Ali Rasso, seems to be at variance with what I have on the Order Paper but, nevertheless, whatever the issues are, they will be conversed before the Departmental Committee on Transport, Public Works and Housing.

Hon. Ali Rasso (Saku, JP): I am well guided, Hon. Speaker. Thank you.

Hon. Speaker: The next Question is by the Member for Bomet Central, Hon. Ronald Tonui.

Question No.036/2020

CONSTRUCTION OF BOMET UNIVERSITY HOSPITAL

Hon. Ronald Tonui (Bomet Central, JP): Hon. Speaker, I arise to ask the Cabinet Secretary for Education what plans the Ministry has put in place to ensure the construction of Bomet University Hospital commences considering that funding was allocated by the National Assembly in the current financial year.

Thank you.

Hon. Speaker: Hon. Ronald Tonui... You know, the Standing Orders are very clear, Member for Marakwet East.

(Hon. Kangogo Bowen walked on the gangway)

Hon. Ronald Tonui, your Question is directed to the Cabinet Secretary for Education, but here it says that it is to be referred to the Departmental Committee on Finance and National Planning. Is that your desire?

Hon. Ronald Tonui (Bomet Central, JP): I believe the Departmental Committee on Finance and National Planning is the best because it was an issue of the Printed Estimates. The allocation for the project does not reflect in the books of the Ministry of Education. So, the National Treasury could...

Hon. Speaker: You see, Hon. Ronald Tonui, since this is a budgetary matter, the Ministry of Education would be better placed to also indicate whether they were allocated any funds. If they were, then those funds would be reflected in their Ministry Vote. Would that be so?

Hon. Ronald Tonui (Bomet Central, JP): I believe so though it was something to do with public participation. The Budget and Appropriations Committee came to Bomet and the money was allocated directly by the Committee.

Hon. Speaker: What I do not understand is whether you are the one who instructed the Clerks to draft the Question. The Question is directed to the Cabinet Secretary for Education, but you want the response to come from the National Treasury.

Hon. Ronald Tonui (Bomet Central, JP): When I saw that it had been assigned to the National Treasury, I thought it was the best way to handle it.

Hon. Speaker: They are making a correction. The Question should be responded to before the Departmental Committee on Education and Research.

Hon. Ronald Tonui (Bomet Central, JP): I am guided, Hon. Speaker.

Thank you.

Hon. Speaker: The final Question is from the Member for Maragwa, Hon. (Ms.) Mary Njoroge Wamaua.

Question No.037/2020

TRANSFER/REGISTRATION OF LAND IN KAKUZI AND KIRIMIRI LOCATIONS

Hon. (Ms.) Mary Njoroge (Maragwa, JP): Hon. Speaker, I rise to ask the Cabinet Secretary for Lands and Physical Planning the following Question:

(i) What plans has the Cabinet Secretary put in place to ensure transfer and registration of the following parcels of land located in Kakuzi and Kirimiri locations in Murang'a County under Murang'a Land Registry currently registered in Kiambu Land Registry: Kakuzi/Kirimiri Blocks 1, 2, 3, 5, 6, 8, 9 and 10 belonging to Kirimiri, Muitumberia, Kamiti, Kianjugu, Mugumoini, Mutithi, Gaichanjiru and Ndiritu co-operative societies, respectively, among others?

(i) Why were members of the Land Control Board in Kimiriri Division, Murang'a County, not appointed right from inception, and what steps is the Ministry taking to have the said Board constituted?

Thank you, Hon. Speaker.

Hon. Speaker: The Question will be responded to before the Departmental Committee on Lands.

The second segment of that Order is Statements. I see a request by the Member for Kirinyaga County. The Member for Kirinyaga is busy conversing.

Yesterday, I said I want requests for statements to be in my office one hour before the House sits. I can see you took this one there when I was not even in the office myself. You can proceed.

STATEMENT

INTERNATIONAL WOMEN'S DAY

Hon. (Ms.) Purity Ngirici (Kirinyaga CWR, JP): Thank you, Hon. Speaker.

Hon. Speaker, I rise pursuant to Standing Order 43 to make a Statement on the International Women's Day.

On 8th March every year, the world marks the International Women's Day, which is a global day celebrating the social, economic, cultural and political achievements of women, while also marking a call to action for acceleration of gender equality.

As a country, we take pride in the tremendous progress made towards the realisation of gender equality and women empowerment. Since its establishment in 2001, the Kenya Women Parliamentary Association (KEWOPA) has had notable achievements in safeguarding women rights through spearheading the enactment of several legislations, among them the Sexual Offences Act, 2006, the Prohibition of Female Genital Mutilation Act, the Marriage Act, the Matrimonial Property Act and the Protection against Domestic Violence Act, amongst others.

In addition, KEWOPA has been instrumental in the two-thirds gender debate and it is hopeful that the requirement for the two-thirds will be achieved. These accomplishments are entirely due to the dedication, teamwork and efforts made by the Members of KEWOPA

together with our partners amongst them the Parliament of Kenya, the Government of Kenya and other non-state actors.

This year, the Women's Day theme is "Each for Equal", which is drawn from a notion of collective individualism. I take this opportunity to urge all Members of Parliament to reaffirm the spirit of the Beijing Conference with renewed commitment and pledge for greater efforts towards promotion of gender equality in all spheres of life and, more specifically, by enacting laws that promote and advocate for gender equality.

I wish to emphasise that gender balance is not a women's issue. It is an economic issue and that advocacy, inclusive of mind-sets and tangible action, are required from all of us to ensure we achieve our goal.

Hon. Speaker, finally, I take this opportunity to invite all Members to a breakfast meeting to celebrate the International Women's Day tomorrow, Thursday, 5th March 2020, in the New Restaurant, New Wing, Main Parliament Buildings at 8.00 a.m.

Thank you.

Hon. Speaker: What is your point of order?

Hon. Aden Duale (Garissa Township, JP): Hon. Speaker, I really want to thank the Member for Kirinyaga County and Chairperson of KEWOPA. There is something she said; that, this year their theme is "Each for Equal." She needs to explain what "Each for Equal" is before we go to the breakfast meeting. This is serious terminology. "Each for Equal" is a very serious term. So, can she explain to us what it means so that we can decide and prepare for the breakfast meeting?

Hon. Speaker: In her Statement, she said that "Each for Equal" is drawn from a notion of collective individualism.

(Loud consultations)

Since you have been invited for breakfast here tomorrow, why do you not go to the breakfast meeting so that they can explain to you this "Each for Equal"?

Hon. Junet Nuh, what do you want to say about "Each for Equal"?

Hon. Junet Nuh (Suna East, ODM): As much as I agree with your ruling that we wait for the breakfast tomorrow, you know the statement was done in plenary before the public and Kenyans were listening to it. "Each for equal" the way I understand it is that, only a man who is equal to a woman should come for that breakfast.

(Laughter)

I do not know how that equality has been measured; whether you are equal in other extraordinary work or in terms of height or in terms of earnings in salary or way of living. What is this "Each for Equal?" Unless we are told that, we shall not attend that meeting. I am equal to my wife, but if she wants me to prove I am equal to another person, then I have to be given time to prove that. That statement of "Each for equal" has serious connotations that are hidden. I am a Muslim and I agree. Can the Chair of KEWOPA explain to Members here what she means by "Each for Equal?" Does it mean I am equal to a woman or a woman is equal to me? Can she explain?

Hon. Speaker: Let us hear from the immediate past Chairperson, Hon. Mbarire.

Hon. (Ms.) Cecily Mbarire (Nominated, JP): Hon. Speaker, on that particular phrase "Each for Equal" we have been pushing for gender equality. Gender is not a women issue. It is a

man and woman issue. So, what we are saying is that each one of us should start pushing for equality of all humanity – both men and women – in terms of opportunities, education and leadership. That is what “Each for Equal” means Hon. Junet. I know you believe in your daughter getting equal opportunity like your son. So, “Each for Equal” means each one of us has a responsibility to support the equality of gender, the equality of the boy-child and the girl-child, so that all opportunities are available for them.

Let me say this so that you do not look at it purely from a female perspective. Right now, our biggest challenge, going forward, is the issue of the boy-child. We are now saying the boy-child needs to get equal opportunity like the girl-child, so that they can get to the same level. That is now the greatest challenge that we are having back in our villages. So, each one of you should come for that breakfast tomorrow, so that we can start pushing for the affairs of the boy-child. You are most welcome gentlemen.

Hon. Speaker: Very well, this special invitation should go to the Member for Budalangi.

(Laughter)

I can see he is very happy with the invitation. Hon. Raphael Wanjala, have you heard about this invitation, “Each for Equal”? You are invited for a breakfast meeting tomorrow at 8.00 a.m. here at Parliament Restaurant.

Hon. Raphael Wanjala (Bundalangi, ODM): Thank you, Hon. Speaker. I want to, first of all, thank you for giving me this opportunity to discuss this issue. It has been difficult sometimes to address this issue because most men live a lie. They do not tell their families the truth. That is why you will find that most of us, as leaders, when we die, there are six to 10 concubines with your children and yet while you were alive, you claimed that you had only one wife. You cheated your whole family and left them in embarrassment. Men must come out and speak the truth. Women have succeeded in this and that is why they have pushed the girl-child to a level that has surpassed the boy-child. That is why I support Hon. Mbarire when she says a boy-child should also be pushed to that level. It is the reason I am opposed to the proposal that if you want to be a governor, you must look for a woman as your deputy. You need to look for a person who will complement what you do not have, so that you become a strong team to win an election. Therefore, we are all Kenyans and ours is a democratic society. You do not need to legislate in this House, issues of gender because it was put it in the Constitution but, until today, we have not achieved it even in this House. I warn the BBI guys, if they put that proposal in the BBI that if you want to be a governor or a president, a woman should be your deputy, we will defeat that thing early in the morning, as Kenyans.

(Laughter)

I want to warn them. This is an elective office. Let them give Kenyans a chance to decide. In a democratic society, whoever has the capacity to win, let him win. But if it is about issues of marriage, it is clear in the Constitution that if you want to marry, you look for the opposite sex. In appointments, let them consider those issues but in a democratic election, let them give everybody a chance to be elected.

Thank you.

Hon. Speaker: That is “Each for Equal”. Hon. Pukose, we want to move on with business. What is your intervention?

Hon. (Dr.) Robert Pukose (Endebess, JP): Hon. Speaker, we are treading on dangerous grounds. When you say that the theme for the international women’s day for 2020 is “Each for Equal”, religiously, you will look at it from a different angle. If you say: “Each for Equal”, it will mean a man for a man or a woman for a woman. Yes! A man cannot be equal to a woman medically. So, if we say “Each for Equal”, our women need to espouse that clearly so that, religiously, it does not interfere with our faith. Does it mean we are promoting homosexuality or lesbianism?

(Laughter)

So, that is something that we should not take lightly. We have to be careful about it.

Hon. Speaker: Hon. Members, you will be explained more of the “Each for Equal” over breakfast tomorrow in the morning. Over a cup of tea, you will be able to understand this “Each for equal.” Spend the night thinking about “Each for Equal.”

Hon. Members, before we move to the next Order, I want to recognise the presence, in the Public Gallery, of students and pupils from the following institutions: AIC Karas High School, Kapenguria Constituency, West Pokot County; New Junior Campus, Embakasi East Constituency, Nairobi County and those from Oserian Hilltop Academy, Naivasha Constituency, Nakuru County. They are all welcome to observe the proceedings of the National Assembly this afternoon.

Hon. Members, I can see we have sufficient numbers in the House even as we wait for “Each for Equal”.

(Laughter)

COMMUNICATION FROM THE CHAIR

GUIDANCE ON CONSIDERATION OF PRESIDENT’S RESERVATIONS TO THE LAW OF CONTRACT (AMENDMENT) BILL

Hon. Speaker: Hon. Members, this Communication is merely meant to draw the attention of the House to some business that is going to be transacted tomorrow at 2.30 p.m.

Hon. Members, you will recall that on 13th February 2020, I did convey a Message from His Excellency the President that, in exercise of the powers conferred under Article 155(1)(b) of the Constitution he had, by way of a Memorandum dated 3rd January 2020, referred the Law of Contract (Amendment) Bill (National Assembly Bill No. 1 of 2019) back to the National Assembly for consideration. The Bill is sponsored by the Member for Juja, Hon. Francis Waititu. Thereupon, I did refer the reservations of the President, as contained in the Memorandum, to the Departmental Committee on Justice and Legal Affairs for consideration. The Committee did table its Report on the Memorandum during today’s morning Sitting.

For the interest of Members who are yet to familiarise themselves with the content of the Report, the Committee had recommended that the House rejects the President’s proposed amendments, thus passing the Bill a second time without amendment as per the provisions of Article 115(2)(b) of the Constitution.

In this regard, I wish to draw the attention of the House to my previous guidance to the House regarding the voting threshold for the passage of a Bill a second time without

amendments. In this case, the House will be required to pass the Bill by a vote supported by at least two-thirds of Members of the National Assembly. The House Business Committee (HBC), during its sitting held yesterday, Tuesday, 3rd March 2020, did prioritise this particular business for consideration tomorrow, Thursday, 5th March 2020, as the first business to be considered by the House after Question Time. Therefore, any Members wishing to agree with the Committee's recommendations should be present in the House in order to exercise their mandate and vote accordingly. The House is accordingly guided.

I thank you.

Hon. Member: Put the Question.

(Laughter)

Hon. Members, you better read the Standing Orders and understand. It is not on everything that a Question is put. Members are encouraged to refresh their memories on some of these basic procedures. A Message does not elicit a Question. There cannot be a point of order relating to this Communication. I have told you this is merely to draw the attention of the House to the fact that, if the House intends to pass that Bill in the manner that you passed it last year, you must be here in your droves so that not less than 233 of you will be present to agree with the Committee. The net effect of not being here in those numbers and voting accordingly will be that the Bill will be lost. That is all it means. I cannot start conducting tutorials about the Standing Orders. This is a simple matter.

(Hon. Owen Baya spoke off record)

It is never done that way, Member for Kilifi North. That is not the way Parliament operates. You want to express sadness at the fact that you suspect you may not be able to raise the quorum? How can we begin debating that, even anticipating that you may not have the quorum? I am giving sufficient prior notice. So, you just mobilise. You do not start saying you want to debate the possibility that you might not be there in those numbers. Just begin mobilising. I believe you will be very many because you will have been in the 'Each for Equal' Breakfast Meeting.

Next Order. Please, we have some very heavy business ahead of us.

MOTIONS

APPOINTMENT OF MEMBERS TO COMMITTEE ON MEMBERS' SERVICES AND FACILITIES

Hon. Speaker: Leader of the Majority Party.

Hon. Aden Duale (Garissa Township, JP): Thank you, Hon. Speaker. I beg to move the following Motion:

THAT, pursuant to the provisions of Standing Order 175 and 212B(3), this House approves the appointment of the following Members to the Committee on Members' Services and Facilities:

- (i) The Hon. Ezekiel Machogu Ombaki, MP
- (ii) The Hon. (Ms.) Catherine Waruguru, MP

- (iii) The Hon. (Ms.) Florence Chepngetich Kosgey, MP
- (iv) The Hon. Samuel Moroto Chumel, MP
- (v) The Hon. Silas Kipkoech Tiren, MP
- (vi) The Hon. (Ms.) Janet Nangabo Wanyama, MP
- (vii) The Hon. (Ms.) Rehema Hassan, MP
- (viii) The Hon. Rigathi Gachagua, MP
- (ix) The Hon. (Ms.) Charity Kathambi Chepkwony, MP
- (x) The Hon. Elisha Odhiambo, MP
- (xi) The Hon. Bernard Otieno Okoth, MP
- (xii) The Hon. (Ms.) Elsie Muhanda, MP
- (xiii) The Hon. (Eng.) Nzambia Kithua Nzambia, MP
- (xiv) The Hon. Christopher Wangaya Aseka, MP
- (xv) The Hon. John Walter Owino, MP.

As the House is aware, the Committee on Members' Services and Facilities is a sessional committee and has sessional terms and, as such, ought to be constituted at the commencement of every session of the House. The offices of the Majority and Minority Whips submitted their lists of nominations to the Committee on Selection for consideration. Pursuant to the provisions of Standing Order 173, the Committee on Selection, during its first sitting on 26th February 2020 and pursuant to Standing Order 172, looked at the attendance and performance of those Members and unanimously adopted the list.

This is a very important Committee. It receives and considers views of Members on services and facilities provided for their benefit and wellbeing, and advises and reports on all matters connected to the services and facilities to the Parliamentary Service Commission. So, I urge the House to approve the names to enable the Committee to elect its chairperson and vice-chairperson, as well as transact business related to their mandate. Since this Committee was put in place, a lot of things have changed. We have not reached where we are supposed to, but I think services have improved. I can confirm that today. Hon. Speaker, you had lunch at the Lounge today, with members of the leadership. I am sure the Committee can do better.

With those many remarks, I will ask the Leader of the Minority Party to second.

Hon. Speaker: Hon. John Mbadi.

Hon. John Mbadi (Suba South, ODM): Hon. Speaker, I rise to second this Motion. There is really nothing much to say except to add that there was one change that we made to this Committee, by bringing in Hon. Bernard Okoth who was not in any committee.

I want to appeal to Members, because our security is very important and paramount, much as we want to serve our constituents, there is need for order. If Parliament has decided that at every given time a Member can have only two visitors, just respect that. If each of us were to bring 20 people to the restaurant, for example - much as those are the people who vote for us - it would be chaos. Let us just have some order. We would have 7,000 people at a time. Even the biggest hotel in this country cannot manage that number. And it compromises on our security. So, I want to appeal to my colleagues, because this has become a concern. When you ask the parliamentary orderlies, they tell you that Members of Parliament do not want to co-operate on this. I think it is something we can discuss as Members of Parliament and implement. You can have two visitors, and once they leave, you bring in another two.

Thank you, Hon. Speaker. I second.

(Question proposed)

(Loud consultations)

Hon. Speaker: Hon. Members, is it the desire of the House that I put the Question?

Hon. Members: Yes!

Hon. Speaker: Hon. Members, I have been asked by Hon. Pukose to put the Question.

(Question put and agreed to)

I suspect that you are satisfied with the services that were offered by those Members in the last Parliament, which is why you have approved them once again.

Next Order!

APPOINTMENT OF MEMBERS TO THE
COMMITTEE ON PARLIAMENTARY POWERS AND PRIVILEGES

Hon. Aden Duale (Garissa Township, JP): Hon. Speaker, I beg to move the following Motion:

THAT, pursuant to the provisions of Section 15(1)(a)(ii) of the Parliamentary Powers and Privileges Act, 2017 and Standing Orders No.175, this House approves the appointment of the following Members to the Committee of Parliamentary Powers and Privileges, in addition to the one specified under section 15(1)(a)(i) of the said Act.

For avoidance of doubt, the person mentioned under Section 15(1)(a)(i) of the Act is the Speaker who automatically becomes the Chair of this Committee. The rest of the Members are:

- (i) The Hon. Anthony Githiaka Kiai, MP
- (ii) The Hon. Vincent Kipkurui Tuwei, MP
- (iii) The Hon. (Ms.) Beatrice Pauline Cheroni Kones, MP
- (iv) The Hon. Francis Chachu Ganya, MP
- (v) The Hon. Jude Kangethe Njomo, MP
- (vi) The Hon. Peter Mungai Mwathi, MP
- (vii) The Hon. Marselino Malimo Arbelle, MP
- (viii) The Hon. (Ms.) Gladwell Jesire Cheruiyot, MP
- (ix) The Hon. Capt. (Rtd) Didmus Wekesa Barasa, MP
- (x) The Hon. Andrew Mwadime, MP
- (xi) The Hon. Omar Mwinyi Shimbwa, MP
- (xii) The Hon. James Onyango Oyoo, MP
- (xiii) The Hon. Danson Mwashako Mwakuwona, MP
- (xiv) The Hon. Vincent Kemosi Mogaka, MP

Hon. Speaker, this is a Sessional Committee and it ought to be reconstituted at the commencement of every Session of the House. Section 15 of the Powers and Privileges Act, 2017 provides for the Committee on Powers and Privilege. This Committee is chaired by the Speaker and has 14 Members. I want to confirm to the House that the Majority and the Minority Party Whips submitted their lists of nominations to the Committee on Selection for consideration in accordance with Standing Order No.173. The Committee on Selection which I chair, during its first Sitting of 26th February 2020 and pursuant to Standing Order No.172 on its mandate and

Standing Order No. 173 on the provisions of the nomination of Members to Select Committees, unanimously adopted the list.

Hon. Speaker, this is the Committee that you chair and I am sure Members are aware that they have done a commendable job. The attendance to the Committee can be provided by the Director of Committees and the Whips. The Members have been diligent in their duties. The main function of this Committee is to inquire into the conduct of Members whose conduct is alleged to constitute a breach of privileges given to them by the Legislature.

I urge the House to approve the list in order to enable the Committee to transact business during the Fourth Session of the 12th Parliament. I ask Hon. Mbadi to second. He is busy talking to...

(Laughter)

Hon. John Mbadi (Suba South, ODM): Thank you, Hon. Speaker. You know I also have to take care of the interests of ODM. I second this Motion. It is just re-appointing the same Members of the Powers and Privileges Committee. According to the Standing Orders, their time had lapsed. There is no new Member we are adding to the list; neither are we removing any old Members.

I second.

Hon. Speaker: Hon. Members, even as I propose the Question on this Motion, let me just draw the attention of the House to something that I have wished the Committee on Procedure and House Rules could also delve into. This is because we must live with the times. It is a reality. We are in the age where communication has become extremely important at all times. I am saying this because the Leader of the Majority Party indicated, when he was calling upon the Leader of the Minority Party to second, that he noticed that the Leader of the Minority Party was in some communication not necessarily with his maker, but with human beings.

I think we need to also look at our Standing Orders. I am sure many of you may have noticed that unlike in the past... As I am standing now, I can see what I am saying going on with the Member for Emuhaya and that would earn him an expulsion. I think we also need to move with the times. I am happy that Hon. John Olago Oluoch is here so that we can also propose some amendments to the Standing Orders. You can come in with your mobile phones as you always do except me, but put them on silent mode so that on occasions, you can bend and communicate with the villagers and other people. I noticed that Kenyans, even when they see you on television contributing, they call you and so your phones keep on ringing.

(Laughter)

But those are the people you represent and they would be calling to tell you: "Yes, I agree with what you are saying." Surely, it does not work that way. I think we need to also reflect in our Standing Orders that we recognise that it is a necessity. As it is today, there is no provision allowing you to bend down there to speak on your mobile phone. I think we need to recognise that fact and make sure that even when you communicate, you do like the Leader of the Minority Party was doing. The people seated next to you should not be disturbed by your communication even if you are being quarreled by other people, including your spouses or such like close relations or acquaintances. I am saying this because Hon. Omulele and Hon. Olago Aluoch, who are members of the Committee on Procedures and House Rules are here and making a point

whether they could consider this so that we put it in our Standing Orders so that nobody then complains when you see your colleague; to start thinking they are misbehaving. In some jurisdictions, I have also noticed that some speakers are also busy on the phone so you wonder now who is... Members, that was just an observation. I think it is good. We really must appreciate this. It is a reality.

(Question proposed)

(Question put and agreed to)

Hon. Speaker: Next Order!

REPORT ON AUDITED FINANCIAL STATEMENTS FOR UWEZO
FUND AND WOMEN ENTERPRISE FUND

THAT, this House adopts the Report of the Special Funds Accounts Committee on Audited Financial Statements for the Uwezo Fund for the Financial Year 2016/17; and the Women Enterprise Fund for the Financial Year 2017/18, laid on the Table of the House on Tuesday, 5th November 2019.

(Hon. Erastus Nzioka on 25.2.2020)

(Resumption of Debate interrupted on 3.3.2020)

Hon. Speaker: Hon. Members I know that several of you have already contributed sufficiently to this Motion and I think it is time, in fairness, for the Mover to be called upon to reply. It was moved by Hon. Kivasu. Hon. Members, remember this Motion was moved last week by Hon. Erastus Nzioka.

Hon. Erastus Nzioka (Mbooni, Independent): Thank you, Hon. Speaker, for giving me this opportunity. Yes, the Motion was moved on Tuesday last week. That is true and yesterday, several Hon. Members supported the Motion. We thank you for that support.

Several issues were raised and I think they are pertinent. They are of help to Members as they carry out the Uwezo Fund patronage. It is our hope that the recommendations which are already put in are going to be implemented so that the Uwezo Fund can stand fully on its feet and we can implement what is supposed to be implemented.

Otherwise, thank you for the support and I beg to reply.

Hon. Speaker: Hon. Members, the Mover of the Motion, as he has correctly stated moved, but I really want to encourage Members and particularly Chairs of Committees that when there is a Private Member's Bill being debated, it is advisable that they be present in the Chamber. So, it is important and, in fact, I am going to direct the clerks to ensure that the Chairpersons of various Committees are reminded every Wednesday morning or Tuesday afternoon that some business is proposed to be debated and it falls under their docket.

It is not right that the committee that is supposed to oversee a particular matter is totally absent during the debate. Or, indeed, a situation in which a person moves a Motion for debate and once it has taken off, the person also takes off and then comes after three days to reply like Hon. Kivasu has done. I am saying that because yesterday, I was very particular. You must know

that I am always very keen. I was not on the Chair, but I know he is the one who moved this Report. Unfortunately, yesterday, maybe, you were engaged with some other things. You have not even indicated to the House whether anybody was taking notes for you to know what Members were saying. But you have said: “Members said several things.”

When you go to the record and see close to 30 Members have spoken and then you just say: “Members said several things” and you do not know what they said, then what are you replying? You lost the opportunity Hon. Kathuri. You cannot raise your hand. You were here yesterday and also spoke for five-and-a-half minutes. You are the Chair of the Committee.

Hon. Members, I always note this and I was just telling myself: “But that is the Chairman! He spoke for a shorter period than even his Member who moved.” Now you can see he is raising his hand. Just before I called upon Hon. Kivasu to reply, Hon. Kathuri, I saw you winking at Hon. Kivasu to reply and yet, you were the one who was present yesterday when many of the Members said the many things that he has said.

(Laughter)

He moved, he was seconded and there was no further debate. Yesterday is when those other many things he is saying, to which he is replying, were raised by Members. So, Members let us take our work seriously.

I do not want to fault Hon. Kivasu because he did a good job as an agent of necessity or a member of the Committee and, indeed, Hon. Mwambu Mabongah, who is also a member of that Committee. You as the Chairperson, you have an obligation to inform the House who it is that you have appointed or nominated to move a particular debate on your behalf so that we always keep our eyes on that person. I am requesting Members of the Speaker’s Panel to always keep an eye when somebody moves a Motion and then you hold them to account.

I suspect you may have been doing something which happened over the weekend, but that is not an excuse for not also doing what is supposed to be done in the House. But this is just one observation. There are several others, particularly Chairs of the Committees. I really want to thank Members of various Committees who have, on occasion, risen to do that which the leadership of their Committees are, for one reason or the other, unable to do in the House. That is as it should be. There should really be that spirit.

(Question put and agreed to)

I encourage Hon. Kathuri to go and get the *Hansard* to find out the things that Hon. Members said. That is because there are quite a lot of things that Hon. Members said, and which show why there are problems which you noted as a Committee. Let us proceed.

Next Order!

ADOPTION OF REPORT ON BUDGET POLICY STATEMENT - 2020/2021

Hon. Speaker: Just to draw the attention of the hon. Members who have finished their business today, this is a Report of the Budget and Appropriations Committee (BAC). If there is anything else that you must do, this is one of the most serious businesses of this House. So, if you think you have just finished your stay today, I am surprised.

Proceed.

Hon. Kimani Ichung'wah (Kikuyu, JP): Thank you Hon. Speaker. I do not know whether it is their stay or tour of duty in the House this afternoon.

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

THAT, this House adopts the Report of the Budget and Appropriations Committee on the Budget Policy Statement 2020 and the Medium-Term Debt Management Strategy for the Financial Year 2020/2021, laid on the Table of the House on Wednesday 4th March 2020 and –

(a) approves the Budget Policy Statement 2020 and the Medium-Term Debt Management Strategy for the Financial year 2020/2021;

(b) resolves that the Budget Policy Statement so approved forms the basis for the introduction of the Division of Revenue Bill, 2020; and,

(c) further makes the policy resolutions contained in the First Schedule to the Order Paper.

FIRST SCHEDULE

POLICY AND FINANCIAL RESOLUTIONS RELATING TO THE BUDGET POLICY STATEMENT AND THE MEDIUM-TERM DEBT MANAGEMENT STRATEGY FOR THE FINANCIAL YEAR 2020/21

Policy Resolutions

- (i) THAT, before the Budget Estimates for 2020/2021 are submitted to the House, the National Treasury should resubmit the Macroeconomic and Fiscal Framework with adequate information on debt, clearly indicating the amount of concessional, semi concessional and commercial loans; as well as clearly outlining the country's borrowing strategy. This information should be accompanied by a list of specific projects that will benefit from these funds and realign what they submit to the Medium-Term Debt Strategy.
- (ii) THAT, by 30th April 2020 when the budget estimates are submitted to the House, the National Treasury develops a criterion for identifying and isolating core priority programmes (Big 4) in the 2020/2021 Budget in order to protect these from ad-hoc expenditure cuts. In addition, an accountability matrix should be provided clearly identifying the total resource requirements as well as a monitoring and evaluation framework.
- (iii) THAT, user fees (fines and forfeitures) collected by the Judiciary for services rendered be retained and applied at source to enable operationalisation of the Judiciary Fund in line with Article 173 of the Constitution and similar to other government institutions that generate and retain AIA revenues.
- (iv) THAT, to enforce commitment control, Ministries, Departments and Agencies ought to submit a quarterly projection of details of commitments by sub-programme/project to the National Treasury. The Treasury then ought to align its cash releases to those specific commitments.
- (v) THAT, pending bills that have been established as legally payable and above Kshs500 million be settled through a long-term instrument including establishment, where necessary, of debt swaps for intergovernmental bills.

- (vi) THAT, in order to enhance transparency and accountability, beginning 1st July 2020 the net exchequer issues be published in the website of the National Treasury at the end of the month and this be by vote, programme and project.
- (vii) THAT, adequate funds be provided for full operationalisation of institutions of public finance, in particular, recent institutions created through various pieces of legislation.
- (viii) THAT, on the expenditure reduction efforts, the policy of cutting the budget by a certain percentage across the board is not a very effective way of expenditure control. Rather, there ought to be critical reforms in expenditure that will isolate wasteful expenditure and ensure only key expenditure needs are funded.
- (ix) THAT, by 30th April 2020 when the Budget is submitted, it should clearly indicate projects that will be funded through the Sports fund and the funds be directly applied to these projects.
- (x) THAT, the process of filling a vacant constitutional, statutory, or any critical senior leadership position in the public financial and budgetary sectors including the Audit Office should be expedited before the incumbent leaves office to ensure continuity and performance of critical roles provided in the Constitution and the statutes.
- (xi) THAT, to support ongoing reduction in the fiscal deficit, the borrowing strategy should entail a reliable net domestic borrowing target for 2020/21 and the medium term, and a commercial debt borrowing target consistent with the debt ceiling and to ensure that external debt service costs do not breach internationally accepted debt service to exports ratio threshold in the medium term.

Financial Resolutions

- (xii) THAT, the ceilings of each arm of government for FY 2020/2021 be capped as follows:
 - (a) Parliament – Kshs39.14 billion
 - (b) Judiciary – Kshs19.05 billion
 - (c) Executive – Kshs1,778.13 billion
- (xiii) THAT, Kshs3 billion be allocated for strategic response to public initiatives.
- (xiv) THAT, the financing gap of Kshs7 billion be funded through reprioritisation and realignment within the Executive's approved ceiling.
- (xv) THAT, in effecting the proposed ceilings for each arm of government, the National Treasury should take into consideration the summary of recommendations of the Departmental Committees on specific Ministries, Departments and Agencies as attached to Schedule 2 and 3 of the Committee Report.
- (xvi) THAT, county governments be allocated Kshs369.868 billion for FY 2020/2021 distributed as follows:
 - (a) County Government Equitable share of Kshs316.5 billion.
 - (b) Conditional allocations from the national government's equitable share of revenue as follows:
 - (i) Leasing of medical equipment Kshs6.205 billion
 - (ii) Compensation for user fees foregone Kshs900 million
 - (iii) Level 5 hospitals Kshs4.326 billion
 - (iv) Supplement for construction of county headquarters Kshs300 million
 - (v) Rehabilitation of village polytechnics Kshs2 billion

- (vi) Allocation from Fuel Levy Fund (15% of collections) Kshs9.433 million
- (vii) Allocation from loans and grants Kshs30.204billion
- (c) Before finalisation of the Division of Revenue Bill (DoRB), the transfer of functions of the Nairobi County to the National Government ought to be reflected in the allocations provided.
- (xvii) THAT, the allocation to the Equalisation Fund of Kshs6.53 billion be approved as provided in the Budget Policy Statement.
- (xviii) THAT, once approved by this House these recommendations together with Schedule 1 attached SHALL form the basis for preparation of the 2020/2021 budget estimates.

Hon. Speaker, this morning, my Vice-Chair tabled the Report that contains the Schedule that I have referred to. On behalf of the Members of the Budget and Appropriations Committee, and in conformity with section 225(7) of the Public Finance Management Act 2012 and Standing Order 232(7), it is my privilege to present to the House the Report that was tabled this morning on the Budget Policy Statement 2020 and the Medium-Term Debt Management Strategy for the Financial Year 2020/2021.

Hon. Speaker, the 2020 Budget Policy Statement (BPS) has been prepared at a time when the economy is facing various challenges, especially with a very weak global economic outlook which is most likely going to be worsened by the ongoing issues around the world, more specifically, the coronavirus outbreak in Asia, Europe and parts of Americas, which has since arrived in four Africa countries.

There have been adverse weather effects with an invasion of locusts in our country and the surrounding countries in the East African region, as well as rising expenditure pressures amidst revenue shortfalls.

Hon. (Dr.) Otiende Amollo (Rarieda, ODM): On a point of order.

Hon. Speaker: What is your point of order, Hon. Otiende?

Hon. (Dr.) Otiende Amollo (Rarieda, ODM): Hon. Speaker, as you have properly observed, this is a very important process and Report. However, I have looked the Order Paper in our e-parliament platform, but I am unable to find it. I am also unable to find a hard copy. Can it be in order for us to have this process without having sight of the Report?

Hon. Speaker: I am informed that it has been uploaded.

Hon. (Dr.) Otiende Amollo (Rarieda, ODM): Hon. Speaker, I think there is a problem with the gadgets.

Hon. Kimani Ichung'wah (Kikuyu, JP): Hon. Speaker, for the benefit of Hon. (Dr.) Otiende Amollo, as much as the entire Report might not be on the Order paper, he can, at least, see some of the resolutions and observations of the Committee at the back of the Order Paper. The Report was tabled. There must be copies. It must be his gadget that has a problem because I am told there are some Hon. Members who can access it.

Hon. Speaker, I was just giving the backdrop of the very weak global economic outlook which has relations to our own local economy. Therefore, our economy may have the same challenges that are in the global economy but, more specifically, the outbreak of the coronavirus will also have an impact on our revenue projections. This economy is largely reliant on tourism, which will be hit hard this year by the coronavirus. Also, the locust invasion will affect our agricultural-based economy. Therefore, our revenues will be hard hit this year. Indeed, I can confirm that even for the current financial year, there have been revisions of our revenue estimates as a result of the weakening of the economic outlook.

I also wish to point out that, although the expectations of the BPS are very clear, the document, as submitted by the National Treasury, has consistently fallen short of its objectives. For instance, the document does not adequately assess tax and revenue mobilisation policies to aid the Committee to properly assess the adequacy of projected resources for the Financial Year 2020/2021 relative to expenditure demands.

Inadequate revenue policy information hinders the assessment of whether or not the projected tax collections are realistic, and whether the forecasted borrowing to address the fiscal deficit is realistic or not. Other missing information include a missing list of pending bills even though this is required by the law (Section 26 of PFM Regulations). Also missing is information on the level of budgetary expenditures by economic and functional classifications. This makes it very difficult for the Budget and Appropriations Committee, and the Departmental Committees, to assess the actual position and realities of our revenue estimates. It is also difficult to assess the expenditure framework.

Hon. Speaker, at this juncture, I wish to state that, according to the PFM Regulation 27 (5), the development expenditure and personnel spending of the national Government as approved by Parliament are supposed to be binding for the next two years. As an illustration, the ceilings provided for development and personnel spending of the national Government in the 2020 BPS are not the indicative ceilings approved by the National Assembly during its consideration of the 2019 BPS last year. That example will tell you how unserious the National Treasury may look as they prepare the BPS for this year. This has been the case not just this year but, at least, in the last three years.

Indeed, the BPS has never adhered to this or any medium-term provisions for that matter, as required under the Medium-Term Expenditure Framework (MTEF). This presents a challenge to the credibility of the budget process over time. Hon. Speaker, the credibility of the budget process is not just on this non-adherence to the MTEF, but also on issues that relate to the public debt and issues that relate to the realities of our revenue estimates. It is high time that, as a House, we spoke to the National Treasury to be more realistic in what they bring to us.

Hon. Speaker, I have to refer to a number of documents, including the Report that the Hon. Member for Rarieda was speaking to. One of the issues that the Committee has also noted on the credibility of the BPS is that experience has shown that approving the BPS on an annual basis does not meet the original intention of the Medium Term Budget Framework Paper, which requires a multi-year perspective in determination of the resource envelope as well as expenditure allocations. This calls for holistic reforms in the budget process, including critically analysing the option of considering and approving the BPS after every three years rather than annually. Other than having to do the BPS annually, there are also constraints in terms of time as much as we appreciate that there are amendments to the PFM Act that will enable the House to have a little bit more time to consider the BPS. We are asking ourselves if it is really necessary, since we rely on the Ministry to do BPS annually.

For instance, what we agreed on in the 2019/2020 BPS, if you look at what was projected for 2020/2021 and 2021/2022, you will not find the same thing replicated in this current BPS. That is why we are asking if this is really necessary. This is a debate this House needs to get into together with other stakeholders like the National Treasury, Ministries, Departments and Agencies (MDAs) and the Government, on whether it is really necessary to do this on an annual basis or as MTEF where we do a BPS for a three-year period and stick to what we have agreed.

The Committee is also concerned that the Government may be unable to meet its growth projection target for the next financial year due to challenges in Budget implementation. The

investment programme of the Government is facing several monumental problems namely; the need to scale-up implementation of critical Big Four Agenda programmes and the need to resolve the question of pending bills. As you have seen in the media recently, a number of people have been complaining that they are yet to be paid by both the national Government and county governments.

There is need to raise approximately Kshs1 trillion to complete the large stock of stalled projects. There are stalled projects all over the country which Kenyans are yet to derive any economic value from. Public investments were made in those projects, but we are unable to derive any economic benefits. Therefore, it is important as we move to the estimates, for the National Treasury to prioritise. It is also important for Chairs of Departmental Committees to note it is not just the question of paying pending bills, but prioritising the completion of stalled projects.

Hon. Speaker, this includes those in Parliament where you are the Chair of the Parliamentary Service Commission (PSC). They may have not stalled, but some have taken an unduly long like our office block. This comes at a cost to Parliament and the country because PSC has to lease and hire office space from outside at commercial rates and that might be more expensive. It might be more prudent to complete many of those stalled projects so as to save a lot of Government expenditure going into those projects.

On the question of public debt, we noticed this with concern and raised it with the CS and the National Treasury when they appeared before our Committee last week on Friday. One of the issues that came out quite clear from our BPS is that, in as much as we talk about fiscal consolidation, expenditure from both the national Government and other arms of Government seems to be going down. There are challenges with recurrent expenditure especially touching on personnel, pensions and interest payments under the Consolidated Fund Services (CFS), which is going up. If you look at the BPS, you will notice the figure has gone up to Kshs24 billion. This is largely on account of increased interest payments.

Therefore, this is a concern to the Committee that the question of public debt remains a very important subject for this country to engage in. We noted that the increased interest payments, wages and salaries and pensions payments are increasing the recurrent expenditure for the Government in the Financial Year 2020/2021 to a figure of about Kshs574 billion. The effect of this is that we are shrinking not just money that is available for development for the national Government, but also the sharable revenue to be shared between the two levels of Government; the national Government and the county governments.

You will notice that there has been no change in the amount of shareable revenue between the two levels of Government from the Kshs316.5 billion that was proposed last year. The same figure has been maintained this year. The risk with the continued growth of the amount going to the Consolidated Funds Services is not just on development, but will continue to shrink the sharable revenue between the two levels of Government. Therefore, there is need for the Government to take measures and ensure we not only reduce the fiscal deficit, but also reduce the amount we pay in terms of interest.

We appreciate that last year, with the appointment of the new CS, he promised this House that he would take measures to ensure we reduce our commercial debt borrowing. However, if you look at the BPS that has been tabled before this House, these are some inconsistencies we are talking about. The figure proposed on page 92, you will realise the commercial financing for the current Financial Year 2019/2020 is about Kshs213.1 billion. The BPS that has just been tabled speaks to a figure of Kshs274.4 billion.

Therefore, we must ask ourselves why we are being told that commercial borrowing has gone down and the documents tabled in this House are showing the exact opposite. Commercial borrowing seems to be going up. Therefore, it means a lot of interest is paid because commercial debt is more expensive than the concessional loans that we get from bilateral and multilateral donors like the World Bank and the International Monetary Fund (IMF). We have raised these concerns with the National Treasury and, indeed, you will notice this from our policy recommendations.

The first policy recommendation before the Budget Estimates for the Financial Year 2020/2021 is submitted to the House since there is no mechanism under the Public Finance Management (PFM) law to re-submit the BPS. So, in the absence of this, we have recommended that before the National Treasury submits the annual estimates for the next financial year, it must re-submit the macro-economic and fiscal framework with adequate information on debt. They should clearly indicate the amount of concessional, semi-concessional and commercial loans as well as clearly outlining the country's borrowing strategy.

This information should be accompanied by a list of specific projects that will benefit from those funds and realign what they submit to the Medium-Term Debt Management Strategy Paper. The Leader of the Minority Party has articulated these issues very well. At least, for the last two years I have sat with him in the Budget and Appropriations Committee he has been very specific to the National Treasury that there is need to have a reconcilable list of projects financed from borrowed money.

We must be honest with ourselves. If we are unable to show what we are financing from borrowed money, there is a possibility that we could be financing part of our recurrent expenditure - paying salaries, wages and other allowances through the money that we have borrowed. If we continue doing this as a country, we may not get very far. Therefore, there is need to relook into this because we oversee the National Treasury on matters to do with Budget. We are the House that is supposed to do the Budget. Therefore, we should insist to see what is funded by the monies we borrow.

Hon. Speaker, I do not want to go through all the policy recommendations, but part of them. That, by 30th April 2020, when the Budget Estimates are submitted to the House, there be developed a criterion for identifying and isolating core priority programmes under the Big Four in the 2020/2012 Budget. This is in order to protect us from ad hoc expenditure cuts in addition to accountability matrix that should be provided clearly identifying the total resource requirements as well as Monitoring and Evaluation framework.

This is the third year we are speaking about this in this House. Our two previous Reports of the Budget and Appropriations Committee have spoken to this issue. We requested from the first year when we started talking about the Big Four Agenda, that the National Treasury ought to prepare an implementation matrix of the Big Four Agenda. They should identify the specific projects called Big Four projects under the four pillars from Universal Health Care (UHC) to housing. There is concern that up to date, this has not been provided to the House. Therefore, it is very difficult for Departmental Committees. For example, the Departmental Committee on Transport, Public Works and Housing under Hon. Pkosing, is unable to track identifiable projects that are supposed to be Big Four Projects and how much money is allocated to a particular project in a particular year. They need to know how much is supposed to be allocated in the next two or three years and how that money is being utilised.

Hon. Speaker: Just to interrupt you briefly, I thought at the meeting of the Liaison Committee today, it was agreed that Chairs of Departmental Committees should be present. This

is the BPS. I see very few Chairpersons. Have they finished their engagement with the House for today or for the year? It is very embarrassing! It is really embarrassing and I am calling upon the membership of these Committees, please, rise to the occasion. How is it that the Chair of the Budget and Appropriations Committee is able to identify some of these issues and when I look around, I cannot see the respective Chairs of those Committees? Hon. Members, please, you will not be taken seriously if you cannot even pay attention to business as serious as the BPS.

I can see Hon. Kisang, Hon. Melly, Hon. Katoo are here. I saw Hon. Victor Munyaka limping into some corner. He is the Chair of the Committee in charge of gaming. Can we see how many Chairs of Departmental Committees are present or Vice-Chairs? Both Chair and Vice-Chair of the Departmental Committee on Education and Research are present. Hon. Katoo, the Chair of the Departmental Committee on Defence and Foreign Relations is here. Hon. Melly is here with Hon. Kimunya. Hon. Kisang, the Chair of the Departmental Committee on Communication, Information and Innovation is here. Hon. Jaldesa, Hon. Beatrice Nkatha and Hon. Hulufu, are you Vice-Chairs? Hon. Sankok, are you a Vice-Chair? Hon. Omboko Milemba says he is holding brief for the Departmental Committee on Labour and Social Welfare. Surely, I think Members should be named and shamed. If you are a Chair of a Departmental Committee and you cannot be here... The Chair for the Departmental Committee on Justice and Legal Affairs has been here. He has gone to pick the Report.

Anyway, it is just something that concerns me that we can have something as important and as serious as this and the Departmental Committee Chairs are not here. We would expect that they should be the ones to even supplement what the Chair of Budget and Appropriations Committee is saying. Hon. ole Kenta is the Chair of the Committee on Implementation.

Proceed, Chair.

Hon. Kimani Ichung'wah (Kikuyu, JP): Thank you, Hon. Speaker. I was on the Big Four Agenda. As I was mentioning, the Committee notes with concern that key projects under the Big Four Agenda appear to be implemented, but in a very slow pace. If we had that implementation matrix, the Chairs and Departmental Committees would be able to track how well those projects are being implemented. This slow implementation, therefore, may not allow Government to be able to complete the projects within the timeframe provided.

Hon. Speaker: Sorry, Hon. Ichung'wah. Lest you may think that I am being oblivious of some other fact, you are the people who elected the Commissioners of the Parliamentary Service Commission. I expect them to also be here. You know them. Proceed.

Hon. Kimani Ichung'wah (Kikuyu, JP): Hon. Speaker, maybe, the Commissioners are represented by their Chair. The Chair happens to be presiding. Therefore, we would also have expected that the Commissioners would be here in person.

Hon. Aden Duale (Garissa Township, JP): On a point of order, Hon. Speaker.

Hon. Speaker: There is a point of order by Hon. Duale.

Hon. Aden Duale (Garissa Township, JP): This is a House of records. When the Speaker is on the Chair, he is not the Chair of the Parliamentary Service Commission. He is the Speaker of the National Assembly in compliance with the Constitution and third in command. So, if the Commissioners are not here, then the Speaker is not here. He is here as the Speaker. So, the Chair of the Budget and Appropriations Committee needs to retract that from the *Hansard*.

Hon. Kimani Ichung'wah (Kikuyu, JP): Thank you, Hon. Speaker. I had noted that you are here in your capacity as the Speaker and not as the Chair of the Parliamentary Service Commission. I have noted that the Commission is, therefore, not adequately represented in this discussion.

Hon. Speaker, I was saying this slow pace, therefore, means that we will not be able to implement and keep track of the Big Four Agenda projects. For instance, under the manufacturing pillar, the Common Effluent Pre-treatment Plant at Kinanie Leather Park is only 30 per cent complete, although the BPS reports an expected 80 per cent completion by the end of June this year, and 100 per cent completion by 2020/2021. Similarly, the Dongo Kundu Special Economic Zone and the Naivasha Industrial Park reported 3 per cent and 4 per cent completion respectively in 2018/2019, and have an extraordinary target of 40 per cent and 30 per cent completion targets respectively in the year 2019/2020. That is by June this year. Similarly, in agriculture, a number of irrigation projects appear to be off-track as they are still quite far from achieving the targeted acreage for irrigation purposes as well as the targeted amount of produce.

As I had mentioned, under the housing pillar, only 228 units of the indicated 500,000 affordable houses have been constructed and with only one notable investor, it is not clear if the project is adequately funded. Similarly, there is lack of clarity in the financing mode of the Universal Health Coverage Pillar as well as the role of the NHIF in the provision of universal health care.

Hon. Speaker: Conspicuously absent are those very important ones. You talked about agriculture and I do not see the Chair of the Departmental Committee on Agriculture and Livestock. You talked about health, housing and manufacturing. I do not know. Proceed.

Hon. Kimani Ichung'wah (Kikuyu, JP): Hon. Speaker, on health, you note from current engagements out there, NHIF seems to be having issues that need to be adequately canvassed by the Departmental Committee on Health. The Committee should agree on what role the NHIF will play under the Universal Healthcare Pillar.

You further note that, although it is indicated in the BPS that the Government will forge a multi-sectoral collaboration with the counties on the universal healthcare, such a framework on how that collaboration will work is yet to be agreed upon and implemented. How it will be implemented is still very unclear. You know health being a devolved function, it is important that, that is agreed between the two levels of Government. Let me not overemphasise the question of the Big Four Agenda. I have spoken about the expenditure framework.

Let me touch on the issue of the decreased expenditure estimates as I mentioned. For the national Government, if you look at the BPS for 2021, the overall expenditure by the national Government is expected to decline to Kshs1.78 trillion from a figure of Kshs2 trillion in this current financial year of 2019/2020. However, despite those overall reductions, as I had observed, the recurrent expenditure is increasing by almost Kshs21 billion to Kshs24 billion on account of an increase in interest payments, wages and salaries as well as pension payments. On the other hand, development expenditure has been contracted by Kshs143.5 billion or 5 per cent of GDP.

Indeed, the Committee has noted with concern that even as we move towards fiscal consolidation, we seem to be cutting or reducing expenditure on development expenditure and this will have a very huge impact even on the revenues that we expect to collect in the next financial year and even in the ongoing financial year. It meets the challenges I had mentioned at the beginning with our weather patterns, the invasion by locusts and coronavirus. This is further going to compound the expected revenue projections for the next financial year. As I had mentioned, even for the current financial year, our revenues seem to be dipping.

On revenue projections, Hon. Speaker, the 2020 BPS has revised the ordinary revenue target for the 2019/2020 Financial Year downwards by about Kshs33.4 billion. The reductions are mostly under Income Tax, Import Duty and Value Added Tax (VAT). However, Excise Duty

and other revenues — including investment revenues — are projected to increase by Kshs19.4 billion and Kshs79.2 billion, respectively. As I indicated, with the current challenges, especially with the spread of coronavirus, you can expect even our import duties, VAT as well as our Income Tax to dip.

Going forward, Hon. Speaker, the projected revenue collection for the 2020/2021 Financial Year, including Appropriation-in-Aid (A-i-A), will amount to Kshs2,134.1 billion as compared to Kshs2,084.2 billion in the current 2019/2020 Financial Year. Ordinary revenue in the next financial year is projected at Kshs1856.7 billion. There is a huge mismatch between the nominal GDP growth and the ordinary revenue projections in the BPS for the 2020/2021 Financial Year. While nominal GDP is expected to grow by 12.1 per cent, ordinary revenue instead grows at a lethargic 0.7 per cent to 0.8 per cent. The Committee is concerned that the economy, in nominal terms, is growing nearly five times faster than the growth in revenues.

Hon. Speaker, this is a question that we have asked the National Treasury and they also seem not to be certain of what the problem is; that our economy — in terms of the nominal GDP — seems to be growing but the revenues are not growing at the same rate as the GDP growth. Therefore, it is a question that probably the Departmental Committee on Finance and National Planning needs to engage with Kenya Revenue Authority (KRA) and get to understand how is it that the economy seems to be growing in nominal terms and yet, our revenues are not growing at the same rate at a time that we have huge expenditure pressures.

(Hon. Aden Duale spoke off record)

Hon. Speaker, it is the Leader of Majority who is interrupting me; telling me that I am cheating myself. I am not cheating myself. It is the country that could be cheating itself that we are growing while in reality, we may not be growing.

The Committee is concerned by this apparent non-growth of revenues. Further, the revenue growth is based on increased collection from Income Tax as well as VAT despite projections under these tax heads having been revised downwards in the BPS. Those are the contradictions that we are talking about. That we are revising our revenues upwards — basing them on income tax and VAT projections but, in reality, they have revised the targets for this particular tax revenue lines downwards in the BPS. Therefore, you must ask yourself where the revenue will come from with all the challenges that are there. Let me not also re-emphasise on the question of our revenues so that we can allow many Members to contribute.

The other policy recommendation, Hon. Speaker, that we have touched on...You appreciate that last year, in the 2018/2019 or 2019/2020 Financial Year, we saw the Chief Justice (CJ) lament in the media on issues to do with budget cuts. Let me take this opportunity to assure the country that, as a House and as a Parliament, we are intent on protecting the Judiciary to ensure that it continues to be an independent arm of Government, just like the National Assembly and Parliament should and ought to be.

(Applause)

Independence does not just come by being stated in the Constitution and saying that we are independent. It must come with financial autonomy. It is good that the Chair of the Departmental Committee on Justice and Legal Affairs (JLAC) together with the Chair and Members of the Select Committee on Delegated Legislation have worked on regulations on the

operationalisation of the Judiciary Fund. We must ensure that the Judiciary and Parliament remain independent.

In relation to fines, forfeitures and user fees collected by the Judiciary, we have recommended that for user fees — these are the fines and forfeitures — that are collected by the Judiciary in our courts for services rendered, be retained and applied at source to enable the operationalisation of the Judiciary Fund, in line with Article 173 of the Constitution and similar to other Government institutions that generate and retain A-in-A revenues. Hon. Speaker, you remember last year — when the economy was under a lot of pressure in terms of revenues — the Government was able to mop up almost Kshs78 billion from parastatals that were able to collect A-in-A. A case in point is the Communications Authority (CA) that had almost Kshs5 billion which they released to the Exchequer. Therefore, the same should be allowed — as the case is for CA and other parastatals like Kenya Airports Authority (KAA) — for the Judiciary to keep what they collect. That will ease the pressure on the Judiciary for financial autonomy.

Hon. Speaker, the Committee also recommends that we enforce commitment control. The MDAs should submit a quarterly projection of details of commitments through sub-programmes and projects to the National Treasury. Treasury should ensure that its cash releases are aligned to those specific commitments. If you engage with the Departmental Committee Chairs and MDAs, they will tell you that one of the major challenges they have been facing has been the release of Exchequer. That is why we are recommending that every quarter, a quarterly projection of commitments is sent to the National Treasury, which will release the Exchequer to the MDAs so that they can implement their projections.

Hon. Speaker, another policy recommendation is that pending bills that have been established as legally payable and are above Kshs500 million, be settled through a long-term debt instrument including establishment, where necessary, of debt swaps for inter-governmental bills. You realise that there are Government agencies that owe each other. Some are not able to implement their projects because they are owed by other Government departments. We would encourage them to do debt swaps in order to ensure that we have a long-term instrument that would help the Government to settle the large pending bills that are unpayable. His Excellency the President did give directions last year for settlement of pending bills but largely, the pending bills that have been paid are the small pending bills — those below and around Kshs100 million — to the youth and women enterprises. The large pending bills are still unpaid. A case in point is the court judgements that we are told are running into hundreds of billions of shillings that are yet to be settled.

In order to enhance transparency and accountability, beginning 1st July 2020, the net Exchequer issues should be published in the website of the National Treasury at the end of the month and this be by ward, programme and project. This is to ensure that Parliament and also members of the public are able to see how much has been released and to what ministry or programme so that, if you have a road or hospital in your constituency or village that ought to be constructed, you will be able to see from the website that the money for the particular project has been released. That will not only enhance transparency on the side of the Government, but also social audits by members of the public and other institutions, including civil society organisations.

Hon. Speaker, the seventh policy recommendation is that adequate funds should be provided for full operationalisation of institutions of public finance and, in particular, the recent institutions that were created through various pieces of legislation. You realise that we have

passed a lot of legislations that have created a number of institutions that are yet to be operationalised.

On the expenditure reduction efforts, the policy of cutting the Budget by a certain percentage across the board is not an effective way of expenditure control. There should be critical reforms in expenditure that will isolate wasteful expenditure and ensure that only key expenditure needs are funded. You will realise that when the in-year budget cuts come — and we are likely to get one in the next few weeks, the second Supplementary Budget. This is something we have expressed concern about, that we should desist from in-year budget reviews because it points to a question of credibility of the budget process when we have to revise the budget every year, at least, almost on a quarterly basis. You remember last year we did the first revision of the 2019/2020 Budget almost two months after we passed the same. It, therefore, creates not just credibility questions, but makes it very difficult to have effective control of what is being cut. That is why I recommend not only desisting from expenditure cuts on development, but also identifying those wasteful areas. The Departmental Committees will play a critical role not just in the wasteful areas, but even in areas where there is corruption. In our Liaison Committee meeting this morning, we alluded to that fact that our Departmental Committees need to make use of the Public Accounts Committee and Public Investments Committee reports. If you find MDAs that have become wasteful or where money is being misappropriated, you penalise them at the time when you are appropriating the resources to them.

That, by 30th April 2020 when the Budget is submitted, it should clearly indicate projects that will be funded through the Sports Fund and the funds be directly applied to those projects. We noted with concern - and it is unfortunate that the Chair of the Departmental Committee on Sports, Tourism and Culture is not here but the Vice-Chair is here... The Chair has come in. It is still not clear what projects are being funded through the Sports Fund. That is why we said they should indicate the specific projects that will be funded through the Sports Fund.

That, the process of filing a vacant constitutional, statutory or any critical senior leadership position in the public financial and budgetary sectors, including the Office of the Auditor-General, should be expedited before the incumbent leaves office to ensure continuity and performance of critical roles provided in the Constitution and the statutes.

You realise that the country is yet to appoint a substantive Auditor-General after Edward Ouko's term ended in August last year. It is now almost a year because we are in the month of March. It has been almost seven months since the exit of the Auditor-General. The Public Investments Committee and the Public Accounts Committee of this House that are the major consumers of the Auditor-General's reports may not be able to carry on with their work.

I had an engagement with the Chair of the Public Investments Committee. There are special audits that they have requested and a number of ministries and MDAs whose audits have been done have nobody to bring them to Parliament because constitutionally, it is only the Auditor-General who can sign off audit reports. Therefore, we are also not able to consume and make use of the audit reports that have already been done. Therefore, we recommend that for those kinds of offices, the process of replacement of such officers should be expedited. Maybe, if we had started recruiting an Auditor-General from the month of May, by August when Edward Ouko left office, there should have been a substantive holder of that office.

The last policy recommendations is that to support ongoing reduction in the fiscal deficit, the borrowing strategy should entail a reliable net domestic borrowing target for 2020/2021 and the medium term, and a commercial debt borrowing target consistent with the

debt ceiling and to ensure that external debt service costs do not breach internationally accepted debt service to exports ratio threshold in the medium term.

You remember last year when we were reviewing the debt ceiling, there was a commitment by the Cabinet Secretary, National Treasury that they would adhere to the Medium-Term Debt Strategy. They would not only adhere to that, but that they would make an effort to move away from domestic and commercial borrowing to more of concessional loans. That, as I indicated, is yet to be seen clearly from what they have presented in the Medium-Term Debt Strategy and the Budget Policy Statement for the next financial year. We, therefore, insist that before the National Treasury submit their estimates this year, they must give a clear framework of what they intend to borrow, from where they intend to borrow it, what is concessional, what is commercial and even what is to be borrowed from the domestic market.

You will appreciate that Members have expressed concern that even after the review of the capping law, we are yet to clearly reap the benefits that were envisaged by the repeal of that law in terms of being able to provide more credit to the private sector. It is credit to the private sector that will spur economic growth and create jobs for the millions of our youth who remain unemployed. We can only do that if we allow the Government to move away from the domestic market and allow the private sector to borrow more, invest and create opportunities.

On the financial recommendations, the Committee requests that this House adopts this Report and further resolves as follows:

(i) That, the ceiling of each arm of Government for the 2020/2021 Financial Year be capped as stipulated in the report:

(a) Parliament – Kshs39.14 billion

(b) Judiciary – Kshs19.05 billion

With your permission, once you propose the Question, I will be moving an amendment for these two votes.

(c) Executive - Kshs1,778.13 billion.

For the Judiciary, as I said, I will be proposing an amendment to the figure of Kshs19.05 billion and for Parliament, a figure of Kshs39.14 billion, which I have also indicated.

(ii) That, Kshs3 billion be allocated for strategic responses to public initiatives.

This is what relates to the public participation initiative that we carry out as a Budget and Appropriations Committee. We have already covered 24 out of the 47 counties. Our term in office comes to an end at the end of this year. We had a framework where we had planned to complete all the counties in this current financial year and the next one. We have proposed Kshs3 billion for that. I will be moving an amendment to that because of the fiscal constraints that I had mentioned. Everybody has taken a cut. As I mentioned, the Executive has taken a cut from about Kshs2 trillion in terms of expenditure in this current financial year to Kshs1.778 trillion. That speaks to an almost Kshs228 billion cut in expenditure. Therefore, for everybody, including Parliament, the Judiciary and even those public participation initiatives, we plead that we all take a cut to allow our country to progress.

(iii) That, the financing gap that will arise from these changes be funded through re-prioritisation and re-alignment within the Executive's approved ceiling.

We should not tax Kenyans more but we re-prioritise to fund any increases that will be occasioned by these changes.

(iv) That, in effecting the proposed ceilings for each arm of Government, the National Treasury should take into consideration the summary of recommendations of the

Departmental Committees on specific MDAs as attached to this Report in Schedules 2 and 3.

The compendium of these recommendations was attached to the Report and Members are free to see that in the Table Office. It has very many useful recommendations that we encourage the National Treasury to look into as they move towards the Estimates and make sure that, together with the MDAs, they are able to implement.

(v) That, county governments be allocated Kshs369.868 billion for the 2020/2021 Financial Year distributed as follows:

(a) The equitable share to county governments - Kshs316.5 billion.

As I indicated, this is the same figure that we had in the 2019/2020 Financial Year.

(b) Conditional allocations from the national Government's equitable share of revenue as follows:

(i) Leasing of medical equipment - Kshs6.205 billion;

(ii) Compensation for user fees foregone - Kshs900 million;

(iii) Level 5 hospitals - Kshs4.326 billion;

(iv) Supplement for construction of county headquarters for the five counties that were being helped - Kshs300 million;

(v) Rehabilitation of village polytechnics - Kshs2 billion;

(vi) Allocation from Fuel Levy Fund (15 per cent of collections) - Kshs9.433 billion.

(vii) Allocation from loans and grants

It is important for all Members to note that figure because this is way more than what Members are getting in their constituencies through KeRRA. The county governments will get Kshs9.433 billion towards rehabilitation of rural roads and, therefore, it is important for the rest of the country to appreciate that many of our rural roads are now devolved roads by the counties. Besides the sharable revenue that is going to the counties, part of which will also go to the rehabilitation of roads, they also have Kshs9.4 billion shillings from the Fuel Levy that should maintain roads. Therefore, there is no reason why our county governments should not rehabilitate many of the roads that have been messed up by the ongoing rains that started sometime last year. Further, there is an allocation for loans and grants of Kshs30.2 billion.

Before the finalisation of the Division of Revenue Bill, the transfer of functions of the Nairobi County Government to the National government should be reflected in the allocations provided. We engaged the Cabinet Secretary on this question of Nairobi County. We appreciate that His Excellency and the national Government have taken over a number of functions of the County Government of Nairobi. However, it is not yet clear how monies will move from the Division of Revenue Bill to what will be appropriated to Nairobi County back to the national Government. We expressed that concern to the National Treasury and they committed that they are working on a framework on how that will work. But it is important that before the finalisation of the Division of Revenue Bill, those functions that were transferred are reflected in the allocations that will be provided to Nairobi County.

The allocation to the Equalisation Fund of Kshs6.53 billion be approved as provided in the Budget Policy Statement (BPS). Lastly is that once approved by this House, these recommendations, together with Schedule 1 attached, shall form the basis for the 2020/2021 Budget.

Hon. Speaker, with those very many remarks, I beg to move. As I said, with your permission, I will be seeking to move the amendment towards the three votes I mentioned, once

you propose the Question. I take this opportunity to request the Leader of Minority Party, who is also a very active member of the Departmental Committee on Budget and Appropriations, to second. He is the only Member who has been in this Committee from 10th, 11th and the 12th Parliament but, unfortunately, may not be there in the 13th Parliament. We hope he will be managing another government somewhere else in Homa Bay County.

Hon. Speaker: Hon. John Mbadi, you may proceed.

Hon. John Mbadi (Suba South, ODM): I thank you, Hon. Speaker. I rise to second. The Chairman of the Departmental Committee on Budget and Appropriations had 60 minutes to move this Motion. I have 15 minutes, which is not a very short time.

Hon. Speaker: He left a balance of only eight minutes.

Hon. John Mbadi (Suba South, ODM): I actually think he has done a lot of justice to this Report. I am just going to pick on certain highlights to emphasise on.

Hon. Speaker: Hon. John Mbadi, do not worry as long as I am on the Chair because I know you intend to do justice.

Hon. John Mbadi (Suba South, ODM): Thank you, Hon. Speaker.

(Loud consultations)

Hon. Speaker: I would only request Members to consult in low tones. We want to listen to what Hon. John Mbadi is saying.

Hon. John Mbadi (Suba South, ODM): We are all aware that the BPS is a very important document. It is the document that is expected to set out the broad strategic priorities and policy goals that will give direction to our annual Budget, as well as give an indication of mid-term projections in terms of both revenue and expenditure; and the thinking of the Government on where it wants to take the economy of the country. Indeed, this document is the vehicle that enables the national Government to translate the national agenda or elections manifesto into medium-term goals and identify strategies to employ to implement the policies that have been identified.

You will all recall that Kenyans were very happy in 2008 when we came up with Vision 2030 which was launched with pomp and funfair. That was by the Grand-Coalition Government. Kenyans hoped for a better Kenya where everyone who is qualified was to find meaningful employment.

Statistics have been flown left, right and center of Kenya creating about 800,000 jobs per year. In reality, we have not been creating meaningful employment in this country. We had high hopes because the growth rate was promised at double-digit rates. We were going to have a country where we were able to access basic social services. If you ask anybody in the street today, that Kenyan dream has completely died. We, therefore, need to revive that dream.

As a Parliament, it is within our duty, mandate and responsibility to the people of Kenya to translate what looks like a pessimistic environment to an optimistic one. This is the best opportunity because the divide in this House has reduced significantly. There was a time when I stood to speak and everyone would see the Opposition or National Super Alliance (NASA). Even if I was making a sensible point, no one would regard it as serious contribution. It was a time when Hon. Duale or Hon. Ichung'wah spoke, I would look at the faults in what they said. But that is not the case at the moment. This is the perfect opportunity that we need to come together as a country, interrogate Government policies and look at the Budget with a view to aligning them to the best interest of this country.

Hon. Speaker, we are only remaining with 10 years to the end of the Vision 2030 period. Kenyans are very worried that this vision will not be attained. It will be a dream like any other that has not been achieved. By now, we were expecting to grow, at least, by 10 per cent annually but, for the past five years, we have been growing at an average of 5 per cent or even less than that. A review of the BPS shows that there is no serious assessment of why we have not been hitting the target of the 10 per cent growth that we had planned to attain when we started Vision 2030.

There are other targets that were very critical and very important, and which we have not been able to attain. But I do not want to go into such details. The situation in this country as it is today - and I want to say this candidly and without any fear or favour – is that our economy can be referred to as: “*Hakuna pesa economy*”. This is so because in realistic terms, we are facing financial challenges as a country. This kind of economy has been created by three factors that I want to address. The fact that the Government is procuring goods and services and not paying for them is one of the contributing factors to the problems that we are facing in this country of lack of cash in the economy. This is what we call pending bills. I appreciate that the Government has been trying to ensure that the pending bills are settled and it is commendable. Both national and county governments are not paying suppliers and contractors. If you do not pay the suppliers and the contractors, you are killing the economy. Most of those contractors and suppliers borrow money from banks at high interest rates. When you do not pay them, you are affecting their businesses and you are causing a total economic paralysis in the country. This is something that the Government ought to have addressed earlier.

Even as they try to address it, they are creating more difficult situations for the economy. How? Through the directive by the National Treasury that MDAs settle the budget with current provisions. You already have a budget you had planned that you are going to procure goods and services and do projects for the particular year and then you are told to use that money to settle previous debts. The effect of this is that you are going to create other pending bills if you have not provided for specific allocations for clearing those pending bills.

Therefore, the Government must come out clearly if they want to sort out the problem of pending bills by making them the first charge during the budget process. They cannot come in the course of the year when already MDAs have already budgeted for their programmes and tell them that part of the money they have budgeted for should be applied in paying pending bills. That is causing total confusion and total mess in the economy in general. We are in a vicious cycle of pending bills as we rob Peter to pay Paul. That is what we are doing currently. The National Treasury lacks strategy to address this issue. So, we need a serious strategy on how to contain commitments so as to deal with pending bills.

The second contributor to the *hakuna pesa* economy is the rising debt. I appreciate that the Chair of the Budget and Appropriations Committee has ably talked about this matter. He said clearly that if anyone was attentive, they would understand what the Budget and Appropriations Committee is saying. For the first time, I appeal to this House and my Committee that I have been on this topic for over six years. The truth of the matter is that this country is borrowing money to finance recurrent expenditure. That is a fact. If you look at the figures or the amount we are projecting, leave alone the amount we collect, the projected revenue *vis-a-vis* expenditure – you take away money that we pay back into the Consolidated Fund Services, the money that we transfer to counties, the monies we pay salaries and meet other recurrent expenditure – it is not enough to settle all that and remain with money for development expenditure. Therefore, this

is a country that is borrowing money to consume. It does not happen anywhere in the world. You cannot borrow money just to consume. You borrow money to strictly apply in development.

When the new Cabinet Secretary appeared before us seeking to increase the debt ceiling, one of the conditions we agreed on was that he was going to work on a strategy of reducing our commercial debt, debt restructuring or balance sheet restructuring. He was going to reduce the commercial debts and increase more the concessionary loans. When the Budget Policy Statement was brought before us, one thing we must thank the Cabinet Secretary for is that he has reduced domestic borrowing. Projected domestic borrowing is reducing with over Ksh70 billion. That is positive for the economy because we are not going to crowd out the private sector. However, commercial debt is increasing. As the Chair said, it has increased from Ksh213 billion to Ksh274 billion. We asked the Cabinet Secretary that his Budget Policy Statement is not in tandem with the promise he gave to Parliament and the people of Kenya. He told us that part of the Ksh274 billion is not commercial loans despite the fact they have categorised it as commercial loans. He said that part of that money is going to be borrowed from the World Bank and the International Monetary Fund and, therefore, it is semi-concessionary. They have introduced a terminology I rarely meet in budgets of Government. They claim that part of it is semi-concessionary and semi-commercial. A loan can be concessionary or commercial. I do not see where the semi-concessionary is coming in. But we gave him the benefit of the doubt. We told him to go and bring to us facts and figures by categorising the Ksh274 billion and tell us, out of that amount, how much is pure commercial loan and at what interest rate and for what project. That is because we are not going to approve another Budget where we are borrowing money to finance projects that are not spelt out. That is the problem we have had and Kenyans condemn this House for approving anything that comes from the Executive. We are not going to repeat it. We were promised the Report yesterday. Up to today, I am sad to report that we have not been given the Report.

Hon. Speaker, do you think the technocrats at the National Treasury can by mistake categorise what is not a commercial loan as one? The answer is no, given the way I know economies work. Someone is taking us for a ride. This time, Hon. Members, let us not allow the National Treasury to take us for a ride. If they will not tell us why they are increasing commercial loans and why they are borrowing more and yet they promised us that they would borrow less, let us reject that proposal by the Government to borrow more commercial loans because it is hurting this country. We cannot be in a hole and continue to dig. We are already in a hole. We have to correct this mess. We cannot continue digging this hole. That is my plea.

On the issue of public debt, the Hon. Chairman dealt with it properly. I noted that about 2 to 5 per cent of our recurrent expenditure is financed from borrowing. That is for the Budget and Appropriations Committee to look at as we have asked them to do.

The third issue that is contributing to the *hakuna pesa* economy is that there are no jobs for our youths. It is true that the economy is growing, according to the statistics from the Kenya Bureau of Statistics and from the Government, but that growth cannot be clearly defined where it is. How come revenue is not growing at the same pace with the GDP? The reason could be that maybe it is the agricultural sector that is growing while the manufacturing sector, which is very crucial to the economy, is not expanding as expected. We need to address that. More importantly, it means that Kenyans are not paying taxes. On the side of youth employment, let us look for ways of making sure that we promote the manufacturing sector to employ our youth. Let us attract direct foreign investment to this country. I have read a lot of history about the

Hon. Speaker: I have added you five minutes.

Hon. John Mbadī (Suba South, ODM): Thank you Hon. Speaker for that generosity. I will also pay back in kind.

(Laughter)

I will pay back in kind by surrendering one minute. Let me quickly proceed so that I can fulfil my promise.

When we look at the Asian economies that have grown, we realise that most of them do not grow from the agricultural sector. Let us not overly dwell on the agricultural sector. Let us think outside the box and find better ways of growing the economy. Let me give the example of detergents. We used to produce enough detergents in this country. How come we are now importing detergents from South Africa? It means that some people have been sleeping on their job.

I want to talk about food security. If we are talking of the Big Four Agenda and saying that food security is one of the Big Four Agenda but when you look at the Budget Policy Statement, you do not see the nexus between that and budgetary allocation, how do we achieve it? We need to realise and appreciate that food or agriculture is a devolved function. So, how do we get counties to link up with the national Government in terms of policy and actualisation and Budget implementation so that we realise the intended goal of food security and sustainability?

Finally, sustainability of policy proposals is an integral part of development. It is now becoming clear that we develop policies, but we do not care to monitor their implementation. As a House, we need to take the issue of monitoring implementation very seriously.

Hon. Speaker, I agree with you that the Chairs of Committees become more active during the Budget Estimates with demands for money. You ask them where we will get more money to give them because we are Members of Parliament just like them. Instead of coming during BPS, they run away. Instead of engaging the National Treasury during that time, they run away. Then during the Budget Estimates when the figures have come out, they say: “We need irrigation here. We need money here. We have come to beg the Committee to give us Kshs2 billion more.” That is the kind of language they use. Where do Ichung’wah, Mbadī and the rest of the Members of the Budget and Appropriations Committee get Kshs2 billion to give you? Let us take our work seriously.

Finally, Committees, could you kindly monitor the implementation of projects so that we do not just budget and those budgets are not implemented? Why should we put money on budget lines which are never actualised?

With those many remarks, I second. Thank you for your generosity.

(Question proposed)

Hon. Speaker: Leader of the Majority Party.

Hon. Aden Duale (Garissa Township, JP): Hon. Speaker, I beg to support the BPS, 2020 and the Medium-Term Debt Management Strategy. This document finds itself in the National Assembly in compliance with the PFM Act, Section 25 that requires the National Treasury to submit the BPS approved by Cabinet to Parliament – and this is where the problem is – by 15th February each year. Section 191 of the same PFM Act says that the BPS must be accompanied by the Division of Revenue Bill and the County Allocation of Revenue Bill for that financial

year. Section 33 of the PFM Act provides for the submission of the Medium-Term Debt Management Strategy.

The same document has been submitted to the Senate.

(The Clerk-at-the-Table consulted the Speaker)

I want Mr. Kirui to allow me to speak to the Speaker. The Senate will also table and adopt a report of the BPS. In my opinion, the budget-making process is an exclusive function of the National Assembly, except for the Division of Revenue Bill and the County Allocation of Revenue Bill. Hon. Speaker, maybe, you will give guidance later. I think the BPS that will be submitted to the Senate must be different from the one that will be submitted to the National Assembly. The one of the Senate must only refer to the Division of Revenue aspect and the Country Allocation of Revenue Act (CARA) aspect. I am foreseeing a situation where the Senate might have a divergent report to the one that we are discussing here today. That is food for thought for our Budget Office – the fiscal analysts and others who work there.

I like what the Leader of the Minority Party has said about the BPS. This is like the framework. It is like building a house. These are the pillars. If we approve the BPS, it will show how the Budget will look like. So, raise your issues and concerns now in the BPS and forget about it. During the Estimates, as Hon. Mbadi said, Chairs come to us. This is where you need to address your issues of concern as Committees. From where I sit, the Committees should be more concerned about the oversight role they have over the amount of money we appropriate to MDAs of Government, Judiciary and Parliament.

The theme of this 2020 BPS is: “Harnessing the Big Four for Job Creation and Economic Prosperity.” In my opinion, we use big terminologies. Very good terminologies. The theme will resonate well with the ongoing initiative of the Big Four Agenda. What does the Big Four Agenda want to do? In my opinion, the Big Four Agenda is supposed to raise productivity, create efficiency and thereby create an inclusive growth in the aspirations of the people of Kenya towards the Vision 2030 goal. That is the whole thing about the Big Four Agenda.

We must be very careful. The Chair of Budget and Appropriations Committee, his colleagues and the National Treasury must be very careful of the serious challenges that we face today and have an impact not only to the Kenyan economy, but to the global economy. The global economy outlook is likely to be worsened by the current coronavirus. I was reading last night that the busiest transshipment port in the world, Singapore, is now operating at less than 15 per cent. The traffic that was coming from China has stopped. This coronavirus is going to completely affect the global economy which Kenya is part of. Of course, we have the weather in our country. Do not underestimate the locusts which are wiping tea estates and affecting the livestock farmers. They are going to have an impact. There is of course the recurrent expenditure pressure on the Government. In this country, for every Ksh100 we collect, we first pay debts. Maybe, we remain with about Ksh40. The other Ksh40 pays for salaries, tea and flowers. So, there is no money for development from our own collection. That is why when we gave the Government that option to open the debt ceiling... We agreed – and it is in the document of the Committee on Delegated Legislation – that this House cannot act in vain. We agreed that they restructure their debt from commercial to bilateral, multilateral and long-term concessional loans. I am hearing that in this BPS, the commercial loans have grown from Kshs213 billion to Kshs274 billion. These are areas that we need to look into.

The BPS contains both macro and financial outlook of how the economy will look like in the next one year. It will tell us how the economy will look like in terms of revenue collection, expenditure and debt. That is the whole essence of the BPS. If you compare the Financial Year 2019/2020 to the Financial Year 2020/2021, you will find that the national Government budgetary allocation has been reduced by Kshs200 billion. In the last financial year, it was at Kshs2 trillion and now it is at Kshs1.778 trillion.

We must hang the current Cabinet Secretary and the Government. They have realised that they cannot just have numbers, so they have reduced the budget. The budgetary allocation of Parliament is at Kshs36.2 billion. That is where we were in last financial year. That is our ceiling. The Judiciary was at Kshs18.1 billion in the last financial year. The Consolidated Fund Service, of course, is at Kshs574.6 billion and the County Government Equitable Allocation is at Kshs316.5 billion. This brings the total budgetary allocation to Kshs2.7 trillion.

When I listen to the Chairperson of the Budget and Appropriations Committee, he is trying to play around with the ceilings of other arms of the Government. Hon. Speaker, I want you to have at the back of your mind that - and I know you are a seasoned Speaker and a lawyer - the fact that before you touch the ceiling of another arm of Government, particularly if you want to increase, you must be cognisant of Section 39 of the Public Finance Management (PFM) Act. You cannot just do budget like you are selling scratch cards. The Chairperson has a butchery business in Kikuyu. When he is cutting pieces of meat for his customers, there are those who want bones, others want different parts and so on. That is not how budget is done.

If you are touching on the ceilings of other arms of the Government and you want to increase, you must confine yourself to Section 39 of the PFM Act. If you have a deficit of Kshs7 billion, you must rationalise where we shall get money from. With this kind of economic outlook, with the coronavirus epidemic and low revenue collection, please, particularly for Parliament and the Judiciary, do not give budgetary allocations you are not going to provide.

Ordinarily, one of the things that make Kenyans very poor is what is called the credit card. I tell people that how you use your credit card and what is in your wallet is important. Always live by your wallet. If your wallet cannot buy you a cup of tea at the Intercontinental Hotel, just look for another restaurant where your wallet can afford to pay the bill.

This man wants to allocate us billions of shillings, which again in another six months, he will bring a Supplementary Estimates and say that the revenue was not achieved. So, please, comply with Section 39 of the PFM Act. Let us have our ceiling for the last financial year, which is Kshs36.9 billion for Parliament. Do not allocate us money you do not have. Do not allocate money that you do not have to other institutions, Chairperson. You can see the national Government has reduced its budget by about Kshs200 billion.

Hon. Speaker, the Report says:

“In view of the foregoing, the Budget and Appropriations Committee’s recommendations should propose areas of rationalisation to ensure that the budget is fully funded according to Section 39 of the PFM Act.”

This is the problem we had when doing the controversial Value Added Tax (VAT) Act. The Finance Bill will come this year. If you cut here, you must give in the other hand. We must have a balanced Budget starting with the Budget Policy Statement.

Finally, there is the issue of pending bills. This issue is affecting us. For those who want to become governors like Hon. John Mbadi and Hon. (Dr.) Chris Wamalwa, you have to think twice. Unless pending bills are cleared, the next governors will carry huge pending bills in billions of shillings.

We should not wait for the National Treasury. When the Budget Estimates are tabled here, we must create a line item for the national Government. In the Division of Revenue Bill and the County Revenue Allocation Bill, the Senate must also create a line item. We must force it in law that a given amount of money is allocated sharable in all the 47 counties and every county must pay their pending bills based on the money allocated.

If there will be no money allocated for pending bills, the current projects going on will become pending bills in the next financial year. So, we need to be very honest with the people of Kenya. There are people whose properties are being auctioned, who cannot take their children to school and have no food on the table.

Governors must read the scriptures. They must read the Quran and the Bible. Hon. Speaker allowed us *kuongea* Kiswahili. *Yale yanayotendeka nchini Kenya katika serikali za kauti ni dhuluma. Watu wengine wako hospitalini na wengine hawana chakula lakini wengine ni matajiri. Hii tumekubaliana. Unajua* for the Kiswahili Standing Order, *Bw. Spika amekubali...* As we reach here, we can *changanya. Hiyo dhuluma mnayowafanyia Wakenya, Mungu anawaona.*

This House and the Budget and Appropriations Committee must create an amount for pending bills. The President said it in Narok. The national Government has tried its best to pay their pending bills, but in the county governments, we must put it in the Division of Revenue Bill.

(Hon. Omboko Milemba spoke off record)

You know you no longer sit in the House Business Committee. You have been removed by Hon. John Mbadi. A decision was made that we can mix languages as we continue. A communication is coming. So, relax. You know this is not the Kenya Union of Post Primary Education Teachers (KUPPET). This is a House of Parliament. It is a place where we make a decision and it becomes law. This is the National Assembly.

Hon. Speaker, I really want to agree that the Chairperson has a deficit of Kshs7 billion.

Hon. Speaker: There is a point of order from Hon. Omboko Milemba.

Hon. Omboko Milemba (Emuhaya, ANC): Thank you, Hon. Speaker. I was here in the morning session and as we discussed the business of the House, Members who mixed languages were reprimanded. This afternoon, a Member is doing the same and he is walking away with it and asserting that because he is in the House Business Committee, communication will come later. Is it in order? Could you, please, communicate?

Thank you, Hon. Speaker.

Hon. Speaker: A communication is coming to that effect.

(Laughter)

Hon. Aden Duale (Garissa Township, JP): Thank you, Hon. Speaker.

Hon. Speaker: The Leader of the Majority Party jumped the gun.

Hon. Aden Duale (Garissa Township, JP): Thank you, Hon. Speaker. I have adhered to the instructions of the Speaker. But because I am not a trade union official, when I come to the House, my loyalty is to the House.

Finally, Hon. Speaker, there is Kshs7 billion hanging. The Chairperson must rationalise that. Do not allocate Kshs7 billion that you cannot fund. There is no way the national

Government can reduce the budget by Kshs200 billion and you are giving out Kshs7 billion. Before we approve, comply with Section 39 of the PFM Act. I hope your amendment will address that.

This morning, I communicated and the majority of the Chairpersons have come. Let us make sure that as we appropriate this amount of money as committees, as Chairpersons, Members, this House, the Public Accounts Committee and the Public Investments, we should follow every penny to where it goes.

I beg to support.

Hon. Speaker: Hon. Members, before I allow further debate, the Chairperson of the Budget and Appropriations Committee has given an indication when he was moving this Motion that he would be moving some amendments. So that we do not debate without knowing the actual figures, I will allow the Chairperson of the Budget and Appropriations Committee to move his proposed amendments so that further contributions will be based on what you would have resolved. This touches on the figures to the Parliamentary Service Commission and the Judiciary. I have heard the leader of the Majority party mention a figure that is not in the original Motion. It is in the proposed amendments which the House has not approved. The best thing is to allow the Chair of the Budget and Appropriations Committee to move the amendment then the contributions thereafter will be on the proposed amendments. You have to take a vote on that.

Chairperson, Budget and Appropriations Committee.

Hon. Kimani Ichung'wah (Kikuyu, JP): Thank you, Hon. Speaker. As I had indicated, I want to appreciate what the Leader of the Majority Party has indicated. I beg to move:

THAT, the Motion be amended by inserting the following words immediately after the figure "2020"–

“Subject to:

(a) Amendment of paragraph 47 as follows–

(i) by deleting sub-paragraph I on Page 21 of the Report under the Financial Recommendations, and substituting thereof the following new sub-paragraph:

“I. That, the ceiling of each arm of Government for FY 2020/21 be capped as follows:

- (i) Parliament – Ksh36.22 billion
- (ii) Judiciary – Ksh18.05 billion
- (iii) Executive – Ksh1,778.13 billion”

(ii) by deleting sub-paragraph II on Page 21 under the Financial Recommendations and substituting thereof the following new sub-paragraph:

“II. That, Kshs1 billion be allocated for strategic response to public initiatives.”

(iii) by deleting sub-paragraph III on Page 21 under the Financial Recommendations and substituting thereof the following new sub-paragraph:

“III. That, the financing gap of Kshs1 billion be funded through reprioritisation and realignment with the Executive’s approved ceiling.”

(b) THAT, the consequential amendments be effected in the Schedules thereof.

Hon Speaker, as I indicated earlier and as it has been mentioned by the Leader of the Majority Party, in conformity with Section 39 of our PFM Act, we are required that for every addition we do, there is a commensurate reduction in terms of expenditure. The BPS proposed ceilings for the Judiciary and Parliament. They had left out the strategic response for public initiatives which is money for public participation. As I indicated, we intend to cover all the 47 counties over the four-year period that we have. We have already covered 24 counties. So, we will cover another probably 10 counties this year because of reduced resources.

In line with the fiscal consolidation efforts by everybody in the Government, including the Executive, as the Leader of the Majority Party, the Leader of the Minority Party and myself, have mentioned, the Executive has cut its own budget by almost Kshs200 billion in terms of expenditure cuts. Considering the heavy requirements that we need and the challenges, as I have mentioned, on the global outlook of the economy and climate change, locusts invasion, coronavirus and the antecedent consequences that we have to our revenues, we had anticipated as the Budget and Appropriations Committee that we will ask the National Treasury for more.

Looking at the request that came from the departmental committees, we had a request of about Ksh104 billion extra, which was way above the ceilings that had been provided in the BPS. For Parliament, besides the Kshs36 billion that was provided, the PSC came to us with a request for Kshs54 billion. That is Kshs18 billion above the ceiling that was in the BPS. For the Judiciary, they had a request of Kshs37 billion which is almost double of what was provided. Therefore, we had looked at the needs to ensure that every arm of Government is able to cater for its salaries, wages, allowances and usual expenditures, and able to sustain themselves to be productive in the economy. For Parliament, we assured them that they will complete their office block. On Judiciary, we gave them adequate resources to complete their ongoing projects. I am aware that there is a World Bank funded project that we brought back in the Budget for FY 2019/2020 for the Judiciary that is helping them to complete some of their ongoing court projects. For Parliament, there are resources that were provided for this year, but we wanted to make sure that normal repairs and maintenance are well catered for. We, therefore, proposed, as the Budget and Appropriations Committee, increments and proposed - as you will find in the Report - that the gap that will have been created of Kshs7 billion be catered for through reprioritisation from the Executive's budget. In other words, we were asking the National Treasury to increase the ceilings for Parliament, Judiciary for public participation initiatives and cut further from the Executive beyond the Kshs200 billion that they had cut. It became apparent that it will not be possible because of the huge cuts that had been taken. As I mentioned, there were concerns that we have even cut development expenditure. Therefore, that will mean that you further cut the development expenditure from the national Executive and aggravate a bad situation. That will further compound the problems that we have talked about like the coronavirus, locusts and low revenues. Therefore, that will mean that we cut another Kshs7 billion from the development expenditure.

Hon. Olago Aluoch (Kisumu West, FORD-K): On a point of order, Hon. Speaker.

Hon. Speaker: There is a point of order from Hon. Olago Aluoch.

Hon. Olago Aluoch (Kisumu West, FORD-K): Hon. Speaker, the BPS came from the Committee and that is what we have before the House. Can the Chairman of the Committee confirm to this House if this amendment is from the Committee or from himself?

Hon. Kimani Ichung'wah (Kikuyu, JP): Thank you, Hon. Speaker. First, the BPS is from the National Treasury to the House and we review it as a House through our departmental committees that submit their reports to us. I want to confirm that the amendment I am speaking to is a Committee amendment.

(Hon. Members spoke off record)

Sorry! Hon. Speaker, the revision...

Hon. (Dr.) Otiende Amollo (Rarieda, ODM): On a point of order, Hon. Speaker.

Hon. Speaker: There is a point of order from Hon. Otiende Amollo.

Hon. (Dr.) Otiende Amollo (Rarieda, ODM): Hon. Speaker, the point of order raised by Hon. Olago Oluoch is a fundamental issue. We have a Report which is dully signed by all, but nine Members. Incidentally, that Report was uploaded after I raised it. Now it is here. When the Chair is proposing an amendment, he must clarify whether it is an amendment by the Committee or not. If it is, it should be similarly supported. It is a fundamental point. It is not his personal views that are to be expressed here, but the views of the Committee. That ought to be clarified first.

Thank you.

Hon. Speaker: Chairperson of the Budget and Appropriations Committee, is it a Committee amendment?

Hon. Kimani Ichung'wah (Kikuyu, JP): Hon. Speaker, that is what I was explaining to the Members. The proposal to increase the ceilings came from the Budget and Appropriations Committee.

(Hon. David ole Sankok spoke off record)

Hon. Speaker, if you may protect me from shouting by Member 001. I know these things might be difficult for him to understand, but if he listens, he might understand like Hon. Olago Oluoch and Hon. Otiende Amollo understand.

Two, the review is also coming from the Committee based on the provisions of Section 39 of the PFM Act. We are not able at the moment to raise money from elsewhere. As I indicated, it was envisaged that after engagement with the National Treasury, they would institute further cuts from the Executive arm to cater for additional development expenditure in the other two arms of Government and public participation initiatives.

Hon. Speaker: There is another point of order from Hon. John Mbadi.

Hon. John Mbadi (Suba South, ODM): Hon. Speaker, I am really trying to restrain myself. The Chair called me that there was a meeting to make this change, but this reasoning of Section 39 does not arise. We are dealing with Budget Estimates. We are dealing with the BPS. I think Members need to understand what the Chair wants to do. Let me explain it in simple terms.

One, the Judiciary budget in the ending financial year is Kshs18 billion, which they have been complaining about. In the BPS, the Treasury was giving them only Kshs17 billion, reducing the current budget by Kshs1 billion. The Committee, in its wisdom, decided to reverse it to Kshs18 billion, not giving them any extra money. What the Chair wants to do is to reverse it back to Kshs17 billion again. This is going to hurt the Judiciary.

Two, in the current 2019/2020 FY, Parliament requested for Kshs43 billion. We gave Parliament Kshs39 billion. This BPS is giving Parliament Kshs36 billion. We said, no. Let us give Parliament what they were given last year; Kshs39 billion. What the Chairman wants to do is to reverse it back to Kshs36 billion.

Let us be honest with ourselves. There is nothing illegal in having these figures as they were. Let us be candid that it is the Treasury pushing my Chairman, whom I respect a lot. If Treasury wants to negotiate with Parliament, let them do so. But this justification of we cannot adjust through the BPS because we have to find where to get the money from does not hold. This is a policy statement, giving an indication. If they feel they have no money, let them look for that money between now and the time of the estimates and tell us where to get it from. If Members listen to what I am saying, I am in effect saying that this amendment should be rejected.

(Laughter)

Hon. Speaker: Hon. Cheptumo, Chair of the Departmental Committee on Justice and Legal Affairs, do you want to weigh in?

Hon. William Cheptumo (Baringo North, JP): Thank you, Hon. Speaker. There are two issues here. I still want to pursue the point of order by Hon. Olago. The question that is being raised is whether what the Chair of the Budget and Appropriations Committee is proposing in terms of amendment is a Committee decision or his own. The other point is that I want to correct Hon. Mbadi. The resource requirement of the Judiciary in 2020/2021 is Kshs37 billion. They were given Kshs18.1 billion in the ceiling. What the Committee is trying to do now, which I support, is to add Kshs1 billion to make it Kshs19 billion, as per this Report. Unfortunately, Hon. Mbadi is not listening to what I am saying. I think it is important that we clarify. While moving this Motion, the Chair was very clear that we need to address the needs of the Judiciary. The Judiciary was given a ceiling of Kshs18.1 billion. They are not adding anything on top now. That is the ceiling that was brought by the Treasury to Parliament.

Hon. Speaker: It, therefore, means that the Chair of the Budget and Appropriations Committee is proposing to amend the Committee's Report. You know many of you have not listened to him. Look at the original Report by the Budget and Appropriations Committee. The ceiling for Parliament was put at Kshs39.14 billion, the ceiling for the Judiciary was put at Kshs19.05 billion and the ceiling for the Executive was put at Kshs1,778.13 billion. That is in the Report from the Committee.

Therefore, the point being raised by Hon. Olago Aluoch, Hon. Otiende Amollo, Hon. John Mbadi and Hon. Cheptumo is whether the Chairman is now proposing to amend that Report, which is by His Committee and Members of his Committee, one of them being Hon. John Mbadi, are wondering where this has come from. I can hear some of you asking where from. That is not the point. The point is whether the Report is being amended. If you look at the original Report - I hope you have it - you will see the ceilings. If you have seen those ceilings, therefore, what the Chairman is doing is reducing the ceilings from Kshs39.1 to Kshs36.22 for Parliament, and from Kshs19.05 billion to Kshs18.05 billion for the Judiciary. That is what the Chairman is doing. The question that has been raised, which I think the Chairman needs to answer, is whether this amendment is a Committee amendment.

Hon. Olago Aluoch.

Hon. Olago Aluoch (Kisumu West, FORD-K): Hon. Speaker, Hon. Mbadi and Hon. Cheptumo spoke to the substance of the amendment. What I raised was the legality of the amendment. The Report that we are discussing was signed by the Committee. If it is to be amended, the amendment proposed must be by the Committee. I want the Chairman to be honest on this matter. If it is his own amendment and not the Committee's amendment, then he must withdraw it. But if he insists on going forward with it, I would ask the Chair to rule on the legality of the proposed amendment first.

Hon. Speaker: Maybe Hon. Ichung'wah can propose an amendment, if this amendment is not from the Committee. This is Report of the Committee. If it is the Committee that wants to amend its Report, that is perfectly in order. But we must get to know if it is the Committee that is proposing the amendment. The Chair, in his personal capacity, also has a right to propose an amendment.

Hon. Ichung'wah, Members of your Committee do not appear to be aware of this amendment.

Hon. Kimani Ichung'wah (Kikuyu, JP): Definitely the Leader of the Minority Party is aware, because he was actively involved in the deliberations. However, the amendment, as I indicated, is signed by myself as the Chair and approved by the Speaker and is, therefore, properly before the House.

However, the decisions on how to deal with the amendment is up to the House to listen to what I was saying, the rationale behind it and make an appropriate decision. All I can do as the Member of Parliament for Kikuyu and the Chairman of the Budget and Appropriations Committee is to move the amendment and leave it to the House to make an appropriate decision. That is why I have gone to great length to explain to the House the rationale behind the amendment. I would only beg that you listen to me as I complete the last bit which I was explaining. Just by concluding on what the Leader of the Majority Party had said, we may desire to have more resources on paper at the policy level, but in reality the resources might not be available, that is what we want to do. As a matter of proper planning, as our Judiciary, Parliament and even the Budget and Appropriations Committee go out for public participation, we plan based on resources that are available. However, let me also clarify that what has been provided for under the ceilings is adequate to ensure that all the three arms of Government are able to offer their services uninterrupted. However, I did indicate that although we develop budgets for all the arms of the Government, still there is going to be a problem with the Executive development budget because there are cuts. If you read the Report, we express our concerns as a Committee that because of the hard-economic times we are even going to cut on the development expenditure. The same goes for the other arms of the Government. The Judiciary would be able to execute all their programmes through their recurrent expenditure, but their development expenditure will be cut and that also applies to Parliament.

Hon. Speaker: There is a point of order from Hon. Tuwei.

Hon. Vincent Tuwei (Mosop, JP): On a point of order. Hon. Speaker, I respect the Budget and Appropriations Committee. However, the Chairman is trying to impute improper motives that this matter has just come up after the Committee signed the Report. If today he has been called somewhere for a cup of tea and makes changes, then he has realised that it cannot be attained, then it is actually an exercise in futility for the Committee to be sitting with the Cabinet Secretary to analyse issues for the whole 14 days and then today you get a statement that is not going in tandem with what the Committee agreed.

Hon. Speaker, I tend to think, and this is one thing that we need to be serious about especially Chairs of committees, we have realised that they have become an appendix of the Executive on some issues. If you look at every Member who is a Chair of any committee, they go to bed with ministries that they oversee.

(Loud consultations)

Sorry to use that term. I withdraw it. There seems to be an agreement between chairmen and the ministries they oversee.

Hon. Speaker: He has withdrawn in his own violation

Hon. Vincent Tuwei (Mosop, JP): I have withdrawn, but I have realised that some of these Chairmen seem to be getting some instructions which are outside the Standing Orders of this House. Some of them are getting benefits. Some Committee Members, especially Chairmen are even gaining from the resources they appropriate. I will bring a Motion next week to show

that one of the Chairmen of these Committees has taken Kshs300 million to his constituency. It is sad.

(Loud consultations)

Hon. Speaker: Hon. Rasso, you also want to go the same route? The issue of going to bed has been withdrawn by Hon. Tuwei on his volition. Allow the Mover to finish moving.

(Loud consultations)

Hon. Ali Rasso (Saku, JP): On a point of order!

Hon. Speaker: Hon. Rasso, let him finish, then we can allow you an opportunity to debate the proposed amendment. Hon. Ichung'wah, continue.

Hon. Kimani Ichung'wah (Kikuyu, JP): Thank you, Hon. Speaker. I think that point of order had no relation to the issues here since we have been talking about other Committees, their Chairs and what is happening there, which I cannot speak for. The decision is up to the Members to make. However, it is also prudent that we plan with the available resources. We must appreciate that as I move this Motion, we are living under very difficult circumstances this financial year. Indicatively, even in the next Financial Year 2020/2021, which starts in July this year, we are only four months away from the beginning of the next financial year and we must be cognisant of the realities that pertain to both our economy and the global economy. That is why I went to great lengths to explain the issues that we had from coronavirus, locusts, floods and all the problems that we are living with. Therefore, I urge Members to support this amendment in line with the fiscal consolidation that is ongoing across all sectors of the economy and across all arms of Government. I request the Leader of the Majority Party to second.

Hon. A.B. Duale (Garissa Township, JP): Hon. Speaker, I am seconding it with a heavy heart.

(Laughter)

As I second, my argument number one, and which is valid, is that Hon. Tuwei is right, but any Member of this House can bring an amendment to this Report. So, there is no crime anybody has committed including the Chair. The only issue is our situation, which is Section 39 of the PFM Act. I think this argument should have been well canvassed at the Budget and Appropriations Committee. Further, if the House rejects this...

(Laughter)

That is why I said I am seconding it with a heavy heart. As we deal with this matter, I want to bring to the attention of the House, and Hon. Tuwei has spoken, that there is a constitutional provision for public participation in the budget-making process. The Budget and Appropriations Committee has put Kshs3 billion. This is always shared among Members of that Committee including...

(Loud consultations)

Let me finish. I am seconding your amendment. You cannot... Let them not tell us...

Hon. Speaker: Hon. John Mbadi is a ranking Member of the said Committee.

Hon. A.B. Duale (Garissa Township, JP): He is a beneficiary.

Hon. John Mbadi (Suba South, ODM): On a point of order. I usually, and sometimes it is not tidy for me to raise a point of order on the Leader of the Majority Party, but let us be factual. The money for public participation, and the Chairman of the Budget and Appropriations Committee... Let us be transparent on some of these things, so that we are not scandalised. It does not make sense. This is what brought down the Budget and Appropriations Committee the other time. Last year, we did 24 counties. My county was not one of them yet I am a Member of the Committee. In fact, I was expecting my county this time to get public participation. Each of the 24 counties got Kshs100 million from the Kshs2.4 billion and they were picked at random. I am in the Budget and Appropriations Committee, a ranking Member, yet Homa Bay was not one of them. So, when Hon. Duale says that it is for the Budget and Appropriations Committee, it is not factual. That is what I wanted to put across.

Hon. A.B. Duale (Garissa Township, JP): Hon. Speaker, I will provide evidence when we come to the Estimates, that even the choice of the counties to conduct public participation and the constituencies in all those counties are discriminated. In fact, if a Member of the Budget and Appropriations Committee comes from a county where it is a beneficiary - and I will give a very good example like Wajir County which you visited last year - already there is a serious problem there. So, even this money for public participation is not exclusive for the Budget and Appropriations Committee to decide. If we have to speak from the heart, we will do so. As I support, I really want to pose one moral question: Do you want to have money on paper or you want to maintain your ceiling? What was the ceiling for the Judiciary for last year? If it was Kshs18 billion point something, let us maintain the ceiling for Parliament. If it was Kshs39 billion point something, let us maintain it. Yes, let us maintain it and then we will not be in a catch 22 situation within the reading of Section 39 of the Public Finance Management (PFM) Act. I really want to ask, as I conclude - and the Chair knows I have more experience... You can further amend. You can further amend your amendment.

(Laughter)

Accept it with the help of the Speaker that you maintain the whole ceiling of the Judiciary and that of Parliament and we move on. Yes, my friend. Otherwise, why are we here? It is rare to see the House full at 5.30 p.m. I was wondering what is going to happen.

Hon. Speaker, with a heavy heart, I second.

Hon. Speaker: You know you are being seconded.

(Loud consultations)

But you see, I must propose first.

Hon. Members: Put the Question!!

Hon. Speaker: No. I must propose first. That is the procedure. Then you can even do what you want.

(Question, that the words to be inserted be inserted, proposed)

Hon. Members: Put the Question!

*(Question, that the words to be inserted
be inserted, put and negatived)*

(Debate on the original Motion resumed)

Hon. Speaker: Hon. Members, then debate resumes on the Motion as originally framed at which I think, for avoidance of doubt, the ceilings remain at:

- (i) Parliament Kshs39.14 billion
- (ii) Judiciary Kshs19.05 billion
- (iii) Executive Kshs1.778 trillion.

Therefore, those figures will remain like that as we debate the general policy issues.

Hon. Makali Mulu.

Hon. Makali Mulu (Kitui Central, WDM-K): Thank you, Hon. Speaker for giving me the chance to add my voice to this important debate. I want to say, my colleagues - the Mover and the Seconder - have done justice to this BPS. So, I will try to add value to areas where they have not been able to provide more details. But even as I start, it is important to remind the House that this House has a constitutional mandate to make the Budget. So, even as those other consultations take place, it is important for us to realise that the House must be respected.

Hon. Speaker, looking at this, I just want to start from Page One of the Report, by quoting the theme of the Budget. I think the Leader of the Majority Party had mentioned this. It is: "Harnessing the Big Four for Job Creation and Economic Prosperity." This being a policy document, it is important that we interrogate the policies. I know my Chair has spoken a lot about the Big Four Agenda. I want to say that if the Big Four Agenda is supposed to be the main theme of this BPS, we have to do much more work in this area.

Hon. Speaker, in addition to what my colleagues said, in terms of the Big Four Agenda, there are three things which must be done if the policy has to make any sense. The first one is the issue of implementation matrix. That must be sorted out. The issue of accountability framework must be sorted out and last but not least, we must have a clear monitoring and evaluation framework. Unless that is done, we will not obtain that policy direction.

The other point I want to discuss is that when you look at the BPS, there are a number of conditional grants that are supposed to be sent to the counties. In terms of policy, we need to have a very clear framework of how these conditional grants are going to be implemented and monitored. For instance, we have been sending conditional grants to the counties since they became effective. The question is: For how long are we going to continue sending conditional grants? I want to give an example. We have been giving conditional grants to Level 5 hospitals. The thinking behind that was that the Level 5 hospitals would be more of regional health centres where people can go from other counties to visit and get services. However, with the implementation of the county government budgets and plans, a number of other health facilities have been upgraded to a level that there might be no need to visit the Level 5 hospitals.

Hon. Speaker, the policy question is: Is it not time we reviewed that policy to find out whether there is need to continue pumping money to Level 5 hospitals or it is time the conditional grants are shared among all the counties, so that counties also upgrade their health facilities?

Another issue that I want to raise is the issue of all revenue sources. If you look at the BPS, the counties are collecting on average about 30 per cent of what should be collected.

Hon. Speaker, the question is how county economies grow in a situation where they are not collecting their own revenue. Even when they collect money, there are many leakages. So, we need to have a clear policy in terms of revenue resources for counties. In this Report, that does not come out clearly in terms of how to ensure that counties increase their revenues and also make good use of those revenues.

The other important point is the issue of what the BPS calls contingency liabilities. It is a constitutional requirement that when counties or parastatals borrow money, they must be guaranteed by the National Treasury. When they default in terms of repayment, the National Treasury has to pay because it guaranteed them. We require a very clear policy statement in terms of how to handle the issue where some parastatals have been devolved and the National Treasury has to use the meagre revenue that we are collecting to bail them out.

So, as we discuss this document, it is important that Parliament demands that there is a clear policy in terms of areas where the National Treasury is guaranteeing other institutions. We will be coming up with a very clear credit rating score, so that we can know which parastatals and counties are credit-worthy. I think it is a general policy that from the coming financial year, counties will be allowed to borrow on their own, but guaranteed by the National Treasury. Before we get to that level, it would be very important to have all these institutions taken through a process, so that their credit rating score is determined.

Hon. Speaker, the other critical point is the issue of duplication of functions. If you look at what is happening at the county level, the national level and in parastatals or regional authorities, you realise that there are a lot of duplication of functions. At policy level, time has come when we need to strictly say that implementing agencies must implement as per the functions cited in the Constitution. The regional authorities, which are doing some county functions need a clear policy such that those functions are taken back to county governments and the regional authorities only implement functions of the national Government. In that case, we will save a lot of resources which can be used to reduce the deficit. We are all crying that we have a serious deficit.

The other important point is that of a weak project appraisal. In the past three years, we have seen projects that have been implemented in this country. Later, we question whether the projects have been taken through the proper appraisal or evaluation process to determine whether they are worthy of implementation. I think at policy level, it is important to note that the National Treasury has established a unit to take care of project appraisals, but I think it has not started working. Therefore, as we move forward, it is important that this unit takes its work seriously and saves Kenyans a lot of resources from going to waste in terms of implementing projects which are worthy implementation.

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

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

Hon. Temporary Deputy Speaker, when you look at the BPS, there is a whole discussion about the Fiscal Consultation Policy. I asked myself whether we could be facing what I call a “fiscal credibility crisis”? Our budget is a three-year cycle where we have the inner year, which

is the first year, and then two outer years. Every Budget we do, there is a projection for the coming year and the third year. When you analyse that over time, you realise that we have never adhered to that Fiscal Consultation Policy. I think, basically, as a country, if we are not careful, very soon we will be facing a fiscal credibility crisis. It is creeping in and it is important that we take it seriously as a House and assist the national Government.

Hon. Temporary Deputy Speaker, I agree with the earlier proposal that we do a BPS in terms of three years. That will allow time for monitoring what we have agreed and ensuring that we track the targets. If we are not achieving, then in three years, we can review the document and do another BPS, so that in terms of policy direction, we provide a three-year rolling policy direction and also a strategic direction.

The Temporary Deputy Speaker (Hon. Patrick Mariru): I will give you one minute to finish that point.

Hon. Makali Mulu (Kitui Central, WDM-K): I appreciate, Hon. Temporary Deputy Speaker. So, the idea of doing the BPS yearly and it is not adhered to, will turn out to be a waste of time. So, time has come for us to review our own budget-making process and see whether we can do BPS for three years, but track the targets every year.

Now that you have given me one minute, let me conclude by thanking you. In terms of reducing development expenditure, there is no way we are going to grow this economy if we do not invest in development. So, we must rethink our strategy and policy in terms of reducing the development budget.

With those remarks, I support.

The Temporary Deputy Speaker (Hon. Patrick Mariru): Hon. Kimunya.

Hon. Amos Kimunya (Kipipiri, JP): Thank you, Hon. Temporary Deputy Speaker. I want to, first of all, acknowledge the work done by the Budget and Appropriations Committee and, indeed, all the other Committees for reviewing this rather technical document. As Dr. Makali has said, it has become more of an annual ritual rather than a strategic guiding document.

I am saying this because if we look at last year's and this year's BPS, you will see lots of cut and pasting. You look at the numbers contained within the BPS and the Medium-Term Expenditure Framework (MTEF) from which it was derived and you start seeing inconsistencies. It just shows that somebody is not taking it seriously. So, you have a target in the MTEF, when you come to the BPS, it is different and in April, we end up with Estimates that are not consistent. So, it becomes like a ritual because it is required to be submitted by law. What I would want to ask is to, perhaps, get some seriousness at the planning level at the National Treasury. As we generate the MTEF, which is realistic, based on it, we can interrogate and seek to know the strategies the Government will put in place to achieve the MTEF targets. Those ones must be synchronised with where the country wants to be. For example, in the education sector, we are talking of the Competency Based Curriculum (CBC), the transiting from one structure to the other, we will need extra classrooms. We are talking of 100 per cent transition which requires more classrooms, but when you look at the MTEF and the BPS, we are basically talking of the need to construct 90 classrooms per year in primary schools. So, are we inconsistent between the policy pronouncements and what is in the documents?

Look at the number of children going to school. Through the transition, they will end up in universities and Technical and Vocational Education Training Institutes (TVETs). Are we putting the same targets in the BPS? When we come to the Estimates, there will be the capitation per student such that when we multiply by the number of children, it should reflect in the Budget. Remember we have ceilings which we cannot exceed. So, there is a lot of

inconsistencies between what we have promised the people of Kenya and what we have put in the planning documents and in the implementation documents. I agree that, perhaps, we need to move to a three-year planning horizon, so that the National Treasury can spend time in planning properly. If you fail to plan, you are planning to fail. We can use this time to remove all these inconsistencies and ensure that between the intentions, policy and implementation, we can see a thread. Hopefully, when we look at the Estimates and see how much money we are giving, we will see what is happening.

Right now, we were being given a proposal and I am glad the House has refused it. We were being told to reduce budgets of Parliament and the Judiciary by Kshs1 billion. This means the outputs which the Judiciary was supposed to give and what Parliament was supposed to achieve this year would be reduced by Kshs1 billion. So, our sittings would have to be reduced or the Judiciary would not hear cases beyond a certain period. This is because people are planning without necessary looking at the correlation between inputs and outputs, but purely on absolute numbers. They can say they want Parliament to approve “a”, “b”, “c” and “d”. We approve it and come up with a Supplementary Budget. But before it is done, we come up with a Supplementary Budget because people are looking at numbers rather than planning.

The BPS is supposed to address strategies to take us there. I did not say the BBI, but the BPS. We also recognise that we are operating under very difficult economic circumstances. It is under these circumstances that people need to refocus on what they need to do. We have put a lot of focus on the Big Four Agenda. For housing, how much has it absorbed in the last two years and how many units have been created? Has the fund that we passed in this House ever been operationalised because there are court cases? Is it still realistic for us to achieve those targets yet we continue to pump money into this?

We had a target of cranking up manufacturing to contribute 15 per cent of the Gross Domestic Product (GDP). Looking at the statistics, we are on a downward slope. Right now, we are under 8 per cent. It is not going up, but down. What magic between now and the next two years will we apply so that we can leapfrog in terms of achieving the targets for manufacturing? It is only when we achieve this that we will generate revenue to create jobs and sustain the economy within our targets.

It is at this point that we need to go back and reflect whether we are doing things the right way or the same way and expecting different results. I want to urge the National Treasury to relook at some of these things. In as much as there is no law requiring them to resubmit a revised BPS, let them take advantage of this situation. They should redo the BPS and reflect the current reality that we have shortages and our revenue is not going up, but down. The COVID-19 was not there at the point of doing the BPS and it is now a reality. The global economy has shrunk and obviously Kenya will be affected. We are not an isolated part of the world. What are the impacts of this that need to be factored in, so that we can plan based on what we can realistically achieve?

The National Treasury is committed to fiscal consolidation and we all support this. But the method they are using is reducing spending by Kshs200 billion because we cannot afford. But how does this impact the private sector? The aggregate demand has been reduced by Kshs200 billion. So, if the private sector was intending to supply the Government with goods and services, it will supply less Kshs200 billion. This means the people required to produce will be reduced and even profits reduced. This will have a knock-on effect on the taxes.

What will we do given the reduction in Government spending and extra taxes that will reduce the disposal income of those firms, so that businesses are encouraged to continue

producing, enhance their productivity and income, so they can retain people in office? It is very clear that at the fiscal policy level, we do not have space. We have exhausted all the options, but at the monetary policy level, we have several options that we are not utilising. We removed the interest cap rate which we were told is good for the economy. The Central Bank of Kenya (CBK) has gone ahead and removed the Central Bank rate and is now at 8.25 per cent, but has this sent any signal to any of the banks to reduce the lending rates? They are not under any obligation to coordinate their lending to this rate. So, they are doing nothing.

The bank can do monetary open market operations, but we do not think we are in a situation where we need to start printing money. We have an instrument we used very effectively in the Financial Year 2003/2004. The cash reserve ratio was reduced and all over sudden, banks were awash with money. They set up kiosks on the streets trying to push money to the *wananchi*. We need to get to that kind of situation. Right now, I believe the cash reserve ratio is in the order of 5.5 per cent. If only we reduced it to 4 per cent, we will end up with more money getting into the private sector. We can have this discussion in detail, but I would like to urge the Government to start being innovative on some of these things.

Also, on the issue of pending bills, the faster we can pay, the quicker we will get liquidity into the market. We will restore the creditworthiness of suppliers who are now being listed on the Credit Reference Bureau (CRB) and cannot access credit.

The Temporary Deputy Speaker (Hon. Patrick Mariru): Very well. If we keep adding everyone one minute, I am not sure we will have time. But because I added Hon. Makali, I will add you one minute and will not add any other Member.

Hon. Amos Kimunya (Kipipiri, JP): Thank you, Hon. Temporary Deputy Speaker and the Members for their intervention. I want to emphasise the issue of pending bills. This amount should be paid so that we can, at least, get velocity of money supply up in terms of liquidity and credibility of suppliers.

Just to summarise on the Big Four Agenda, I think it is important for us to relook at the targets that we set. In as much as they are legacy projects, let us see if there are any other investment options for the money of the Big Four projects where, in the short term, it will invigorate the economy. We cannot have a situation where we are waiting for the long-term while in the short-term, people are suffering. We are saying that the National Treasury should relook at all this and we can have a more candid discussion in the future. I have just highlighted some of the things that need to be relooked at, so we can move forward as one Kenya.

Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Patrick Mariru): Next is Hon. Milemba Omboko, Member for Emuhaya.

Hon. Omboko Milemba (Emuhaya, ANC): Thank you, Hon. Temporary Deputy Speaker for giving me this chance to talk on the BPS Report. As I support it, because it is well put, I have issues with several items. For instance, it has proposed that we be doing the BPS after three years.

Although earlier speakers, who are economists and veterans of economics, have alluded to support this, I think in an economy like ours which is still ridden with a lot of corruption and valuation issues on how much money is going to a particular item, this will be dangerous. Within a period of three years, with due respect to economists and finance experts who have spoken, we will lose more money than we can manage. Our economy is bedridden with corruption. So, it is important for us to first address this issue.

The second issue is that the Report talks about general growth in the economy and that it has grown about five times faster than the revenue and the revenue collection. This alludes to the fact that we are not collecting revenue. We are evading taxes or we are being given wrong information on the growth of the economy. That is an issue that will require intervention, so that we can know the exact growth rate of our economy. Is it at what we are being told? If so, what is it reflecting to the revenue, so that we can have the revenue coming into circulation to help in the economy?

The other issue is the four points that were mentioned by the Seconder of this Motion. He addressed a number of issues that included, among others, the issue of pending bills. I think as we plan the BPS, we should put a particular line within the Budget that will address the issue of pending bills. Like it was alluded to, unless we deal with that, it will be a vicious cycle of going around pending bills year in, year out. Pending bills seem to have been an extra method of borrowing from the public almost illegally. Ordinarily, the Government should borrow externally, but if they come internally, the Government should have borrowed through Treasury Bonds or Treasury Bills. However, pending bills seem to have been an extra method of borrowing from the public, which, unless fixed, will continuously shrink the economy and it will continuously deny liquidity to the public and within the economy. The people who are not paid will not be able to multiply the money. Economics also operate on one factor which we call the multiplier effect. If this money is paid to the people who did the work, they can pay other people and there will be a spiral multiplier effect within the economy and the Government will finally collect money in form of taxes. That is where we have lost it. On pending bills, it seems we have, as a Government, decided to cut the flow of money within the system. This must be addressed specifically within the BPS.

The other item which I thought I should speak on is the one that seemed to have been left out and that is the issue of corruption within the budget system. We believe that corruption begins with the budget-making. What is the value that is accredited to every road, construction or project that we are going to undertake within this BPS? What is the value? That value is exaggerated such that more money is put within a particular project which is later taken away. I was talking to one of the economists and he told me that it is not really possible. I want veteran economists to listen to this, including Hon. Kimunya. He doubted whether you have the capacity to consume, for instance, Kshs2 trillion in 12 months the way we project to consume. He doubted that this is not practical. What is happening is that there is a lot of wastage within the system. I think the Chairman of the Committee alluded to wastage when he was talking about where to cut the Budget and where not to. For me, the issue of extra money within the Budget that ends up acting as the corrupt money that is wasted must be addressed in order for the Budget to work and for us to have a proper BPS moving forward.

Finally, I want to say that the Big Four Agenda, which was flagged as a main driver of this economy up to where we are, is operating at 3 per cent and at most 20 per cent. Maybe the highest at 30 per cent in terms of completion. Therefore, we must re-plan to see whether we shall continue following them or we shall get another way of how to deal with them. Otherwise, we shall be following a mirage that we may not achieve.

With those few remarks, I beg to support. Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Patrick Mariru): It is also encouraging to find that we have Chairs of Committees present. I think it is important to listen to what the Members are saying. Obviously, we will also be giving them a chance to speak to this as well, but it is encouraging to find a number of Chairs present and listening to the Members. What the Members

are saying may one way or the other touch the various committees. That is very important. So, Chairs, keep here and listen. You will also get a chance to speak to this.

Shall we have Hon. Rasso Ali.

Hon. Ali Rasso (Saku, JP): Thank you, Hon. Temporary Deputy Speaker. I rise to support this Motion on the BPS. As we stand on the Floor of this House, we are not purporting to speak for the Treasury. When the Chairman of the Budget and Appropriations Committee stands here to present the BPS, actually he is one of us telling us exactly what the content of the BPS is and not to give any excuses that the economy is not doing well. We must really refocus to make sure that our economy begins to do well. That is my entry point in this discussion.

Standing Order No.232 is very clear on what we expect from the BPS. We are looking at the BPS and also the Debt Management Strategy because the two must move hand and glove. In terms of generating resources, expenditures, requirements and borrowing, this must form part of the BPS. However, on the other hand, what are the loans or the debts that Kenya is paying? What is the ceiling? What effect does it have on the economy? As Members of Parliament, many of us might not be accountants or economists, but we have a clear line of thought when issues are presented on the Floor of this House in terms of supporting the people of this country.

One of the areas that has been highlighted in terms of resources is the Equalisation Fund. I come from a marginalised constituency and county where over the last five to six years, there is always a line that tells us that within the BPS, there is an Equalisation Fund. Actually, the starting point of the budget process is the BPS. What we are always asking is why it is not operationalised. Since 2010, the Constitution clearly said that for 20 years, marginalised counties and constituencies or areas that are lagging behind will receive this funding. For me, it should not just be a line in the budget that we are putting some money. That money must be put to use. If actually that money for the Equalisation Fund is not there, it should not just be used to puff numbers. It should be removed, so that those of us who constitutionally under Article 203 are entitled to those funds, know that it is not there.

Vision 2030 is actually the direction for the Kenyan economy. It is very important because it captures all the pillars — that is social, economic, security, and diplomacy. Looking at the BPS, what the Chair of the Budget and Appropriations Committee should have flagged out is what we have done for the Big Four Agenda and the direction money is moving, so that if some of the money is meant for the State Department of Defence or Early Learning and Basic Education, we are told where it is going. Trying to justify that the economy is not doing well because of coronavirus or other new happenings is not good enough.

Hon. Temporary Deputy Speaker, some of the projections we wanted to see in the BPS are economic growth, expanding economy and increase in the tax bracket. All the Committee is saying is that Kenyans are not willing to pay tax or there is tax evasion. What one must ask is, first of all, have we put the right machinery in place to collect tax from all people within the taxable bracket? A few months ago, this House said that borrowing from the banks must be capped. If Kenyans do not have enough money in their pockets to do business for the growth of Small and Medium Size Enterprises (SMEs) and entrepreneurship, those monies must be available to the common person who wants to do business. If the borrowing rates are high, Kenyans will not go to the banks. This will slow down the growth of the economy and we will never collect enough money.

Recently, we visited Malaysia and Thailand and we realised why some countries are growing fast. The environment of doing business in those countries is very easy. The service industries in both Malaysia and Thailand have a tourist population of close to 70 million,

whereas we are just looking at 2 million. Of those 70 million, many do not go there for business. They are just tourists. They go to the two countries to spend their money. A five-star hotel charges almost 30 per cent of what we pay in Kenya. So, when a tourist wants to move around the world — with the availability of the internet — one would go to a place where there is value for money and where they can stay longer and pay less. Therefore, in terms of growing the economy, we must look at how we grow the economy, not just focusing on the National Treasury on how much they collect.

Hon. Temporary Deputy Speaker, in the BPS, there are departments and ministries that have been given a ceiling. What should come out clearly is the criteria used for some of those allocations. I sit in the Departmental Committee of Defence and Foreign Relations, and one thing we are trying to pursue is how the Ministry of Foreign Affairs can be put within the cluster of the security sector, so that it can be properly looked after.

In terms of pending bills, Hon. Temporary Deputy Speaker, the State Department of Defence has zero pending bills. This is very important. For me, we must borrow ---

The Temporary Deputy Speaker (Hon. Patrick Mariru): Hon. Ali Rasso, your space is gone. Let us have Hon. (Dr.) Chris Wamalwa.

Hon. (Dr.) Chris Wamalwa (Kimini, FORD-K): Thank you, Hon. Deputy Speaker. I rise to support the BPS. It is very unfortunate that for the time I have been in Parliament, we have never had any report of the previous BPS. We know that the BPS plays a critical role because it gives an overall direction on how the Government is going to spend its money. There must be consistency between the BPS and the Budget Estimates. It is unfortunate that in previous years, we have seen some disconnect. It is true that as we move forward, we need a clear monitoring and evaluation framework because we have never had any. Every time the National Treasury brings us the BPS, there is no way we can connect from the previous BPS for purposes of continuity.

Hon. Deputy Speaker, I do not want to repeat what my colleagues had said but the most important thing is that in this country, we have been told that our economy is growing at more than 5 per cent but there is no trickle-down effect. Businesses are closing down. When you go out there, you will see so many shops available for renting – a clear sign that businesses have collapsed. If you look at the Kenya Revenue Authority (KRA) projections, we do not achieve them. So, we must put a conducive environment to ensure that businesses and SMEs thrive. When SMEs thrive, we are going to have employment for the youth. I salute what my friend, Hon. Amos Kimunya, said. He said that in this country, even after removing the bank interest capping, you cannot access credit. During the Kibaki regime, the percentage at which the GDP was growing was about 7 per cent. Hon. Amos Kimunya is here. He was the Minister in charge then. I happen to have attended the Pre-Budget Conference and I liked his ideas. He talked about the cash ratio. These are some of the things we can borrow. Nobody has monopoly of knowledge. Unless SMEs can access credit, businesses will continue to close down.

Hon. Deputy Speaker, talking about the issue of pending bills, I keep wondering if money was originally sent to the counties, how comes every year we have issues of pending bills? This was part of the teething problems in the first county governments. When the money was given, maybe some of the supplies were not audited properly. As one Member had said, it is borrowing from the public. So, the issue of liquidity in the country is not there. Many of the SMEs are borrowing money from commercial banks. Pending bills are being paid after two or three years. That is why some businesses are being auctioned. If they are being auctioned, what happens? The people they have offered employment lose their employment. We have talked about the

youth starting businesses. We have an affirmative action of 30 per cent government goods and services that must be supplied by youths and women. They are doing the supplies; they have borrowed the money from commercial banks but the county and national Governments are not paying. Their businesses will collapse. They are being auctioned. So, the issue of pending bills is an extraordinary problem that needs an extraordinary solution. I support my other colleagues who had said that we need a line element. Maybe the Government needs to give a provision for the pending bills, so that they can be cleared once and for all.

Some of us refused the issue of capping interest rates on the Floor of this House, but His Excellency the President brought it back through the backdoor via Article 115 of the Constitution. How I wish the BBI could address this, so that Article 115 of the Constitution is used sparingly. We are messing up. When the President rejects assenting to the Bill and brings back the recommendations, where will we get the two-thirds majority to refuse it? Many things are being sneaked in here through the backdoor. We have talked of conflict of interest. It is high time we looked each other in the eye and see who is abusing this.

If the price of a commodity goes down, the law of demand and supply dictates that the amount of the quantity being demanded will be higher because many people will afford it. Demand must be accompanied by affordability. In this case, when the interest capping was put at a lower rate, the SMEs could not access credit. There was a conspiracy. This is where the Central Bank of Kenya comes in, in terms of ethical practice. Banks conspired not to give money to SMEs. When the President rejected to assent to the interest rate capping law, we were told to allow this, so that we can increase accessibility of credit to SMEs. When this was done, SMEs still could not access credit. The only solution is to look at what Kimunya proposed. We must borrow the good ideas of the Kibaki regime. I salute the Kibaki regime. We did not hear much about corruption.

When it comes to borrowing, the rule of the thumb has always been that it should not exceed 50 per cent of the GDP, particularly in a developing economy. But right now, what is the percentage of borrowing in relation to our GDP? We are almost at 70 per cent which is very dangerous. We cannot sustain the public debt. When a young Kenyan is born, there is a debt on his head. Where will we go? Those are the big questions we should answer.

Recently, we increased the debt ceiling from Kshs6 trillion to Kshs9 trillion. The understanding was that they will restructure the debt, so that some of the loans that the Government had engaged in, particularly when it comes to commercial ones, would be redistributed in the sense that we go for concessional loans which are cheaper. Looking at the policy, you find that the credit rate is still going up. The amount that has been borrowed is increasing. Those are the questions we are asking. Why are we not seeing the supposed expectations? Those are the difficult questions. We must come together as a team. Those are important matters.

The Government promised to go for concessional loans. I am now hearing the Budget and Appropriations Committee talking of semi-concessional and semi-commercial. Those are things that I have never heard of. I used to be in the Budget and Appropriations Committee, but I moved out. The Government is taking too long. Mr. Ukur Yatani is starting on a wrong note. First, there is the issue of the NG-CDF Board. Mr. Mbuno has been acting forever. You cannot just bring somebody different and yet you have the discretion to appoint someone who was among the top three. Mr. Mbuno should come back as the CEO of the NG-CDF Board. We will not accept any other name.

The Temporary Deputy Speaker (Hon. Patrick Mariru): Order, Hon. Wamalwa. You do not want to pre-empt debate. It is an active matter. Proceed beyond that point.

Hon. (Dr.) Chris Wamalwa (Kiminini, FORD-K): Hon. Temporary Deputy Speaker, you know there is relevance. If you give me a chance to clarify in terms of context, I will show you how the NG-CDF is connected. The management of Ukur Yatani, particularly on the NG-CDF Board...

The Temporary Deputy Speaker (Hon. Patrick Mariru): Hon. Wamalwa, go beyond that point.

Hon. (Dr.) Chris Wamalwa (Kiminini, FORD-K): Let me continue, Hon. Temporary Deputy Speaker.

We supported the Big Four Agenda of the Jubilee Government because of the handshake. On matters of food security, whether we like it or not, the locusts that are all over and the coronavirus will affect our economy. The fight between China and the USA in terms of the 5G will also affect our economy. Those are some of the global factors that we should look at.

When it comes to issues of the PSC, many Members of Parliament have not been given office spaces. That is why we do not support the issue that we reduce the ceiling towards the Parliamentary Service Commission.

When it comes to the Judiciary, one of the biggest problems in this country is the fight against corruption. The National Treasury is the critical partner. We have seen the Chief Justice complaining. We should increase funding to the Judiciary and other independent bodies like the Directorate of Criminal Investigations (DCI), the Directorate of Public Prosecutions (DPP) and the Auditor-General. Up to now, the Auditor-General has not been picked. We have asked the selection panel to do so. The Auditor-General plays a critical role in issues about fighting corruption.

How I wish you had given me a minute extra.

The Temporary Deputy Speaker (Hon. Patrick Mariru): Let us have the Chair of the Departmental Committee on Communication, Information and Innovation, Hon. Kisang.

Hon. William Kisang (Marakwet West, JP): Thank you, Hon. Temporary Deputy Speaker for giving me this opportunity. From the outset, I support the Budget Policy Statement Report by the Budget and Appropriations Committee. As the Chairman of the Departmental Committee on Communication, Information and Innovation, we presented our report to the Budget and Appropriations Committee, which is very clear. When the Estimates come in April, we want a very close relationship between the BPS and the Estimates. I remember in this year's Budget, there was no connection between the BPS and the Estimates. As we presented to the Budget and Appropriations Committee, there are some reallocations that we did and we expected the Committee to take on our reallocations. Instead of the Budget and Appropriations Committee taking our reallocations, they decided to move them elsewhere. I believe this time the Budget and Appropriations Committee will not make the same mistake because there is wisdom when a committee reallocates resources.

I want to talk about what we presented to the Budget and Appropriations Committee. We gave a proposal to assist the KRA to raise more resources. Recently, in the Finance Bill, the National Treasury came up with the Turnover Tax. Collecting the Turnover Tax from small businesses will be very difficult. We gave a proposal, which I hope the Treasury will take on with KRA to assist small businesses through giving them a simple point of sale system that will be connected to KRA. It will be easy for KRA to know what each of the businesses have sold in a month. It will be easy for them to collect the Turnover Tax just the way rental income is

calculated at 10 per cent. I hope the Chair of the Budget and Appropriations Committee is listening and he will follow up with the Treasury.

There is also the issue of pending bills. There are many businesses that have closed in the last two or three years. There are people who even passed away because their businesses closed or their houses were sold because of pending bills. Many people, especially the youth, persons with disabilities (PWDs) and women have done work with the counties and the national Government because of the 30 per cent rule on procurement, but most of them have not been paid. Recently, we saw in the newspapers that many have supplied services and goods to correctional services, specifically to prisons, but prisons are not paying. They are saying that they will not pay. Those are genuine supplies. As other Members have said, maybe we need to put a conditional amount for each county and also the national Government for each ministry, so that they can pay pending bills. If we do not do that, we will see more businesses closing down. As they close down, we lose jobs and people will not afford to take their children to school. It is important that we put that line item for pending bills as a first charge.

There is a pending bill by the Kenya Broadcasting Corporation (KBC). In the last Parliament, I was in the same Committee and there is a pending bill to the Japanese of about Kshs2 billion, which appears in the books of KBC every year. We understand that the National Treasury has already paid it, but we wonder why the Ministry does not engage the National Treasury, so that they can do a Cabinet Memo for the pending bill for KBC to be written-off, so that they can have a healthy financial statement. Currently, KBC owes KRA, the National Social Security Fund (NSSF), the National Hospital Insurance Fund (NHIF) and SACCOs. I hope that will be followed-up, so that the pending bill of Kshs2 billion is written-off from the books of KBC.

Generally, the Ministry of Information, Communication and Technology (ICT), has done well since June last year. They had a total of Kshs255 million pending bills. As at December last year, following the instructions from the President, they paid some and are now remaining with about Kshs71 million, which we believe they will have cleared by the end of this financial year.

The ICT Department has a programme that has been funded over years that we call the National Fibre Optic, which basically avails internet to all our constituencies, especially to sub-county headquarters and sub-county hospitals. I want to report that in this BPS, the policy is in place and they are putting in more resources, so that all our sub-county headquarters and sub-county hospitals are connected under the Big Four Agenda. At least, our doctors can share medical records across the country. If we have specialists in Nairobi, they can share records with medical doctors in Iten, Mombasa and other areas. The Cuban doctors are not able to share medical records across the country because some of the hospitals are not connected. I am happy that in this BPS, they are putting resources to have all our sub-county hospitals connected.

The Temporary Deputy Speaker (Hon. Patrick Mariru): What is your point of order, Hon. Kimani?

Hon. Kimani Ichung'wah (Kikuyu, JP): Thank you, Hon. Speaker. I do not want to interrupt the Chair. I know this is not procedural because I should have done this at the beginning, considering the time, but I want to ask those who are contributing to consider doing so for about five minutes, without the Speaker having to direct. This is to allow more Members to contribute. Looking at the time, we may only have two other Members.

The Temporary Deputy Speaker (Hon. Patrick Mariru): Hon. Kimani, as you have said, that is not procedural because that should have been brought earlier. You are just being

persuasive to the Members. The Members have a choice to heed to your appeal or not. But let us see whether the next Member is persuaded.

Hon. William Kisang (Marakwet West, JP): Hon. Speaker, the Chairman of the Departmental Committee on Budget and Appropriations spoke for over one hour. So, I do not know why he wants to curtail others. He should have saved time.

Winding up, I would like to talk about our smart city, Konza. The Government wants to connect all our special economic zones and Konza City with fibre optic, so that as soon as the special economic zones are ready, when the private sector and Government investors come in, the internet will be ready and the investors will not say that there is no connectivity in Konza City. Basically, we are connecting the National Data Centre (NDC) that is now going on at Konza City that will house all the back-up data for the country.

In the last Parliament, there was a partnership between the Ministry of ICT and the NG-CDF in construction of Constituency Innovation Hubs (CIHs). I have realised that there are many Members of Parliament who have not taken this up. These CIHs will help our youths because they will go to the centres for online jobs under the *Ajira* Programme. I am pleading with the Members to put resources in their CIHs in the FY 2020/2021 because the Ministry, in conjunction with MasterCard, is going to employ a centre manager and a trainer of trainers. Basically, you will have two youths being employed in each centre. Please, let us allocate only Kshs1.16 million for each CIH.

Hon. Speaker, I support the Report.

The Temporary Deputy Speaker (Hon. Patrick Mariru): Let us see whether Hon. Baya here is persuaded.

Hon. Owen Baya (Kilifi North, ODM): Thank you very much, Hon. Temporary Deputy Speaker. I rise to support the Report. One of the industries that is on the fast lane of growth is the services sector. This sector is where the economic growth in the world is. But if you look at the BPS today, it does not really vouch for the growth of this sector. The service industry, namely, tourism, transport, finance, entertainment and cyber space is where growth is in the world. Today, many countries that are experiencing economic growth are actually the countries that are investing in the service sector. For instance, you do not find a lot of manufacturing in Singapore and the Asian countries. You will hardly find any agricultural activities, but you will realise that their transport sector, ports, financial services and the tourism sectors have made their economies grow very fast. If you read the BPS today, you will realise that it makes a very bold statement that the services sector is where there is growth in the world. But it goes ahead to vouch for sectors that are slow in growth.

Yes, we are looking at manufacturing, but without an equal investment in agriculture, there is no nexus between the two. Such that if we do not invest in agriculture today, and we have problems with coffee, tea and sugar industries, which are agricultural products that we would like to add value to for us to move to manufacturing, we will not grow. These are sectors that have issues. We are sinking a lot of money in these sectors yet we will not get the expected growth in the economy. Therefore, I would like to look at a policy shift such that this country moves towards the services sectors where there is growth in the world. Of course, we cannot abandon agriculture and the other things that we are doing right now, but we need to put deliberate efforts in the services sector.

This is that third BPS since the Big Four Agenda started. But if we look at it and try to evaluate what the two previous BPSs have done towards the Big Four Agenda, we will be disappointed. We have not seen any growth. Have we seen any activities that are stimulating the

economy? For sure, we have not seen that. We have not seen growth in the housing sector, in the manufacturing or in food security. We still have Kenyans going hungry and we still have food shortage. We still want to import maize yet there is no growth in the third BPS. So, where is the missing link in terms of boosting the economy of this country when we are doing the third BPS? Do we need a shift of the Big Four Agenda? Do we need a complete paradigm shift in terms of where we are investing in this country?

The other thing that I would like to point out is that we still rely heavily on rainfed agriculture that has not been helpful for this country. I have not seen expansion of irrigation in the BPS. I have not seen money allocated to big dams or things that can help in agricultural productivity without having to heavily rely on rain.

The third point is preparedness for disaster. Today, the coronavirus is going to have a major devastating effect on the economy of this country. I come from the Coast and my constituency is tourism-heavy. There is nothing else we rely on apart from tourism. Today, flights from Italy have been stopped. That means that thousands of jobs are already lost because there are no more bookings and no more tourists coming in. The Kenya Airways (KQ) would be earning millions of shillings from the Italians coming into this country. Many other sectors rely on tourists, for example, KRA would be earning lots of money if the tourism sector was to grow. But we have a lackadaisical way of handling the tourism sector. The coronavirus is going to have a devastating effect on the economy of this county such that the projections that we have in this BPS might not materialise because of it. How prepared are we as a country and how does the BPS prepare us for such disasters, so that it can cushion the economy?

The locust menace right now is a disaster because we are unable to manage it. We know it will have a big dent on agriculture. Right now, farmers are reeling from the effects of the locusts. If we have such a problem right now, how are we prepared in the BPS? I hear they want to take Kshs3 billion for going around and distributing projects for themselves. But they have not looked at how to plug the hole that will arise because of the locust problem. How are they going to plug the hole in the economy in terms of revenues and job loses that will come because of the two disasters the country is facing?

As we revise the figures, we need to look at that. Other countries are already taking mitigation measures to cushion their economies from the effects of the coronavirus. What are we doing as a country? I will go to my constituency this weekend, but I do not know what I will tell the people because they have been laid off. The *mama mboga* who would supply things to hotels cannot do that and will not be paid. There will be pending bills in the private sector because of what we are experiencing from the disasters.

The last thing I want to talk about is implementation of projects. I heard two things that were said by my friends, Hon. Omboko Milemba and Hon. Kimunya, that sometimes when we deny the economy money because of pending bills, we are killing it. For instance, I may prepare myself to supply certain items, but that money is not forthcoming in the economy. So, I remain with the goods. When that happens, I do not earn anything. Productivity in this country will only happen when we have money in the economy. If there is no money in the economy, there will be less. The farmer today cannot get a loan to buy a tractor to farm and is denying the economy money because the 100 acres he would have done would have produced for the country and productivity would have enhanced the GDP. Because the farmer has not achieved that or his money has not been paid by a county or national Government, he cannot do his 1,000 acres. Instead, he will do 100 acres. That means that KRA will get less money. When KRA gets less

money, there will be less revenue. There will be less jobs in the economy because he would have hired more workers with 1,000 acres. Therefore, we will continue to shrink the economy.

Hon. Temporary Deputy Speaker, as I support the BPS, and as we go along, the technocrats at the National Treasury need to be more creative and innovative and look for ways to ensure that this economy, like the Leader of the Minority Party said, the *hakuna pesa* economy has to stop. Money has to be there. We cannot grow an economy if it does not have money. It is money that grows money and the economy.

Thank you, Hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Patrick Mariru): You took around eight minutes. Top on the list to my right is Hon. Wachira Kabinga.

Hon. Josphat Kabinga (Mwea, JP): Thank you, Hon. Temporary Deputy Speaker. I will try to be receptive to the Budget and Appropriations Committee Chairman. I rise to support the Report.

The BPS is a very important document for it is where the Government reflects its strategies, policies and priorities that will inform the Budget Estimates that we expect in April. Therefore, the expenditure in this document, right from the time data is collected from the various departments at the local level to the time we have public participation and the various Committees undertake to present to the BAC for the report to be prepared, should be taken seriously. It should live to its purpose. It is unfortunate that today we are discussing a Budget Policy Statement that will inform the Budget Estimates in April, but come April, we will get Budget Estimates that are totally unaligned to the BPS. We need to ask ourselves as a country why we are not able to forecast or plan and come up with a document that lives to its purpose. A country like America has a budget of three years. In those three years, the deviations are minimal. Here, we prepare a BPS at such a time, but in April, we will get a budget that is totally different from the BPS itself. We, therefore, end up with Budget Estimates that are approved by this House followed very quickly by supplementary budgets. The makers of the Budget have formed a practice that because supplementary estimates can be introduced and passed, they do not need to be serious as they prepare the Budget Estimates as well as the BPS.

The issue of ministries, departments and agencies (MDAs) spending money and presenting that in supplementary estimates is a practice that we need to watch and be careful about. It causes the MDAs not to be serious in the budget-making processes. We also see cases where when the Budget is approved, we are ready for its implementation, but disbursement of funds from the National Treasury is either delayed or completely non-existent thereby causing us to have outstanding bills. That is why this country cannot settle. Right from the BPS to the Budget Estimates, to the disbursement by the National Treasury, there are a lot of challenges and areas that need to be addressed. If we were to be serious with these documents and the budget-making, we will not be having the kind of pending bills that we have today.

If I may jump onto pending bills, I am persuaded that some people use them as cash cows. Pending bills involve huge amounts of money. There are people who take advantage of them by pushing for payment for some people and there are cards involved. I am persuaded that it is high time this country came up with an independent body that will look at pending bills and also monitor MDAs to ensure that pending bills do not exist and where they exist, payment is done by that independent body. That way, the idea of people having to push for payment of pending bills for some select people who are willing to play the game, and I dare say so, will be avoided.

The theme of the BPS is to “Harness the Big Four Agenda for Creation of Jobs and for Economic Prosperity”. If we were to live to that, then we would see the BPS pointing to some economic areas that are going to create jobs. It is high time, again, MDAs made quarterly reports on how they are creating jobs and how many jobs they have created and given to the youth. This is why I support the internship programmes by the Public Service Commission. This is one area that we need to put a lot of money in. So far, 3,000 young men and women have been accorded opportunity for internship in various Civil Service areas. The target by the end of the year is to have 6,000 of them on board. If we put more money in that kind of effort, probably, we will address unemployment to a large extent.

Another area that we need to look at is the attempt to balance between the provision of services as a social commodity and as a business case. Business case here means putting money where it will come out in a big number. This is more in areas that generate income. Agriculture is an area that we really need to look at. Sometimes I get worried when I do not see a lot of focus in that area. When I go to my place in Mwea, I see farmers struggling to do rice farming with no help. There are no agricultural extension officers in the scheme yet we are still talking about unemployment among the youth who have completed university. I see young men and women trying to grow tomatoes sometimes being caught up by weather because there is nobody to advise them. I feel that we need to put in more resources into those areas and put in more resources into access roads especially in agricultural areas and own-farm roads. You should be there when our farmers are harvesting to see the struggle as they get farm produce from farms on carts. All we need is little money to put into some of these farms and generate more farm produce and more income to the farmers and to the nation.

I agree that we also need to look at areas that need to be developed. As we do so, let us balance out between providing services as a way of addressing issues that appertain to marginalisation and also ensure that we put in resources to the historical areas that are known to generate funds that support the economy. If we do that, we will have a growth that is well balanced.

Another area that I want to touch on is on monitoring of the Budget. Because my brother here wants to get some minutes, I will be very quick. Monitoring of Budget especially by Parliament is wanting. It is high time we had various committees make quarterly reports on how they are faring in the implementation of the Budget by the Executive. That is an area that we are failing.

The other thing is on use of ICT for transparency. Instead of having people queue to know whether they are being paid for their produce, let us support the use of ICT so that more transparency can be realised.

I support this Motion. I donate the remaining minutes to my brother. Thank you.

The Temporary Deputy Speaker (Hon. Patrick Mariru): Hon. Wachira, it is good to be true to your friend. You had no minute to donate, and even if you had, you have no capacity to donate because this is a chance for Hon. John Bunyasi.

Hon. Sakwa Bunyasi (Nambale, ANC): Thank you, Hon. Temporary Deputy Speaker. I see I am right on the wire. I rise to support the BPS under discussion. Even though I am in the Budget and Appropriations Committee, looking at the proposals that have come from the Government, I feel there is a lot of room for qualitative improvement.

I just want to underscore what was already said by Hon. Baya on what has been the consistency between the last three BPSs and this one in respect of the overall goal of the Agenda Four. I can guess that it would be inconsistent that it will not have followed the same track that is

targeted to that. I feel that should be a matter of major concern by the Head of State who has put a lot of energy in pushing the Agenda Four.

Secondly, when you look at the implementation performance, forget the conceptualisation in the various BPSs, we have a big divergence between what it says it intends to do and what actually happens. Part of it is the clear evidence that the degree of implementation of some of the major projects could be as low as 3 per cent, which means the contractor simply drove by and probably not more than 30 per cent of the projects were completed. At that rate, when you do not implement, you do not spend money on the development side. Therefore, it does not enter into the economy and the multiplier effects are not going to be there.

More importantly, the development expenditure by definition, once in place, is a means by which the subsequent year's effects are enhanced because you have expended, improved, provided for facilities, including infrastructure that underpin the next round of growth. For example, building of roads or ports, water supply for irrigation and drinking. They now become bigger projects in the next cycle than they were in the previous cycle. When they are not done, it is not just a matter of saying: "Hey, hey, these guys are lazy. They have not done this and that." It is undermining a whole year of the expectations we want to happen in growth in subsequent cycles.

At this rate, it will be a miracle for us to achieve the Big Four Agenda. It behoves the Treasury to sit back and say: "What is it that has not been done? What is it that we must go back and complete, so that we can engender faster growth?" For example, now we should talk about the Big Four Agenda, creation of jobs and improving our environment. We have the blue economy. What are we doing now that will become a key determinant of the next round of growth in the blue economy? If it is nothing, we are just going to sing a song and nothing happens.

Somebody alluded to the fact that some of the economies that have grown rapidly, for instance, Singapore, do not have agriculture. So be it. City-states are different from normal countries. In normal countries, agriculture is very critical because it is the sector through which most Kenyans earn their income to pay fees for the initial training of manpower, medical expenses and transport. These families are largely found in the rural areas and they rely on agriculture.

As the economy grows and technology advances, the need for those inputs should not be there. So, the extra labour should go to other sectors, but we have failed in these sectors. That is why the Big Four Agenda goal was relevant. For example, industrialisation. We should then be able to pluck out the surplus labour that is sitting in urban slums and rural areas that appear to be working, but are just working for paltry wages, so to say, and give them high quality jobs. That will not happen if implementation of critical inputs is not taking place.

I have to skip many things. The Committee has said that the benefits of growth are unequal. That is the special dimension of distribution of resources across the country. We are not talking about spreading everything equally, but at least being able to see pockets of activities in various parts of the country because we do not know where the next generation of high flyers is going to come from. That has been a weakness and it is still a major weakness.

Another issue is how you finance all these developments. The matter of public debt; I meant public debt. Sometimes you get linguistic failures if you are used to vernacular. It is a critically important issue. Public debt must just be the minimum you need to facilitate the growth you are projecting. So, this requires critical understanding of the micro-economic framework that looks at the overall performance of the economy and where it could go. Beyond the resources we

are able to get from the communities, how much can we add to it through borrowing? There should be a line of cost minimisation. That is not happening. That is why I think it is extremely important to have alternative ways of managing public debt in such a way that the Treasury mandarins can take it as given rather than as the main driver. I expect that in the next few weeks, we will have a proposed legislation in the pipeline that will help to improve the management of public debt.

With those few remarks, let me just cut off. It looks like I have a minute there, but let me leave it at that.

Thank you.

The Temporary Deputy Speaker (Hon. Patrick Mariru): Hon. Members, I am afraid, I cannot get to my right because it is 7.00 p.m. I know quite a number of Members, including Hon. Mugambi Rindikiri, who was to receive donated minutes, wanted to speak.

(Hon. Mugambi Rindikiri spoke off record)

Hon. Mugambi Rindikiri, you cannot get those minutes now because we must rise. As you know, it is a requirement that we rise at this time. Do not worry. This is not being concluded today. We still have another time to speak to this debate. So, Members will have time and space to engage on this business.

I could tell from the Members that they could not take less than 10 minutes because it is a weighty issue and we want to prosecute and engage on it satisfactorily, which is okay.

(Loud consultations)

Order, Hon. Members! We are not going to do anything that is outside the Standing Orders.

ADJOURNMENT

The Temporary Deputy Speaker (Hon. Patrick Mariru): Hon. Members, the time being 7.00 p.m., the House stands adjourned until Thursday, 5th March 2020, at 2.30 p.m.

The House rose at 7.00 p.m.