

PARLIAMENT OF KENYA

THE SENATE

THE HANSARD

Wednesday, 2nd October, 2024

Morning Sitting

*The House met at the Senate Chamber,
Parliament Buildings at 9.30 a.m.*

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

PRAYER

DETERMINATION OF QUORUM
AT COMMENCEMENT OF SITTING

The Speaker (Hon. Kingi): Clerk, do we have quorum? Serjeant-at-Arms, Kindly ring the Quorum Bell for 10 minutes.

(The Quorum Bell was rung)

Hon. Senators, we do have quorum now. Clerk, you may proceed to call the first Order.

PAPERS LAID

The Senate Majority Leader (Sen. Cheruiyot): Mr. Speaker, Sir, I beg to lay the following Papers on the Table of the Senate, today, Wednesday, 2nd October, 2024.

IEBC ANNUAL REPORT FOR THE
PERIOD ENDED 30TH JUNE, 2024

The Independent Electoral and Boundaries Commission (IEBC) annual report for the period ended 30th June, 2024.

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REPORTS OF THE AUDITOR-GENERAL ON FINANCIAL
STATEMENTS OF VARIOUS ENTITIES

Report of the Auditor-General on Financial Statements of Bungoma County Referral Hospital - County Government of Bungoma for the year ended 30th June, 2022.

Report of the Auditor-General on Financial Statements of Kimilili Sub-County Hospital - County Government of Bungoma for the year ended 30th June, 2022.

Report of the Auditor-General on Financial Statements of Webuye Level 4 Hospital - County Government of Bungoma for the year ended 30th June, 2022.

Report of the Auditor-General on Financial Statements of Moyale Level 4 Hospital - County Government of Marsabit for the year ended 30th June, 2022.

Report of the Auditor-General on Financial Statements of Annex Hospital – Nakuru Level 4 Hospital - County Government of Nakuru for the year ended 30th June, 2022.

Report of the Auditor-General on Financial Statements of Soini Level 4 Hospital - County Government of Nakuru for the year ended 30th June, 2022.

Report of the Auditor-General on Financial Statements of Lodwar County Referral Hospital – County Government of Turkana for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Lokitaung Sub-County Level 4 Hospital - County Government of Turkana for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Lopiding Level 4 Hospital - County Government of Turkana for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Sigor Sub-County Level 4 Hospital - County Government of West Pokot for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Chepareria Level 4 Hospital - County Government of West Pokot for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Kilifi County Referral Hospital - County Government of Kilifi for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Gede Sub-County Level 4 Hospital - County Government of Kilifi for the 14 months ending on 30th June, 2023.

Report of the Auditor-General on Financial Statements of Jibana Sub-County Level 4 Hospital - County Government of Kilifi for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Malindi Sub-County Level 4 Hospital - County Government of Kilifi for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Ahero County Level 4 Hospital - County Government of Kisumu for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Rwambwa Sub-County Level 4 Hospital - County Government of Siaya for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Mukuyuni Sub-County Level 4 Hospital - County Government of Makueni for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Tawa Sub-County Level 4 Hospital - County Government of Makueni for the year ended 30th June, 2023.

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Report of the Auditor-General on Financial Statements of Mandera County Referral Hospital - County Government of Mandera for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Lafey Sub-County Level 4 Hospital - County Government of Mandera for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Samburu County Teaching and Referral Hospital - County Government of Samburu for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Iten County Referral Hospital - County Government of Elgeyo Marakwet for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Nyeri Provincial General Hospital - County Government of Nyeri for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Wajir County Referral Hospital - County Government of Wajir for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Katulani Level 4 Hospital - County Government of Kitui for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Mutitu Sub-County Hospital - County Government of Kitui for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Mwingi Level 4 Hospital - County Government of Kitui for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Moyale Level 4 Hospital - County Government of Marsabit for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Kericho County Referral Level 5 Hospital - County Government of Kericho for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Sigowet Sub-County Level 4 Hospital - County Government of Kericho for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Kapkatet Sub-County Level 4 Hospital - County Government of Kericho for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Londiani Sub-County Level 4 Hospital - County Government of Kericho for the year ended 30th June, 2023.

Report of the Auditor-General on Financial Statements of Roret Sub-County Level 4 Hospital - County Government of Kericho for the year ended 30th June, 2023.

(Sen. Cheruiyot laid the documents on the Table)

The Speaker (Hon. Kingi): Let us go to the next Order.

QUESTIONS AND STATEMENTS

QUESTIONS

The Speaker (Hon. Kingi): Hon. Senators, we expected three Cabinet Secretaries this morning for purposes of responding to the Questions as contained in the Order Paper today. However, the question addressed to the Cabinet Secretary for the East African

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Community (EAC), the Arid and Semi-Arid Lands (ASALs) and Regional Development shall be deferred, pursuant to a letter addressed to the Clerk and made available to the Senate Business Committee (SBC) yesterday when we met.

We did deliberate on that particular letter and found it reasonable that the Cabinet Secretary will not be in a position to attend to this session for purposes of responding to Question No.91. Therefore, that Question is deferred.

Question No.091

KVDA SOCIO-ECONOMIC ACTIVITIES, EMPLOYMENT
OF LOCALS AND COMPENSATION MATTERS

(Question deferred)

Hon. Senators, again, we expected the Cabinet Secretary for Interior and National Administration, Hon. (Prof.) Kindiki, to appear for purposes of responding to eight Questions.

During the sitting of the SBC yesterday, all indications were that the Cabinet Secretary will be available. However, yesterday afternoon, we received a communication from the Cabinet Secretary indicating that he will not be in a position to attend because he will be attending to a security matter outside Nairobi.

You are all aware that Hon. (Prof.) Kindiki has faithfully endeavoured to appear before this Senate. Therefore, his request to appear on the third and fourth week of this month is reasonable. Therefore, those eight questions shall also be deferred.

Question No.070

INTERVENTIONS TO MITIGATE
CURRENT FLOODS

(Question deferred)

Question No.073

MEASURES TO CURB INSECURITY
IN KIRINYAGA COUNTY

(Question deferred)

Question No.077

LOST LIVES DURING PROTESTS, DISCIPLINARY ACTION
AGAINST CULPABLE POLICE AND COMPENSATION
TO AFFECTED FAMILIES

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(Question deferred)

Question No.079

ALLEGED IRREGULAR DISMISSAL
FROM KENYA PRISONS SERVICE

(Question deferred)

Question No.084

NON-OPERATIONALISATION OF SECTION 49
OF THE PREVENTION OF TERRORISM ACT

(Question deferred)

Question No.092

BANDITRY AND DELAYED ESTABLISHMENT
OF ASTU CAMPS IN MERU COUNTY

(Question deferred)

Question No.093

STATUS UPDATE ON OPERATIONALISATION OF
KABONYO KANYAGWAL DIVISION

(Question deferred)

Question No.097

DETAILED ACCOUNT OF GEN Z-LED DEMONSTRATIONS AND
MEASURES TO MANAGE FUTURE DEMONSTRATIONS

(Question deferred)

Hon. Senators, present this morning is the Cabinet Secretary for the National Treasury and Economic Planning. There are four Questions directed to the Ministry. Therefore, we shall proceed to take them. Thereafter, other business of the Senate shall flow.

Clerk, could the Cabinet Secretary for the National Treasury and Economic Planning be ushered in?

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*(The Cabinet Secretary for National Treasury and Economic Planning
(Hon. John Mbadi) was ushered into the Chamber)*

Cabinet Secretary, welcome to the Senate. You are a seasoned parliamentarian. Therefore, I do not need to take you through the procedures of this House.

We have four Questions directed to the Cabinet Secretary for the National Treasury and Economic Planning. The first one is Question No.021 by the Senator for Nairobi City County, Sen. Edwin Sifuna.

Hon. Senator, you may proceed to ask your question.

Question No.021

FAILURE BY E-CITIZEN DIGITAL
PLATFORM TO REFLECT PAYMENTS

Sen. Sifuna: Good morning, Mr. Speaker, Sir. Perhaps just some guidance on how we should treat witnesses before they take the stand. Is that not necessary this morning?

The Speaker (Hon. Kingi): Pardon.

Sen. Sifuna: Is it not necessary to treat the witness properly before they start answering Questions?

The Speaker (Hon. Kingi): What do you mean by treating the witnesses, Sen. Sifuna?

Sen. Sifuna: Not tea. It is subjecting them to Article 125, but it is up to you.

The Speaker (Hon. Kingi): This is not the first time we are having such a session. We shall proceed as we always do.

Sen. Sifuna: Mr. Speaker, Sir, it is just out of abundance of caution that we require people to be under oath for truthfulness to come out. It is a terrible time for truthful men.

The questions to the Cabinet Secretary responsible for the National Treasury and Economic Planning are-

(a) What has occasioned the failure by the e-Citizen digital platform to process and reflect payments made to some institutions such as the National Health Insurance Fund (NHIF)? Could he explain steps taken to remedy the situation?

(b) Where does the convenience fee charged and all other payments that fail to reflect on the platform end up?

(c) Could the Cabinet Secretary report on the safety, efficiency, efficacy and reliability of the e-Citizen digital payment platform in light of the numerous complaints of delays and technical issues that followed the onboarding of a significant number of Government services on the platform?

I thank you.

The Speaker (Hon. Kingi): Hon. Cabinet Secretary, you may now proceed to respond.

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The Cabinet Secretary for National Treasury and Economic Planning (Hon. Mbadi): Mr. Speaker, Sir, I would like to begin by saying that it is really refreshing to be back here wearing a different cap. You may recall that we spent a better part of the Tenth Parliament in this Chamber as the other one was being renovated.

Having said that, Mr. Speaker, Sir, allow me to register my apology. Last time I was supposed to appear in the Senate, I got engaged. Therefore, I did not appear. I was prepared to come and answer questions on that day when in the evening His Excellency the President gave me the nod to meet the World Bank team led by the Vice-President of the World Bank.

They had a few hours left before leaving the country. That is why I wrote a letter late to request that my appearance be rescheduled to another date. It was in no way trying to undermine the responsibility of this House in terms of discharging its mandate as an oversight institution.

I have been around here for 17 years and I know the value of the two Houses in overlooking the Executive. I would not have done anything to the contrary. In fact, two days before the scheduled date, I appeared before the Senate Committee on Finance and Budget on a matter touching on my Ministry. After that, I again appeared before the Senate Committee on Roads and Transport to answer questions relating to issues touching on my Ministry.

Mr. Speaker, Sir, having said that, allow me now to respond to Question No.021 by the Senator for Nairobi City County, Sen. Edwin Sifuna, who asked me to address three pertinent issues relating to the e-Citizen digital platform. I will also answer the other questions, but it is Question No.021 that I want to respond to now.

The Senator wanted to know what occasioned the failure by the e-Citizen digital platform to process and reflect payments made to some institutions such as the NHIF and the Cabinet Secretary should also explain steps taken to remedy the situation.

This is my response:

Payments to the e-Citizen platform are made in designated and defined format. The format is defined in the system. Therefore, for any payment to succeed, it needs to follow the format expected by the system. For instance, if an NHIF member is paying for their monthly contribution and the national identification (ID) number is, for example, 11223344, then the payment format to be keyed into the system will be NHIFM-11223344.

Any payment which does not conform to this format will definitely be unsuccessful. Therefore, it is important for any person making any payment to follow the prescribed format so that the payment is successful in the platform.

As part of the adoption, we always insist that any Ministry, Department or Agency (MDA) on the e-Citizen platform should train and sensitise its members or customers on the procedure of making payments on the e-Citizen platform.

The National Treasury is working with MDAs to create awareness, literacy on use of digital services and sensitise the public on the use and adoption of the e-Citizen digital platform. This is an ongoing exercise where periodic trainings and sensitisation programmes are being conducted.

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In part (b) of the question, the Senator wanted to know where the convenience fee charged and all other payments that fail to reflect on the platform end up.

This is my response:

The e-Citizen platform only collects convenience fee for successful transactions. When a user or citizen makes a payment, the payment will be collected first by the payment service providers' channels which include mobile money for mobile network operators, Real Time Gross Settlement (RTGS) and e-deposits for banks or wallets for non-bank payment service providers.

The e-money is then channeled to the e-Citizen collection account at Kenya Commercial Bank (KCB). If a payment fails, transaction details and monies – that is payment amount and convenience fees – are retained by payment service provider which reverses the transaction and the e-Citizen platform will be notified. The convenience fee is collected by the e-Citizen platform and remitted to the e-Citizen settlement account domiciled at the National Treasury. That is the response on where the convenience fee goes if the platform fails.

Part (c) was: Could the Cabinet Secretary report on the safety, efficiency, efficacy and reliability of the e-Citizen digital payment platform in light of the numerous complaints of delays and technical issues that followed the onboarding of a significant number of Government services on the platform?

Mr. Speaker, Sir, this is my response.

The e-Citizen platform has witnessed tremendous growth owing to the onboarding of over 16,000 services from the previous 397 services, especially with the coming in of the new Government in 2022. The services increased from 397 to 16,000.

The rapid growth came with a lot of challenges to the platform which the multi-ministerial team has been able to address. The multi-ministerial team comprises of the National Treasury, Ministry of Interior and National Administration and Ministry of Information, Communication and Technology (ICT) and Digital Economy.

So far, through the Ministry of ICT and Digital Economy as the technology advisor and implementer, the platform information security has been built and implemented to ensure it is secure against cyber terrorism, hacking and compromises, which are likely to disrupt the provision of services to the e-Citizen.

The e-Citizen platform has withstood several cyber attempts made by hackers with efforts arising from continuous platform vulnerability risk assessment. The multi-ministerial team has Security Operations Centre (SOC), which continuously monitors status of systems and applications and ensures any attack is responded to immediately.

There were some challenges encountered during the rapid on-boarding of the services. However, the e-Citizen has been able to address significant portions of those challenges to stabilise the platform. Currently, the platform is very robust and has immensely improved service delivery to citizens, processing approximately 120,000 transactions daily.

Mr. Speaker, Sir, if you look at it in terms of robustness and growth, in the Financial Year 2022/2023, we collected only Kshs26.406 billion through this platform. The following Financial Year 2023/2024 when we moved full blast to the e-Citizen, we

collected Kshs100.842 billion. In one year, the collections increased from Kshs26.406 billion to Kshs100.842 billion.

We have managed to reduce leakages in the system. Having a single Pay Bill of 222222 has worked very well and visibility of our transactions has been enhanced.

Mr. Speaker, Sir, I submit.

The Speaker (Hon. Kingi): Hon. Senator for Nairobi City County, you may now proceed to ask your two supplementary questions.

Sen. Sifuna: Mr. Speaker, Sir, this is the problem of having this engagement one year down the line when a lot has changed. This Question is one-year-old.

I would like the Cabinet Secretary to tell this House if the payments to Social Health Authority (SHA) or Social Health Insurance Fund (SHIF) are also going to be integrated with e-Citizen, now that we have moved from the NHIF to SHA or SHIF, or is there going to be a different platform for payments?

Secondly, could the Cabinet Secretary explain to this House the justification for the convenience fee, which essentially is being charged when paying for a service? For instance, what is the justification for the convenience fee when you are remitting your monthly premiums for the NHIF?

The Speaker (Hon. Kingi): Hon. Cabinet Secretary, you may proceed to respond.

The Cabinet Secretary for the National Treasury and Economic Planning (Hon. John Mbadi): Thank you, Mr. Speaker, Sir. The policy of the Government presently is that any service that is provided should go through this standard system, e-Citizen. There was a reason and justification as to why we went e-Citizen because the public was complaining a lot about how it was inconvenient to use different platforms to collect. So, even the new SHA must now use the e-Citizen platform.

On the issue of the justification for the convenience fee, I want to say that this is a fee that is paid to the service provider, so that we do not again end up with complicated accounting where the money that is meant for the actual service is the one that is now again being prorated and paying the service provider.

Mr. Speaker, Sir, I want to also point out that unlike previously when there was a standard amount for just the convenience fee, through a Gazette Notice of December 22nd, 2023, we have prorated, so to speak, so that if the service is costing more, then the convenience fee also rises. If it is low, then the convenience fee is low.

For example, from Kshs200, anything below Kshs199, you only pay Kshs5. Anything above Kshs1,000, then you pay Kshs50. So, the Kshs50 is the highest, which was previously the standard fee before this Gazette Notice. Then the Dollar-Denominated account is One US Dollar as the highest. So that, in short, would be the justification for the convenience fee.

This is an Inter-Ministerial discussion that gave rise to this convenience fee chargeable. It was not a decision of my Ministry as such, but it is a Government decision.

I thank you.

The Speaker (Hon. Kingi): Hon. Cabinet Secretary, if I heard Sen. Sifuna correctly, it is not about the amount that is charged; it is why it is being charged. What is the justification for the Ksh5, for the Ksh10, for the Ksh50? Why do citizens have to pay

a convenience fee? That is what the hon. Senator was asking, not really the amount you pay per service.

The Cabinet Secretary for the National Treasury and Economic Planning (Hon. John Mbadi): Mr. Speaker, Sir, from the word ‘convenience’, it is a convenience fee. When you use the e-Citizen platform and payment system, it is convenient. There is already a fee that would have ordinarily been charged for these services. However, you are now using a different platform, which is more convenient to the user.

So, we charge a convenience fee, which ends up with the provider of the service. If hon. Senators have a problem with that, then that is feedback that can be given to the Government. I stand here for the Government. However, I would again repeat that this is not a decision by the National Treasury as a Ministry. It must be Inter-Ministerial.

I thank you.

The Speaker (Hon. Kingi): Thank you, Hon. Cabinet Secretary.

Sen. Olekina.

Sen. Olekina: Thank you, Mr. Speaker, Sir. Let me appreciate the Cabinet Secretary for the National Treasury and Economic Planning. I just noted that he has lost a lot of weight. I am offering to give him a goat, so that he can gain it a little bit.

Mr. Speaker, Sir, I thank him for coming and responding to this matter. Sen. Sifuna has asked a very important question. I used to sit in the Public Accounts Committee (PAC). This issue came up for discussion when the Auditor General had raised the concern that the Government may not have full control of the e-Citizen platform. I have listened to the response given by the Cabinet Secretary and I want some further clarification on a few issues.

Number one, does the Government have control of this e-Citizen platform? The Cabinet Secretary has also alluded to the fact that the Kshs50 is paid to - and I believe it is paid to the creator of e-Citizen. I think his name is James Ayugi, who is the Chief Executive Officer of Webmaster.

This amount of Kshs50 that you have now sort of like scaled it based on the amount of money, which is paid to the Government; is this system going to be leased forever, or was it developed in a BOT kind of method, where after some time it is transferred to the Government?

If this e-Citizen platform is managed by the ICT Authority, but it is being leased from Webmaster, at what point is the Government of Kenya will have full control of it?

Finally, still on that question---

The Speaker (Hon. Kingi): Sen. Olekina, you are only entitled to one supplementary question.

Sen. Olekina: It is one question, but with different elements.

The Speaker (Hon. Kingi): No! No!

Sen. Olekina: It has parts (a), (b) and (c).

(Laughter)

The Speaker (Hon. Kingi): No! No! No! You have already done two questions. Leave it at that.

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Sen. Olekina: Mr. Speaker, Sir, at least, this is a very important element of that question.

The Speaker (Hon. Kingi): I know every question being asked is very important.

Sen. Olekina: Tomorrow, or next Wednesday, I will restrict myself to just one area. I will organize my thoughts properly. So, allow me to just add this part (d) to complete it.

The Speaker (Hon. Kingi): Conclude.

Sen. Olekina: Thank you, Mr. Speaker, Sir. Now you have made me lose my thoughts. Let me try and see what I can remember. This system, was it developed on a BOT model, or was it developed to be leased entirely in perpetuity? It begs the question as to why the Government would then sit down and adjust the figure of the Kshs50. How much have we paid? Have we audited this Webmaster to know how much money they take on an annual basis?

Thank you, Mr. Speaker, Sir.

The Speaker (Hon. Kingi): Hon. Cabinet Secretary, note down those questions. We will take a few, from about five Senators, and then you will proceed to respond to them at a go.

Sen. (Dr.) Khalwale.

Sen. (Dr.) Khalwale: Mr. Speaker, Sir, allow me to congratulate my brother, Mbadi. It has been a long walk, him and I, elsewhere. I am happy that you are where you are.

On the question of quantum, the piece of paper that is called a birth certificate is more or less the same quality as a logbook these days. What is the justification for the quantum? You find you lose a logbook, you pay Ksh20,000 for that piece of paper. A birth certificate, the same quality of paper, Ksh500. Can you justify why we are paying so much money for the quality of paper that you call a logbook, for the quality of paper that you call a birth certificate?

When you look at something like a national identity card, probably the quality of the hard copy could justify the cost. Could you convince me about this quantum?

Then, finally, I know this might not be a question, but see how you can handle it. Parents cannot afford Kshs500 in rural areas for those birth certificates. What will be your advice to the Government, now that you are full of energy, about the need for us to remove charges on birth certificates?

The Speaker (Hon. Kingi): Sen. Mumma.

Sen. Mumma: Thank you, Mr. Speaker, Sir for the opportunity to ask this question. I welcome the Cabinet Secretary to the Senate. He is my former party Chairman. I welcome you here and wish you well. We have the confidence that you will add value to the Ministry that you have gone to and enable this country to move forward from where it is.

Hon. Cabinet Secretary, have you put in place any mechanism to conduct an audit of the National Health Insurance Fund (NHIF) - which was purportedly wound up yesterday - in order to account to the people of Kenya who have been putting funds there?

Allow me to explain. There are people who prepaid for health insurance at the beginning of the year. They are now being told they can no longer use the NHIF card. How has this been transitioned and is a special audit being carried out on the accounts of NHIF to ensure accountability for every cent that the citizens have put in that institution?

The Speaker (Hon. Kingi): Sen. Okenyuri, proceed.

Sen. Okenyuri: Thank you, Mr. Speaker, Sir. This one is related to the NHIF. First, I wish to congratulate the Cabinet Secretary. I also ask why hospitals are still owed money by the defunct body, yet money had already been deducted through people's contributions. How much is the outstanding debt?

The Speaker (Hon. Kingi): Sen. Wambua, proceed.

Sen. Wambua: Thank you, Mr. Speaker, Sir. I am using the Dispatch because I want to see my brother and how the transition is shaping up. I can see he is doing well. My question is general on the whole issue of the e-Citizen platform.

I come from Kitui County which has very huge areas that have zero mobile network connectivity. The people that live in those areas are Kenyans that need Government services, some of which have to be paid for.

Bw. Cabinet Secretary, now, we have a situation where there are people, not just in Kitui County, but in other parts of this country, that desire and deserve to access Government services. For mistakes not of their own making, they are unable to access the services because of zero mobile network connectivity. I see what the Government is trying to do and it is a noble thing, but a bit absurd because we are trying to run before we can walk.

Should the beginning then be ensuring mobile network connectivity in every part of this country, so that people can be required to use e-Citizen? I am fully aware that the National Treasury is one that allocates money for such universal coverage.

As Ministry, are you considering to make those finances available and be part of a multi-agency team of Ministries that will ensure the connectivity first, before you can demand people to use e-Citizen to access Government services?

The Speaker (Hon. Kingi): Hon. Cabinet Secretary, you may now proceed to respond to those first set of questions.

The Cabinet Secretary for the National Treasury and Economic Planning (Hon. John Mbadi): Thank you, Mr. Speaker, Sir. I captured Questions from four Senators, but I missed one. Unfortunately, I might need to know the name of the Senator. From the answers that I will give, you will know the Senator whose question I did not pick. It was one question. Unfortunately, it is a lady and it not based on any bias. It is only that I did not capture it.

The Speaker (Hon. Kingi): Are you referring to Sen. Okenyuri?

The Cabinet Secretary for the National Treasury and Economic Planning (Hon. John Mbadi): Exactly. Mr. Speaker, Sir, if you do not mind, I hope the question can be repeated, so that I can come back to it. However, let me address the questions that I captured. The first is from Senator for Narok County, Sen. Olekina.

Mr. Speaker, Sir, this system has now been handed over to the Government fully. It is being operated under contractual arrangements with Information and Communication Technology (ICT) Authority, which is like the department driving it.

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All the monies we collect, including convenience fee, are collected by Government. We pay it to ICT authority, which then pays the service provider. The service provider does not collect any money for us. The money is paid to the Government. That should be very clear.

We have a contract of about three years. The details and framework of this contract could be provided by the line Ministry, which is the one that is responsible for the technical aspect of it. This is a three years contract after which then the Government will evaluate whether the system should be continued or a new system is procured. It is a three-year contract, which is not in perpetuity.

On the questions by hon. Sen. (Dr.) Khalwale, on line Ministries determining the fees charged, the fees that are charged on logbooks or birth certificate are actually determined by the line Ministries. I may not have the full facts of the justification around it.

The reason logbooks and birth certificates are charged the same and the quality is different could be answered more appropriately by the line Ministries. They are the ones who design and determine how much is charged.

As part of Government, I would only take the feedback to my colleagues. If there is a concern from people's representatives in terms of the high charges, then I would take the feedback with me.

As the people's representatives, I know you also have the mandate and capacity to invite the line Ministries which charge these amounts; engage, interrogate, even recommend that the charges be reduced or taken off, if that would be the most desirable route to take.

Sen. Mumma, on whether we have conducted audits of the NHIF funds, we have not, but we are transitioning to a new Authority. I am sure that the Auditor General will audit NHIF to find out the closure.

As the National Treasury, which is also responsible for ensuring transparency and accountability of management generally of public funds, we can also conduct audits using our internal audit team. However, as of now, we have not conducted audits. That is a task that can still be conducted.

On Sen. Wambua's question, I agree that many areas of this country still do not even have network connectivity. As with any system, once you roll it out, is when you discover teething problems or challenges, so to speak. These are some of the challenges.

The rollout has been very smooth, but there are challenges with areas which do not have network. Government has a very robust programme to roll out network connectivity across the country. There is already a special fund allocated to the Communications Authority of Kenya (CAK) to carry out that.

Mr. Speaker, Sir, the only questions I missed were from the Senator. If it can be repeated with your permission, I may take it together with any other subsequent questions. I will take it, if it is the last one. Thank you.

The Speaker (Hon. Kingi): Proceed, Sen. Okenyuri.

Sen. Okenyuri: Thank you, Mr. Speaker, Sir. I am surprised that the Cabinet Secretary has forgotten his colleague, I wonder if it is because he crossed to the other side. I am Sen. Okenyuri Esther.

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Sen. Sifuna mentioned payments being made to the National Health Insurance Fund (NHIF). I rose to ask why hospitals are still owed money by the defunct body, yet people had been deducted money through their contributions.

Secondly, how much is the outstanding debt?

Thank you.

The Speaker (Hon. Kingi): Proceed, Sen. Muhammed Chute.

Sen. Chute: Thank you very much, Mr. Speaker, Sir. Allow me to congratulate our Cabinet Secretary. *Karibu sana.*

My question to the Cabinet Secretary is on NHIF payments. I know you have just joined the National Treasury, but I want you to note that we have a problem. There is an engineer from Marsabit, Mr. Wako Guyo, who died on 24th November, 2020. His final dues of about Kshs15 million, were tabulated and referred to the National Treasury. I know this is not the only case. The problem cuts across the country.

I know you are an efficient Cabinet Secretary and will make a lot of changes. What can the Cabinet Secretary do to settle these payments? Please, note down the name of the engineer. This is a case from 2020 and we are in 2024. He has children going to school and have failed to pay university fees. What can the Cabinet Secretary do to alleviate the suffering of our people in this situation?

Thank you very much.

The Speaker (Hon. Kingi): Hon. Senators, the supplementary questions must be related to the primary question. Stand guided.

Proceed, Sen. Wamatinga.

Sen. Wamatinga: Mr. Speaker, Sir, thank you very much for giving me this opportunity to also ask a question. First of all, I congratulate the Cabinet Secretary for joining our Government in the Broad-Based arrangement.

Will the Cabinet Secretary tell us if he has any plan to introduce the *Huduma Namba* and synchronise it with the e-Citizen functions when it comes to matters that are transacted by the citizens, especially on the compensation of land issues? Land issues have been one of the main corruption challenges in this country.

Can we synchronise and capture the values of those compositions made *vis-a-vis* having a unified approach? We should not have different values for land when they are being sold by private citizens and the Government paying exorbitant prices for the same pieces of land.

Thank you.

The Speaker (Hon. Kingi): Proceed, Sen. Kavindu.

Sen. Kavindu Muthama: Mr. Speaker, Sir, thank you for giving me this opportunity. First, I congratulate the Cabinet Secretary on his new appointment. I trust that he will change and transform the National Treasury for the benefit of the people of Kenya.

My question is on the NHIF pending bills for faith-based hospitals in the country, particularly Bishop Kioko Catholic Hospital in Machakos, which NHIF owes Kshs60 million. It is not only Bishop Kioko Catholic Hospital, other hospitals too face a lot of challenges, yet people go to hospitals and pay with the NHIF.

Those bills are paid and money is transmitted to NHIF, but it never goes back to the hospitals. What are you doing about it, Hon. Cabinet Secretary? This is a big challenge even to our national hospitals.

The Speaker (Hon. Kingi): Proceed, Sen. Mundigi.

Sen. Munyi Mundigi: Asante, Bw. Spika. Swali langu linatoa dosari kidogo kwa yale umesema, ila naomba uniruhusu kuuliza Bw. Waziri kwa yale ataweza kujibu.

Kwanza, nashukuru Waziri wa Hazina na Fedha kwa sababu aliteuliwa ili asaidie katika mambo ya fedha kwenye hii Serikali ya muungano. Alionekana kuwa ataweza kufanya kazi hiyo. Kwa hivyo, nampongeza.

Bw. Waziri, katika Kaunti ya Embu, mambo ya fedha huchelewa sana. Unafahamu kwamba tulikubali kuwa katika kipindi hiki cha Serikali ya muungano, pesa iwe ikitumwa kwa kaunti kila mwezi. Mwezi wa saba, wa nane na wa tisa, Kaunti ya Embu haikupata pesa na kumekuwa na malalamishi ya *pending bills* na *wage bill*.

Shida kubwa sana ni kwenye sekta ya ukulima na pesa za kununua dawa. Naomba ikiwa una uwezo wa kujibu ijapokuwa Spika amesema haiwezikuwa swali lisilofanana na zile uliloulizwa, najua una njia ya kujibu swali hilo. Huenda ikawa sio Embu pekee, tuna kaunti 47.

Asante.

The Speaker (Hon. Kingi): Proceed, Sen. Mutinda Tabitha.

Sen. Tabitha Mutinda: Thank you, Mr. Speaker, Sir. Allow me also to register my remarks by congratulating *Waziri*. He is the first Cabinet Secretary for National Treasury to appear before this Senate. The other one never appeared. My quick question is on the application for the identity (ID) cards.

An Identity Card application costs Kshs300 and its replacement costs Kshs1,000. What is your take as the Cabinet Secretary for National Treasury on scrapping the cost of anybody acquiring an ID card in this country? We are all citizens by virtue that we are born in this country. Bring this cost to zero.

Lastly, who owns e-Citizen? If the Government owns e-Citizen, why then do we have a double charge, where you have the amount that you are paying and an additional cost as you earlier mentioned in regards to the processing fee? Clarify who owns e-Citizen.

Thank you.

The Speaker (Hon. Kingi): Proceed, Sen. Veronica Nduati.

Sen. Veronica Maina: Welcome Hon. Cabinet Secretary and congratulations on your new appointment. I want you to tell this House whether there is any plan or strategy to onboard SHIF on e-Citizen and whether data on NHIF can be migrated to SHIF to avoid the cost of running another system to manage that data. Is there any plan and how soon will it be rolled out?

The Speaker (Hon. Kingi): Proceed, Sen. Abbas.

Sen. Abass: Thank you, Mr. Speaker, Sir. *Waziri*, congratulations on the appointment. My name is Abass Mohammed, the Senator for Wajir, and I chair the Committee in charge of Devolution.

There is a big concern about the delay in the release of funds to counties. It takes long, sometimes four to five months. As a result of that, counties are supposed to get salaries from the banks at a higher cost, with a higher interest rate.

Certain reductions are not submitted in time and they are given penalties for that delay. I do not know what your Ministry will do as a result of the delays in fund release. There are also penalties from KRA and other institutions like the Local Authorities Pension (LAP) Fund that put interest on the said reductions.

What is the Ministry planning to do to curtail the kind of unnecessary penalties that the counties are facing and why is the fund for the counties being delayed so much?

The Speaker (Hon. Kingi): Sen. Faki, you have the Floor.

Sen. Faki: Asante, Bw. Spika. Mimi najiunga na Maseneta wenzangu kumkaribisha Waziri, Mhe. John Mbadi katika Bunge la Seneti na pia kumpa kongole kwa kuchaguliwa kuwa Waziri katika Serikali.

Dukuduku langu ni kuhusiana na swala la ucheleweshaji wa fedha kwa kaunti zetu kwa sababu baada ya kuondolewa kwa Mswada wa Fedha wa Mwaka 2024/2025, kumekuwa na sintofahamu ni vipi watapeleka pesa katika kaunti zetu.

Ninakumbuka mwaka 2019 tulikuwa katika hali hii, lakini kwa wakati ule Serikali iliyekuwa mamlakani ilipeleka asili mia fulani ya fedha kwa kaunti zetu.

Ninaomba Waziri atueleze, ni sababu gani kaunti haziwezi kupewa asili mia fulani mpaka asili mia hamsini ya zile fedha ambazo walipewa mwaka jana ili waweze kutumia kukithi mahitaji yao tunapongojea sheria mpya iwe tayari.

The Speaker (Hon. Kingi): Hon. Senators, if you look at your Order Paper, the Hon. Cabinet Secretary is here to respond to four questions. Now, the questions asked by Sen. Faki, Sen. Munyi Mundigi. Sen. Abass are supplementary questions related to the question that is going to be asked by Sen. Mumma.

So, we do not have to ask everything now because there are three more questions. A lot of the questions that are being asked are related to the questions that are yet to be asked.

Hon. CS, you may proceed to respond, but there is one limb of Sen. Ledama Olekina's question that you have not responded to. How much is paid to the service provider and whether that has been audited?

You may proceed to respond.

The Cabinet Secretary for National Treasury and Economic Planning (Hon. John Mbadi): Thank you, Mr. Speaker, Sir. The amount of money paid to the service provider fluctuates and it depends on the number of services offered. However, in terms of details, this can be provided by the ICT Authority. I know that we pay an average of about Kshs180 million, but give me one minute to consult.

The Speaker (Hon. Kingi): Hon. Cabinet Secretary, you may proceed to respond to the other questions.

The Cabinet Secretary for National Treasury and Economic Planning (Hon. John Mbadi): Mr. Speaker, Sir, on the specifics of the amounts, we may need to check and supply, but the information on the monthly payments, if the hon. Senate would want, we would still supply it. We have all the data from the time when this contract was entered into.

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Now, let me respond to the specific questions by Sen. Esther Okenyuri. I have not forgotten you. Sometimes when you are---

(Sen. Cherarkey stood on his feet)

The Speaker (Hon. Kingi): Senator for Nandi County, please, take your seat.

The Cabinet Secretary for National Treasury and Economic Planning (Hon. John Mbadi): Sometimes, when you are graduating in age, we do not say you are advancing, but you are graduating in age. Your eyes sometimes start misbehaving, but we also politicians do not like wearing specs. You will notice most politicians even when they get to 70 or 80, do not like wearing specs, apart from a few like the Senate Minority Leader and Sen Faki.

Let me respond by saying why are hospitals still being bought. I think there have been challenges with the National Hospital Insurance Fund (NHIF) generally, which is why the Government even saw it fit to change the system.

There have been a lot of fraudulent activities around NHIF in terms of collusion with service providers and the hospitals. That has complicated the management of this Fund.

I would assure this House that there is a high-level engagement to ensure that all pending bills are paid. A lot of pending bills are also owed to NHIF, even by Government institutions. I have the figures.

In the last Cabinet meeting we had on engaging in this exercise, we agreed that the National Treasury will work very closely with the Ministry to ensure we pay the money that is owed to NHIF, so that NHIF can also pay the hospitals for a smooth transition to the new system. So, there is work going on that.

To Sen. Chute, final dues not been paid since 2020 to a Kenyan is very unfair. Let me also confess that I almost said 'my constituency,' but the constituency I have represented for 15 years. There is a lady who yesterday sent me details of her husband's final dues and she wants that paid. Her husband was a former assistant chief. So, there is a problem with the payment of final dues. This is something that we will take.

We can address this specific case, but I think we need to have a clear vision of how to resolve all the cases, so that they do not come one by one. Some people may not access a Senator or a Member of Parliament for help. So, on this particular one, Senator, you can give us the details. I will be able to follow it.

Sen. Wamatinga on the plans to reintroduce *Huduma* Number, especially on issues of land compensation, I want to be very clear that what remains the standard document in this country as proof of your being a Kenyan or your existence in this country is still the ID. To me, that is the anchor point. For these others, we can look for ways of integrating and reintegrating our systems, but we must anchor it on National ID.

Again, the question by Sen. Kavindu Muthama is on pending bills. I think I had addressed that earlier when I was addressing issues raised by Sen. Okenyuri.

On the issues raised by Sen. Tabitha, where application for IDs takes too long, maybe I did not capture it well.

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The Speaker (Hon. Kingi): Hon. Cabinet Secretary, have your team help you by noting down these questions.

Sen. Tabitha Mutinda: Mr. Speaker, Sir, I had asked about the application fee, which is Kshs300 and the replacement fee, which is Kshs1,000. However, my question was why do we not bring it to zero cost since we are Kenyans and we deserve to have the ID? Who owns the e-Citizen platform?

The Cabinet Secretary for National Treasury and Economic Planning (Hon. John Mbadi): Mr. Speaker, Sir, on the ID card, interestingly, I agree with you. I am one of the people who are in this school of thought that you do not have to pay to register as a Kenyan if we can take up this cost.

Not long ago, I spoke to this differently. I do not want to speak a different language because today I am a Cabinet Secretary. I do not think it is wise to charge for new applicants. Maybe you can charge for replacement because, again, you need to be careful when you are given a national identity. You need to protect it so that you do not lose it. However, when you are applying for the first time, I agree that this is a fee that needs to be reconsidered.

I now sit in the Government. I will use that platform to speak in the line that you are speaking. Once the Government takes that position, then I will join the Government in speaking the position of the Government, because I am in the Cabinet. I hope you understand the difference there.

Who owns eCitizen? The eCitizen is now run by the Government. I explained that you pay for convenience. That is why it is called convenience fee. You may have a problem with it, but that is the rationale for which it was introduced. It can be debatable whether it is a wise idea, but you pay for convenience. Consequently, in the absence of eCitizen, it was quite inconveniencing to get Government services.

Sen. Veronica asked a question with regards to plans to onboard the Social Health Insurance Fund (SHIF) onto eCitizen. As we speak, there is a high-level engagement in the Government to see how to integrate all these systems. I think very soon, we will onboard all these SHIF into eCitizen, because it is now the standard Government payment platform. We have also seen the reduction in leakages of public funds the moment we resorted to this single account, the 222222. Therefore, we must onboard SHIF to the eCitizen.

The last question that I was asked by about four Senators, I will combine it because it has one answer. The Senator for Embu was the first one to ask the question in Kiswahili. You will forgive me, I will answer it in English. Additionally, the Senator for Wajir County, Sen. Abass and, of course, Sen. Faki of Mombasa, asked about the transfer of funds to the counties.

I need no persuasion that transfer of funds to the counties must be done timeously. We had agreed that it should be on 5th of the following month and that we need to follow it religiously. I know we have had quite a bit of challenges in terms of cash flow, but the problem that we had at the beginning of this financial year was not entirely on cash flow. Actually, it does not help the National Treasury to keep piling transfers to counties because we end up with huge bills to pay at a specific time.

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So, we are very comfortable with regular and continuous transfers. However, the problems that we encountered at the beginning of this year is primarily the legal challenges. There were two schools of thought, because Senators are aware that the two Houses have not passed the County Revenue Bill (CARB) for 2024/2025.

Mr. Speaker, Sir, there were two schools of thought. There was one school of thought which believed that we cannot transfer money to counties until and unless we have two critical pieces of legislation; that is, the Division of Revenue Act (DORA) and the CARA. There is another school of thought, where fortunately I belong, that we have regulations in place which allows transfer of up to 50 per cent of the previous year's allocation, which in this case was Kshs385 billion.

However, to be very careful and clear, my office had to seek legal opinion from the Office of the Attorney General, which fortunately we got. The Attorney General agreed with the second school of thought, where I belong.

In July, we cleared the last Financial Year 2023/2024. We paid Kshs30.8 billion in July to clear that financial year. Last week, we paid July allocation of Kshs31.8 billion to counties. We have not paid the August and September allocations. Nonetheless, I guarantee that we are making plans to at least make one more payment for the month.

We seem to be having a deficit of not less than a month and we will try to catch up. Before the end of this year, we must catch up so that we do not have any outstanding amount to the counties. Having said that, because Senators are also responsible for overlooking the counties, let us also try to put pressure on the counties to sort out their issues with the Controller of Budget (CoB), so that we do not have huge balances sitting in the County Revenue Fund (CRF) account.

As we speak today, there is Kshs42 billion which has not been absorbed or taken up by counties and the details are there. I do not want to go to the specific details of the counties. We have Kshs42,380,773 that counties have not been able to access. The money is there in the CRF account of Kshs38.2 billion and another Kshs3 billion under recurrent, and Kshs969 million under Development Vote. We need to have a smooth absorption.

As an accountant and a finance expert, the last thing you would want to see is balances accumulating in idle accounts. It does not add value to the economy. It slows economic growth. Once the money is transferred to the CRF, it should go to the counties to pay salaries, recurrent and get into development. As we speak, largely, the development money should be with the counties.

The national Government's development budget is shrinking by the day. Therefore, I do not want to go beyond that. Maybe another day, I will have the opportunity to talk about the transfers to counties and absorption of the budgets or the exchequer releases.

Thank you, Mr. Speaker, Sir. I end there and hope I have covered all the questions.

The Speaker (Hon. Kingi): Thank you, Hon. Cabinet Secretary. If your question has not been adequately covered, it shall be covered in due course before the Cabinet Secretary leaves as he has three more questions to respond to.

Sen. Mumma, proceed to ask your Question No.060.

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*Question No.060*THE ALLOCATION FOR DEVELOPMENT EXPENDITURE
IN NATIONAL GOVERNMENT BUDGET FOR FY 2022/2023

Sen. Mumma: Mr. Speaker, Sir, my questions to the Cabinet Secretary are as follows –

(1) What was the allocation for development expenditure in the national Government budget for the Financial Year 2022/2023, and could the Cabinet Secretary indicate the percentage of the expenditure that was financed by Government's ordinary revenue, loans and grants from development partners?

(2) How much of the development expenditure was spent on pending bills for projects commenced and or completed in preceding financial years, and could the Cabinet Secretary provide a list of these projects along with their corresponding amounts?

(3) Could the Cabinet Secretary provide a list of all development projects undertaken by the national Government in the said financial year, specifying their names, sectors, locations, corresponding expenditure, completion dates and indicate whether each project was initiated in the said financial year or preceding financial years?

(4) Could the Cabinet Secretary provide details on all conditional grants by the national Government to the counties in the said financial year, including the project names and the corresponding amounts, beneficiary counties and any funding partners involved?

(5) Were there any additional development funding or aid from development partners in the said financial year and, if so, could the Cabinet Secretary specify the amount and the projects funded along with their respective locations?

I thank you.

The Speaker (Hon. Kingi): Hon. Cabinet Secretary, you may proceed to respond.

The Cabinet Secretary for National Treasury and Economic Planning (Hon. John Mbadi): Thank you, Mr. Speaker, Sir. Question No.060 is by the Nominated Senator, Sen. Mumma. My response to Question No.060 (a) is as follows-

In the original approved development budget for Financial Year 2022/2023, we had an amount of Kshs715.4 billion. Out of this, Kshs389.2 billion was to be funded through ordinary revenue, Kshs292.8 billion was to be funded through loans and Kshs33.3 billion was through grants. However, the estimates were revised a number of times during the implementation of the budget, maybe thrice, if I am not wrong.

We had several supplementary budgets and the final approved development estimates amounted to Kshs583.2 billion. This comprised of Kshs357.9 billion funded through ordinary revenue, Kshs190.5 billion funded through loans and Kshs34.7 billion was funded through grants.

My response to Question No.060 (b) is as follows-

The details of the development expenditure spent on pending bills for projects commenced and or completed in preceding financial years and the projects lists and their

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corresponding amounts can be sourced from individual Ministries, Departments and Agencies (MDAs). This is a very complicated exercise if my Ministry were to go to all ministries because there is not a distinction between new projects and carryovers.

The law is clear that before you make payments for the next financial year, you need to clear the pending bills of the previous year. Therefore, MDAs proceed to pay the pending bills like any other amount. The reports that we get from ministries is on global figures of development and recurrent expenditure, without specifying how much was for previous financial year and subsequent year.

I also want to add that every quarter, the Controller of Budget provides information to Parliament to indicate how ministries implement the budget. I guess that report should also be coming to the Senate. If I were to task and engage my officers on this exercise to go to various ministries, it would take months, if not a year. However, it is very possible. If the Senators are concerned with a specific Ministry, that information would easily be sourced.

On Question No.060 (c), I have attached a list of all projects which were implemented in the Financial Year 2022/2023. You will find that under my submission at Appendix 1A and 1B. I am sure my team provided the appendices.

Question No.060 (d) was whether I could provide details on all conditional grants by the national Government to the counties in the said financial year, including the project names and corresponding amounts, beneficiary counties and any funding partners involved. During the Financial Year 2022/2023, all additional allocations to the county government as specified in Section 5 (1) and (2) of the County Government Additional Allocations Act, 2022 were classified as conditional grants. The summary of the first schedule and second schedule has been provided.

I have attached to this submission the County Government Additional Allocation Act, 2022 with detailed schedules of additional allocations to county governments in the said financial year, funding sources, names of programs, projects allocated and amounts per beneficiary counties. That is under Appendix 2.

Mr. Speaker, Sir, I do not know whether my additional information found its way to Parliament. I signed it this morning a little late. I wanted more details to be provided to the Senators on the project name, amount, beneficiary counties and financier. Some are financed by the Government of Kenya (GOK), while others by IDA Bank, Danida, World Bank and others. I can table this as additional information, if you permit me, just in case it did not find its way. It is addressed to the Clerk of the Senate and I have signed it.

The Speaker (Hon. Kingi): Hon. Cabinet Secretary, you may proceed to table the additional information.

The Cabinet Secretary for the National Treasury and Economic Planning (Hon. John Mbadi): Thank you. The information is here with my signature.

(Hon. Mbadi laid the document on the Table)

On Question No.060 (e), the information I have is that there was no additional development funding from the development partners during the said financial year.

I thank you.

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The Speaker (Hon. Kingi): Sen. Mumma, you may proceed to ask your two supplementary questions.

Sen. Mumma: Thank you, Mr. Speaker, Sir. Before I ask my supplementary questions, I would want you to note that the Cabinet Secretary for the National Treasury and Economic Planning did not submit a response to Question No.060 (b). Instead, he has suggested that the Senate gets that information from the various ministries.

Our Constitution has elaborate provisions on public finance. It contemplates that the National Treasury has been given the role to ensure that it has a macro view of fiscal matters in this country. It is unfortunate that the Cabinet Secretary for the National Treasury and Economic Planning would run away from responding to this.

Hon. Cabinet Secretary, I am aware when this Question was brought, you had not been appointed. However, I give free advice that when anybody in this country wants to ask a question on the overview of finance matters, it is you who will be asked. You cannot afford to say that we should ask the ministries to tell us what is happening.

Mr. Speaker, Sir, I suggest you rule that the Cabinet Secretary for the National Treasury and Economic Planning provides us with the information requested in my Question No.060 (b).

I also appreciate the Cabinet Secretary for the National Treasury and Economic Planning for providing a huge document of the projects that were carried out in development in the Financial Year 2022/2023. Again, I want to give some counsel to the Cabinet Secretary that a better presentation of this information would help us to do our oversight better. I had requested specifically that the information be arranged in such a way that we are able to find out how many development projects happened in Isiolo, Kakamega, Mombasa and Murang'a counties. The information you have given is good, but one has to dig in and do a lot more. In your view, it will take months for your officers to do this. In my view, you do not need your officers to do this. All you need to do is develop a template, send it to the ministries and they will give you that information within two weeks.

The Speaker (Hon. Kingi): What is your supplementary question, Sen. Mumma?

Sen. Mumma: Mr. Speaker, Sir, this is an important question and it was not answered. I would like the Cabinet Secretary to respond to that question. Kindly rule on this so that we get that extra information from the Treasury.

Now to my question. I have done some analysis of this information and I have found out that the approved budget is not what is expended in actual fact. At every supplementary estimate, we have reduced budgets, especially for loans and budgets. Why are the multi-lateral and bilateral resources reducing every time and what is the implication of this in terms of delays in getting the utility of the projects that we are passing, issues of honouring bilateral conditions, incurring more costs in fees and commissions and issues of capacity? Is it that we do not have capacities to deliver on all of these projects?

I have analysed and if you check the State Department of Vocational and Technical Training, for instance, we only had 30 per cent performance of the grants available to that sector and 47 per cent performance on the loans. The State Department for ASALS and Regional Development had only 16 per cent performance on the monies

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available to them from the loans and 55 per cent performance on the grants. That means the people of Kenya are not getting the development they need. What is the issue there?

Mr. Speaker, Sir, secondly, what is the Treasury as the overall agency responsible for finance doing to ensure that actors at both national and county levels are able to uptake development funds?

The Speaker (Hon. Kingi): Sen. Dullo.

Sen. Dullo: Thank you, Mr. Speaker, Sir, I join my colleagues to welcome Hon. Mbadi. My question is on revenue because it is related to development projects and their funding.

We have never gotten it right as far as the system on collection and automation of revenue in the counties are concerned. Over the years, we have the Kenya Revenue Authority (KRA) to collect revenues on behalf of counties. Recently, there was a proposal that they want to come up with a system that is going to take care of revenue automation in the counties, so that we have a uniform system. We are losing a lot of money in those counties which could have complemented the budget allocated by the national Government.

My question to the hon. Cabinet Secretary, because he is the new broom, how can he ensure that revenues collected at the county level is properly collected, whilst coming up with automated systems in all the counties because we see cash is collected in all counties. Yesterday, we had Siaya County where they are still collecting revenue in cash and we are on 21st century.

Can the hon. Cabinet Secretary come up with a system that is acceptable across the board because governors fight such a system? Kenyans would save a lot of money if he came up with such a system on revenues collected at the county level.

The Speaker (Hon. Kingi): Proceed, Senator for Nandi.

Sen. Cherarkey: Mr. Speaker, Sir, I would like to thank the Cabinet Secretary for being here considering the former Cabinet Secretary never stepped in this House even after we sanctioned him.

What are the current total pending bills by the national Government? Sometimes, we hear that roads have pending bills of Kshs700 billion. As of today, what is the total of domestic and international debts that Kenya owes?

I thank you, Mr. Speaker, Sir.

The Speaker (Hon. Kingi): Sen. Mbugua.

Sen. Mbugua: Thank you, Mr. Speaker, Sir. I join my colleagues in congratulating the Cabinet Secretary.

I would like him to tell this House the amount of money the national Treasury owes in pending bills and what is the Government, through the Treasury, is doing to clear these Bills because they have a negative effect on our economy.

The Speaker (Hon. Kingi): Sen. (Prof.) Kamar.

Sen. (Prof.) Kamar: Mr. Speaker, Sir, I congratulate the Cabinet Secretary and welcome him to the House. I worked with him in the 10th Parliament in the Committee on Finance and Budget. I know how sharp he is. He is truly the new broom in the House. However, I had a problem with his first response when he referred us back to the individual ministries to get pending bills. Does it mean that the National Treasury does

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not know the amount of these pending bills and does not have these records? Our assumption is that all the other ministries as far as money is concerned, respond to the National Treasury and when they have pending bills, they should be talking to Treasury.

That was an important question that we needed to know the link between the ministries and the National Treasury as far as pending bills are concerned. Do they not have the data?

The Speaker (Hon. Kingi): Sen. Kisang’?

Sen. Kisang’: Thank you, Mr. Speaker, Sir. I also join my colleagues to congratulate the new Cabinet Secretary. He was a colleague of mine for 10 years in the National Assembly. I know he is smart and we believe he will do a lot of things there and also help Kenyans.

Mine is a follow-up comment from what Sen. Dullo has said. The National Treasury has the IFMIS centralized system, which manages expenditure at the counties. I do not see the reason they should not have an integrated revenue management system for the counties. The governors are fighting that because they can steal when they collect cash and also because they have their own systems with their collaborators.

I would like the Cabinet Secretary to commit that an integrated revenue management system must be rolled to seal the leakages of revenues at the counties.

The Temporary Speaker (Sen. Mumma): Hon. Cabinet Secretary, you may now proceed to respond.

The Cabinet Secretary for National Treasury and Economic Planning (Hon. John Mbadi): Thank you, Mr. Speaker, Sir. In response to the supplementary question from the question by Sen. Mumma, Question No.2 was asking the specific pending bills that were paid in the financial year in question, My Ministry and I have not refused to respond, but this may require a bit of time.

Usually, when payments are made by ministries, state departments and agencies, we do not disintegrate that this one is now for pending bill and this is a new bill. We make payments continuously, and the figures for pending bills are supplied at the end of the financial year. I will come to that because that is a question Sen. (Prof.) Kamar also asked.

So, I just thought that if there are specific ministries where you are interested in knowing the specific pending bills that were paid, that would have been easily supplied. However, if this House finds that my Ministry supplies this information, it will take a while, but we can still supply the information.

I hope to continue answering whether we could have a template. I hope Sen. Mumma is attentive.

(Sen. Mumma consulted Sen. (Prof.) Kamar)

The Speaker (Hon. Kingi): Sen. Mumma, have you abandoned your questions?

The Cabinet Secretary for National Treasury and Economic Planning (Hon. John Mbadi): Mr. Speaker, Sir, Sen. Mumma asked whether we could design a template

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to capture this information. Yes, we could. However, we have the Public Sector Accounting Standards Board, which determines the kind of systems that we use.

It is a recommendation that we can put to the board, so that they approve it, and then we have a system that would capture some of this information as and when they are onboarded to the system. Again, Senator, you are spot on that the approved budget is not what is expended. That is true.

Our absorption level is low, especially on donor-funded projects or projects funded through development partners through loans and grants. This is due to a number of reasons, some of which are internal and some also relate to the development partners. However, many of the issues are because of us.

One, most of the donor-funded projects require counterpart funding. Sometimes, we put the donor-funded projects in the budget without sufficient provision, or we end up reducing our budgets, as has happened in this financial year when we realized that we could not collect so much. So, you find a deficit in the counterpart funding, which would affect the donor-funded project because for the development partners to release the money, they must be assured that the counterpart funding is guaranteed and forthcoming.

This is a serious challenge that we must deal with. Secondly, the development partners have also raised reporting issues. Nonetheless, in terms of the strategy going forward, without going into the details of why these absorptions have not been forthcoming or have not been smooth, we have a team looking into this matter, coordinated by my Ministry, and we will address all these issues.

Just a few days ago, I think two days ago, I was dealing with a case of the Finnish Government ready to support providers with grants, not even a loan. However, our internal systems are complicating the implementation of the same. So, these are efficiency issues that must be dealt with.

There are also other budgetary issues. We must also have a strategy for making sure that if we are factoring funding into our budget from development partners, there must be matching funds or counterpart funding so that when it comes to implementation, the implementation becomes smooth. So, that addresses your issue of how we ensure the uptake of these development funds, especially now that funding is shrinking daily, we must make sure that we clear the hurdles on these development-funded projects.

Sen. Dullo has raised serious concerns with the counties' revenue collection, and I cannot agree more. There is already a proposal that has gone to an advanced stage to have a standardised system for the collection of revenue in counties. There is no reason why we should operate like we are 48 governments. We are a country with devolved systems of government.

Nonetheless, we need a standardised system, so that if you come from Isiolo, you go to Homa Bay; it is almost predictable. If you are a business person, what to pay, how much and even how to pay should be standardised. So, that process is ongoing. Unfortunately, consensus has not been reached with the Council of Governors.

I appeared before the last and my first Intergovernmental Budget and Economic Council (IBEC) meeting, and this matter is still being discussed. I hope soon we will find

a way forward because we also do not want to upset the county government because there is a level of autonomy. We do not want to impose a system on them.

The Ministry of Finance, which is the National Treasury, is responsible for designing a system to help all spending units have an efficient system. However, we know that county governments also enjoy some level of autonomy. We want to bridge that gap so that we agree. This is being coordinated by the Deputy President and the Chair of IBEC, and soon, we will come up with a solution.

Sen. Cherarkey has asked me a direct question about the total number of pending bills. I would tie your question to the question raised by Sen (Prof) Kamar. Sen. (Prof.) Kamar, you started wishing me well in the 10th Parliament. I do not know what you saw, but you kept on saying that there is somewhere I will reach. I do not know whether you can tell me whether I have reached where you wanted me to or if you still feel I am going far.

It is not that we do not know how much the pending bills are. What is not clear is the authenticity of the pending bills being reported. Remember, pending bills in Kenya, we have been using what we call a cash basis of accounting. So, pending bills are money owed to the Government, by Government of Kenya to various citizens who are service providers. We should not even call them pending bills. These are debts owed to people.

We are unclear about these amounts because they do not form the body of our financial statements. On a cash basis, they are reported as notes on the balance sheet, so we do not treat them with the weight that we should. Beginning this Financial Year, we are moving to an accrual basis, where pending bills will now form part of our balance sheet and financial reporting.

Right now, the reports that we have are pending bills that were submitted because we formed the pending bills committee. It is called the pending bills verification committee. What was submitted to them was Kshs664 billion owed by the national Government, not the counties.

These amounts will definitely come down from the indication because we have not even received an interim report. I gather that the pending bills may be just in the region of Kshs400 billion, meaning that about Kshs200 billion could have been fictitious. However, let me wait for this committee to submit the final report or even an interim report so, we know the pending bills.

On the roads Sen. Cherarkey mentioned, at least, we know that we owe cumulatively about Kshs167 billion to the various road contractors. That is why, across the country, all road projects have stalled. Quite a significant portion of this is on interest and penalties charged by these contractors for idle equipment, which, again, sometimes you will find that there is not even equipment on the road. They bring broken machinery and put it there. We are on a programme and a strategy to make sure, especially in the road sector, that we bring back the road contractors on the roads.

We managed to negotiate a loan with China through the China Development Bank. We negotiated a concessionary loan of Kshs36 billion to take up about 15 roads. One would ask why those roads? These roads were being constructed through Government of Kenya (GoK) funds awarded to Chinese contractors.

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So, we have just changed the responsibility of paying them through GoK funds to a concessionary loan from the Chinese Government. However, we are in the process of looking for money. We hope that by December this year, we will have cleared at least the pending bills on the road contractors and have them back on the roads. I would have told you more that the moment you owe contractors money, one, you are affecting the economy badly because there is no liquidity.

Two, if these contractors could come back to the roads, then the construction industry, which has been shrinking, the contribution of construction to Gross Domestic Product (GDP) if you looked at the two years now, it has been going down. It is now at about 1.4 per cent of GDP. It used to be very high. Why? Road construction across the country is not ongoing. So, the contribution of construction to our GDP is very low. That is why our GDP cannot rise to the required level.

I think Sen. Mbugua also asked the same question on pending bills. It is a question asked by Sen. Cherarkey and Sen. (Prof) Margaret Kamar.

Now, the last question I have here is from Sen. Kisang on integrating our revenue collection system for the counties. Again, I think I addressed this question.

We have a proposal, a mechanism and a standardized system we are proposing to the counties of revenue collection. Unfortunately, consensus is yet to be reached. So, the moment we agree with the Council of Governors (CoG), then this will be rolled out and we will have a system that is standardized that can now be checked for efficacy. If it is good, as I think it will be, then it will help address some of the problems that we face with our counties in terms of revenue collection.

Thank you, Mr. Speaker, Sir.

The Speaker (Hon. Kingi): Sen. Onyonka.

Sen. Onyonka: Thank you, so much, Mr. Speaker, Sir, for giving me this opportunity. I would like to, first of all, welcome my brother, John Mbadi, whom we have slogged it out with in this House for many years.

Cabinet Secretary, I am happy to see you. I know that you and I have brushed shoulders recently, but that was not personal. That was purely business. I would like to just raise three issues. I am glad that you have discussed the issue of revenue collection. My position is that---

The Speaker (Hon. Kingi): Sen. Onyonka, under our Standing Orders, you are entitled to ask one supplementary question. Just one.

Sen. Onyonka: Thank you. It is one which has got three lines.

The Speaker (Hon. Kingi): No, no! One is one.

Sen. Onyonka: Thank you, Mr. Speaker, Sir. Cabinet Secretary, there is the issue of revenue collection, the contradictions in the IFMIS system, the problem of Exchequer releases and finally, our debt. What do you intend to do with those three things?

I know you have kind of answered them, but I have tried to link them all together. For example, if we had one simple financial system that interfaces the county governments, the national Government, all departments of Government and the Foreign Service, you would then know who is spending your money, how they are spending it, and where it is going.

Do you intend to have such a system, so that then we can reduce the amount of mismanagement or abuse which has taken place with the system?

Thank you, Mr. Speaker, Sir.

The Speaker (Hon. Kingi): Sen. (Dr.) Oburu.

Sen. (Dr) Oburu: Thank you, Mr. Speaker, Sir. I also want to take this opportunity to welcome the Cabinet Secretary for the National Treasury and Economic Planning to this Parliament. I know when I was there as an Assistant Minister, he used to ask me very tough questions and I would struggle to answer some of them.

I just want to ask strictly one question, as you have said. I am just curious that when the team went to China, they only negotiated for payment of Chinese contractors and yet, there are many other contractors who have also stalled. They have moved out of construction sites because of pending bills.

I did not clearly hear from the Cabinet Secretary what they plan to do with these others and why were the Chinese too selfish just to agree to fund only their own. If you pay the pending bills, what happens now for further construction? Is it just paying the debt for these contractors?

What arrangement is there to make sure that those roads which were funded by the Chinese continue and are finished because that is in the interest of Kenyans? We do not want to know whether you have paid them.

They are pending bills. Pending bills are only pending, but we want to know the arrangements you have for the continuation and completion of those roads and what will happen to those ones which are not funded by the Chinese. Why are they only funding the ones for their contractors and not the others?

The Speaker (Hon. Kingi): Sen. Wambua.

Sen. Wambua: Thank you, Mr. Speaker, Sir. It is very interesting that Sen. (Dr.) Oburu has asked the question that I wanted to ask, but I will twist it a bit.

Basically, what has happened then is that the Chinese have given us a concessionary loan to pay their people, and you can take care of your people whichever way you take care of them.

Going specifically to that Kshs36 billion that you have gotten from China to revive the construction of 15 roads, as you said; I want to ask the Cabinet Secretary to check with these people whether the Kibwezi-Mutomom-Kitui-Migwani-Bodoni Road is part of the 15 roads that will be revived. That road is in such a pathetic situation. It is 192 kilometres and they have done almost 180, remaining less than 20 kilometres to completion and the contractor has shipped out of sight.

Thank you, Mr. Speaker, Sir.

The Speaker (Hon. Kingi): Hon. Cabinet Secretary, you may proceed to respond.

The Cabinet Secretary for the National Treasury and Economic Planning (Hon. John Mbadi): Thank you, Mr. Speaker. Sir. I wish Sen. Onyonka was still around. I want to give confidence to the country that what was seen as differences between me and Sen. Onyonka, and maybe even Sen. Sifuna, we were just discharging our responsibilities. These are my friends. We have come from far. We have been with Sen. Onyonka in Parliament for over 15 years. So, it is nothing personal.

There was even a talk that I have lost weight. I just wanted to advise those who are graduating in age that you must keep fit. It is healthy and very good for your health. So, I have deliberately been cutting that weight and I will continue to cut. It has nothing to do with the pressure or stress. Yes, there is pressure at the National Treasury, no doubt. However, it is not insurmountable. It is something that I am prepared for as I continue to discharge my duties.

I agree with Sen. Onyonka on the contradiction in our various financial systems. You can have many financial systems addressing specific issues, including human resources and other issues like payment systems, but the answer is in integration. IFMIS was supposed to address this, but I think IFMIS has some failures or weaknesses which must be dealt with.

So, we are looking at integrating our systems so that we have a system that you can have a clear view, that the visibility of transactions is very clear. We are also doing it with the Kenya Revenue Authority (KRA). There is a programme that we have in place to make sure that KRA in terms of tax collection is improved and enhanced.

Even this afternoon, we have a briefing session on the same. We want to make sure that all Value Added Taxes (VATs) are paid, and that all rental income, which we are only collecting Kshs17 billion and yet the potential is Kshs101 billion or thereabouts, and many others like personal income tax.

Personal income tax in this country, professionals in this country who are not very poor, do not pay as much as people who are salaried pay because the visibility is not clear. So, this integration of the system is key.

Let me address the issues raised by my senior and mentor, Sen. (Dr.) Oburu. For those who may not know, the only senior politician who campaigned for me when I was coming in for the first time is Sen. (Dr.) Oburu. I still owe him a lot for that. He has brought me to where I am.

I want to address this issue of Chinese contractors. That is also the same question that Sen. Wambua asked. Let me just explain how the Chinese Government, through China Development Bank, agreed to take up some of these contracts and pay.

Previously, we are aware, especially during President Kibaki's time, that the Chinese Government used to fund a lot of road constructions in this country. They gave us funds and brought their contractors. That was one of the conditions.

Along the way, we shifted our attention from road construction funded by Chinese contractors to other areas such as the Standard Gauge Railway (SGR), geothermal *et cetera*. Very few of the roads in this country, from the time President Uhuru came into office, have been contracted or done by funds from the Chinese Government. Most of the roads that we see Chinese contractors engaged in are funded through Government of Kenya funds.

Now, it became almost impractical for us to finance all these road constructions by Chinese contractors, other contractors from elsewhere, and even the Kenyan contractors. We have a budget every year of about Kshs50 billion for development under the State Department for Roads. The pending bills, as I mentioned earlier, are Kshs167 billion. You need not less than three years to pay the pending bills.

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That is why the Government came up with a strategy to take contracts that were under or in the hands of Chinese contractors in terms of road construction and negotiate with Chinese Government if they could be funded from their money through concessionary loans. There are so many contractors, in fact, the total amount of works, both pending bills and what should be done by Chinese contractors amounts to so much money.

The Chinese only agreed to Kshs36 billion and the criteria was that the roads should not be the ones which have graduated or been developed to a certain percentage. I think it was 25 per cent. Those roads which had less than 25 per cent works done are the ones that were onboarded to this facility.

So, Sen. Wambua, I might need to check whether Kibwezi-Mutomo-Kitui-Kabati-Migwani Road is part of this. I know that many roads done by Chinese contractors are not in that list, including a road which is in my own constituency.

Mr. Speaker, Sir, what is the strategy? I think Sen. (Dr.) Oburu ended by asking me to clearly state how then the other roads would be funded. If the Kshs7 increase in fuel levy fund is allowed to continue, we have a strategy to securitize that amount—because we will be collecting about Kshs30 billion per year, then pay off the pending bills and come to a level where we can budget for additional works.

As my final comment, we must go back to the root cause of these pending bills. Why are we starting new roads when the ones that are ongoing have not been completed? We have not been budgeting for road construction properly. For example, for a road requiring Kshs2 billion, once the Ministry of Roads and Transport has Kshs200 million, they start its construction by procuring and awarding. How many years will you need to complete a road of Kshs2 billion by allocating Ksh200 million?

Mr. Speaker, Sir, a road which has a pending bill of Kshs513 million is awarded Kshs47 million. You need over 10 years to just pay the pending bills. We must come back to the basics; stop playing politics with road construction in this country and ensure that those road projects which are ongoing are completed. Then, we can start construction of other roads.

I end my submission there.

The Speaker (Hon. Kingi): We now proceed to Question No.088 by the hon. Sen. Korir.

Question No.088

INORDINATE DELAY IN PROCESSING AND DISBURSING PENSION BENEFITS TO RETIRED CIVIL SERVANTS

Sen. Wakili Sigei: Thank you, Mr. Speaker, Sir. I am asking the hon. Cabinet Secretary this Question on behalf of Sen. Korir. Before I do that, I also congratulate the hon. Cabinet Secretary for joining the Broad-Based Government and taking the lead in participating in the responses to the questions regarding service delivery to the people of Kenya.

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a) Could the Cabinet Secretary explain the inordinate delay in processing and disbursing pension benefits to retired civil servants and state why Mr. Stephen Kipyegon Turgat (TSC No.073576) and Mr. Jonathan Kiptanui Lang'at (TSC No.069710), who retired in 2001, are yet to receive their pension?

[The Speaker (Hon. Kingi) left the Chair]

[The Temporary Speaker (Sen. Abdul Haji) in the Chair]

b) What measures has the Ministry put in place to ensure the timely processing and disbursement of pension benefits to civil servants, and could the Cabinet Secretary provide a timeline for the disbursement of all pending pension dues?

c) What initiatives has the Ministry taken to sensitize civil servants on their pension rights as well as the pension claim process?

d) Could the Cabinet Secretary explain any measures put in place by the Ministry to ensure retirees can access the Pensions Department services countrywide, thereby eliminating the need to travel long distances to Nairobi to follow up on pension claims?

The Temporary Speaker (Sen. Abdul Haji): Thank you. Cabinet Secretary, please, go ahead.

The Cabinet Secretary for the National Treasury and Economic Planning (Hon. John Mbadi): The first question was if I could explain the inordinate delay in processing and disbursing pension benefits to retired civil servants and their specific pensioners whom the Ministry has sought to know if they have received their pension, and I respond as follows: -

Mr. Speaker, Sir, over time, several key factors have contributed to delays in pension processing within the Pensions Department. However, through targeted initiatives, many of these issues have been incrementally addressed, leading to improvements in processing efficiency. Below are some of the primary factors impacting on the pension processing and disbursement timelines, while I will discuss the measures taken to mitigate the challenges shortly.

First, is delays in submission from Ministries, Departments and Agencies (MDA)s. That is one of the major causes of delays; the late submission of necessary documentation from MDAs. These delays are often due to inefficiencies and internal bottlenecks within the MDAs, where the preparation and forwarding of pension-related documents are not always prioritized.

Secondly, incomplete documented claims resulting in a referral backwards. Another significant delay factor is the frequent submission of incomplete or improperly documented claims. When key information is missing, claims have to be referred back to the originator for correction, causing substantial delays in processing.

Third, is system unavailability. Technical issues and system downtime have also contributed to delays in pensions processing. Outages and system failures often resulted in significant backlogs, as the department was unable to process claims during these periods.

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Four, is workload versus staffing. Previously, the imbalance between the heavy workload and the limited number of staff coupled with limited automation was a contributor to delays. The volume of claims had grown in unmatched proportions of Human Resource (HR) and the then deployed technology leading to extended timelines for pension processing.

Fifth is bureaucratic bottlenecks. The presence of multiple layers of approval within the pension processing workflow, contributed to unnecessary delays. Each level of approval required time, often without adding significant value to the process.

Sixth is delayed budgetary allocation. Pension processing is also impacted by delays in Exchequer allocations. On the specific cases where I was asked to respond, I will do so as follows-

Case No.1 is Stephen Turgut Kipyegon, Teachers Service Commission (TSC) No.73576, Pension No. APN/PC/150010. Mr. Stephen Turgut retired from the TSC with effect from 31st August, 2003, where he last served as an approved teacher. His claim was submitted to the pension department by the TSC on 15th January, 2004. His pension benefits were processed and paid on 4th August, 2004.

He was awarded Kshs625,899.90 as his lump sum, including monthly pension arrears. He was receiving a monthly pension of Kshs9,278 until his demise on 2nd April, 2012, when the five-year dependent pension took effect and was paid to his dependant, his wife, Mrs. Margaret Chepkirui Turgut. She received a monthly dependent pension of Kshs9,778, which ceased on the 5th anniversary of the death of the pensioner.

Mrs. Turgut was also paid a Widows and Children's Pension in arrears through the December, 2013 payroll, followed by the subsequent monthly pension of Kshs4,362 to date.

Case No.2, was on Jonathan Kiptanui Lang'at, TSC No.69701 and Pension No.APN/PC/131805. Mr. Jonathan Lang'at retired from the TSC with effect from 31st August, 2001, where he served as a P1 teacher.

His claim was submitted to the pension department by the TSC on 14th May, 2002. His pension benefits were processed and paid on 9th August, 2002 and awarded Kshs165,282.10 as his lumpsum payment, including monthly pension arrears.

He received a monthly pension of Kshs3,613.17 until his demise on 18th September, 2006, when the dependant pension took effect and was paid to his dependant, his wife Mrs. Irene Chepkoech Langat, at a monthly rate of Kshs3,613 that ceased on the 5th anniversary of the death of the pensioner. She was also paid Widows and Childrens Pension, which she continues to earn at the rate of Kshs4,120, to date.

Additional context on pension review: It is important to note that a category of retired teachers was subjected or subject to a pension review following the landmark ruling in TSC versus Simon P. Kamau and the court cases are indicated there.

This ruling addressed disparities in pension payments for teachers who retired between 1st July, 1997 and 30th June, 2003, entitling them to have their pensions recalculated based on revised salary scales. Mr. Stephen Kipyegon Turgut retired on 31st August, 2003 and did not fall within the eligible category for the pension review. However, Mr. Jonathan Kiptanui retired on 31st August, 2001 and was eligible for review.

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The TSC submitted the revised pension claim on 16th August, 2024. The claim was processed and the revised amount totaling Kshs301,692 was duly paid to his wife, Irene Chepkoech Langat, being revised pension.

Part (b) of the Question was on the measures that the Ministry has put in place to ensure the timely processing and disbursement of pension benefits to civil servants and whether I could provide a timeline for the disbursement of all pending pension dues.

Mr. Temporary Speaker, Sir, the National Treasury acknowledges the importance of continuously enhancing the timely, efficient and effective payment of pensions to all retirees. Before outlining the specific measures taken, it is essential to understand the broader context of the pension payment process.

Overview of the pension payment process:

(1) Dependency on various actors: The pension payment process involves multiple stakeholders, each with distinct responsibilities that impact the timelines for pension disbursement.

(2) Retiree and Beneficiary Responsibilities: Retirees or beneficiaries of deceased officers must apply for their pension dues by completing and submitting the necessary documentation. Delays in this step, especially in cases of family disputes or litigation, can impact the payment timelines.

(3) The Employer's Role: Employers are required to issue retirement notices to employees at least one year in advance to enable the timely submission of pension claim forms. The employer is expected to submit these claims to the pensions department at least nine months before the employee's retirement.

(4) Role of the Pensions Department: As the final authority in the pension processing chain, the pensions department is expected to finalise claims within 90 days of receiving fully supported pension claims.

(5) The Impact of Exchequer Funding: The release of pension gratuity payments depends on the availability of exchequer funding, which in turn is influenced by national revenue influence. Delays in funding can affect the timely disbursement of pensions.

Mr. Temporary Speaker, Sir, in pursuit of continuous improvement, the following measures have been implemented:

(1). The re-engineering of the pensions management information system. One of the most critical initiatives is the comprehensive overhaul of the pension management information system. The National Treasury is actively re-engineering the Pension Management Information System (PMIS) to enable its functionality, data management and overall efficiency.

A contractor was on-boarded in February 2024 for the development, supply, configuration, installation, testing, implementation and commissioning of an online pension management information system. This was to guarantee an Enterprise Resource Planning (ERP) solution that will automate pension processes end-to-end and eliminate manual interfaces.

This upgrade will significantly streamline pension processing, ensuring fast and more accurate disbursement. This means we will be transiting officers from the payroll to the pension.

I have a number of key features and benefits of the forthcoming pension management information system. I do not know if I should read all of them. There is an online submission, a self-service portal, timely payments, real-time monitoring, enhanced security and automated processes.

There is also integration with existing systems, as I have explained, where we integrate with government systems like the Government Human Resources Information System (GHRIS), the Civil Registration Bureau, Kenya Revenue Authority (KRA) and the Registration of Persons Bureau and integrate it with the population registry system, which would ensure data accuracy and consistency. The other one will be digital records management, where we will digitize pension records to reduce the risk of loss or damage to physical documents.

Finally, there will be customer support which is a dedicated help desk. It will provide support to pensioners and stakeholders, ensuring smooth implementation and operation.

The proposed e-pension system modernises pension administration in Kenya by leveraging technology and innovative processes. It aims to provide a seamless and efficient experience for pensioners; improving the overall effectiveness of pension management. The project is on track to be completed and rolled out by the end of this calendar year.

The Second one is the deployment of pension officers to key Ministries, departments, and agencies, and this is to further expedite the pension processing chain. The Government has deployed 32 pension officers to various key Ministries, Department and Agencies (MDAs), including the Teacher Service Commission (TSC), which has a majority of the pensioners, the National Police Service (NPS), and the Ministry of Health, Interior and National Administration, Education, Agriculture of livestock and Prisons.

These officers are tasked with handling pension claims on-site, drastically reducing the time needed for verification and submission of claims to the pension department. This strategic deployment ensures that pension claims are processed more quickly, and the retirees receive their benefits without unnecessary delays.

Early submission of pension claims: The Public Service Commission has mandated in its policies that MDAs submit pension claims to the pensions department nine months before an officer's official retirement age or date. This early submission allows for thorough verification and processing of claims well in advance of retirement, ensuring that pensions pension benefits can be disbursed promptly upon the retiree's departure from the service.

The fourth is adherence to the 90-day processing time. The pensions department has reinforced its commitment to processing fully supported pension claims within 90 days as outlined in the National Treasury Citizen Service Delivery Charter. This commitment is integrated and integral to ensuring that pensioners receive the benefits within a reasonable time frame after retirement, thus minimizing any financial uncertainty during the transition to retirement.

The fifth is technical support and system enhancements in the pension department. The pension department has executed a technical support contract aimed at improving the payment process and enhancing the overall customer experience. Key

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initiatives under this contract include the stabilization of the system and assurance of system availability, system designs to enhance automated claim processing of hidato that were difficult, isolated cases.

Mr. Temporary Speaker, Sir, let me move to No.6, which is the deployment of pension officers to Huduma Centres nationwide. This is self-explanatory. Review of the pension legal framework, recognizing the need for a robust and adaptable pension system, the government is undertaking a comprehensive review of the pension legal framework. This review is set to begin in the second quarter of the 2024/2025 Financial Year.

It is aimed at aligning the pension laws with changing demographics, economic conditions, and social expectations. The goal is to ensure financial sustainability, equity, and international competitiveness in Kenya's retirement system.

The eighth one is the formulation of a national retirement benefits policy. Again, the National Retirement Benefits Policy approved by the Cabinet on 3rd November, 2023 serves as a cornerstone for the future development of the retirement benefits sector in Kenya. This policy is designed to improve governance within the retirement system, foster sector growth, and ensure the income security of retirees.

The ninth one is the sensitization of civil servants on retirement documentation. To further support timely pension processing, the pension department has conducted workshops aimed at educating civil servants on the necessary documentation and procedures required before retirement. Again, the details are provided in my written submission.

Number 10 is the recruitment of additional pension officers. In a bid to bolster the pension department's capacity, which I expressed earlier, the National Treasury recruited additional pension officers in the year 2021, followed by six deputy directors with extensive expertise in pension administration who were recruited in the year 2024. This recruitment drive is part of a broader strategy to enhance the department's efficiency and effectiveness in managing pension benefits for public servants.

Mr. Temporary Speaker, Sir, the other question that was asked is what initiatives has the Ministry taken to sensitize civil servants on their pension rights, as well as the pension plan processes. I want to state that the Pensions Department has continuously engaged in civic education to the public regarding pensions and their rights as civil servants to access pensions, as well as information.

Some of the measures in place to sensitize civil servants include the following:

(i) A partnership with MDAs for the sensitization of pensioners, and I had already spoken to that.

(ii) Joint public exhibitions with industry pensioners.

(iii) Online publications of pension information to the public.

Mr. Temporary Speaker, Sir, the fourth question was, whether the Cabinet Secretary could explain any measures put in place by the Ministry to ensure retirees can access the information at pensions department services countrywide, thereby eliminating the need to travel long distances to Nairobi to follow up on the pension claims.

I wish to state this as follows: The National Treasury has put in place several measures as elaborated below. I have just explained two measures. The first one is the

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deployment of pension officers to all the Huduma Centres countrywide. To enhance safe service delivery, the pension department decentralized its information services through the deployment of pensions officers to Huduma Centres country.

This initiative was designed to address the concerns of the elderly pensioners and beneficiaries who faced logistical challenges to access the pension services. The department has also deployed the real-time pensions management information system to the Huduma Centres to facilitate efficient customer care services at the country level.

The final one is outreach programmes by pension officers through *Huduma Mashinani*. The department, through its officers deployed to the Huduma centres, has been sensitizing the public on pension matters, while rendering pension services through the *Huduma Mashinani* outreach programmes. This initiative ensures that the pension services can be accessed by retirees at the grassroots level countrywide.

In conclusion, the pensions department has continuously revamped its operations through the adoption of a results-based management approach to ensure timely, efficient, and effective payment for pensions to all retirees.

In the Financial Year 2023/2024, the Pensions Department allocated Kshs187.5 billion in the Revised Budget to pensioners to fund gratuitous payroll and dependent pensions to the public. The disbursed amount as of 30th June, 2024 was Kshs148.9 billion where gratuities or lump-sum benefits were Kshs43 billion, and pension as payroll was Kshs73.6 billion with a biannual monthly increase of 3 per cent for pensioners. Lastly, a new scheme, which is the superannuation scheme contribution was Kshs31.6 billion.

The Temporary Speaker (Sem. Abdul Haji): Sen. Wakili Sigei, do you have a supplementary question?

Sen. Wakili Sigei: Yes, Mr. Temporary Speaker, Sir. I, first of all, want to thank the hon. Cabinet Secretary for a very elaborate response to the various questions that were asked by my colleague, Sen. Joyce Korir.

I have two questions. One, I want to get a commitment from the hon. Cabinet Secretary, noting that the two specific cases which were listed here were elaborately responded that the pensions have since been paid. The last one was on 16th August, 2024. I believe this will answer that first limb of the question.

However, I would like to get a commitment from your end with regard to the system that you have. This is called the re-engineering of the Pension Management Information System (PMIS), which according to your response is due to be completed and rolled out by the end of the year 2024. I would be very happy to get a commitment and undertaking by the hon. Cabinet Secretary with that timeline.

My second supplementary question emanates from your response to part (c) of the Question on the measures that your Ministry has put in place to ensure that retirees access pensions. The second one is on the outreach programmes by pension officers. This one I want to confirm to you, hon. Cabinet Secretary, that where I come from, where I represent the county in Bomet, I have not experienced or gotten to know that these do exist.

Could you be in a position to confirm that, that was so, that is so, if not, I would be very happy to get a confirmation that you will facilitate this outreach programme for

the pensioners to get to understand this aspect of *Huduma Mashinani*, and in particular, to facilitate them to benefit from these outreach services.

The Temporary Speaker (Sen. Abdul Haji): Hon. Cabinet Secretary, could you, please, respond to that.

The Cabinet Secretary for National Treasury and Economic Planning (Hon. John Mbadi): Thank you, Mr. Temporary Speaker, Sir. My commitment to Sen. Wakili Sigei is that the two cases have been addressed.

The second case had a little bit of issues because of the revision of the pension system following the court case. Therefore, there were additional funds that were supposed to be given to this pensioner and that was processed and paid in August, 2024. So, on the two cases, there should be no issue at all.

On the rollout of the system, initially, there was talk that we should roll it out by the end of this financial year. The commitment from my team is that the roll out should be done by the end of this fiscal year.

Again, as a Government, we usually have very good intentions and strategies, but implementing them becomes a problem or a moving target. I am trying to cure that and make sure that where we can implement the system immediately, there should be no procrastination and delay.

On the issue of the outreach not covering some areas of the country, that could be possible. I will have to investigate this and find out if the rollout is uniform across the country and if it is adding value and people are appreciating it. Since, you can also roll it out and people are not even aware and therefore not appreciating.

Senator, to be specific to your county, Bomet, I will find out. I will also look at other counties alongside Bomet to make sure that all Kenyans even those who probably today no question has been asked on their behalf, also benefit from the rollout.

Thank you.

The Temporary Speaker (Sen. Abdul Haji): Thank you. Sen. Tabitha Mutinda, do you have a supplementary question?

Sen. Tabitha Mutinda: Thank you, Mr. Temporary Speaker, Sir. Allow me to appreciate the standard that the Cabinet Secretary for National Treasury and Economic Planning has set before this House.

As we have mentioned earlier, it is the first time that the Cabinet Secretary is appearing before this House. I have listened to the feedback he has given and it is very elaborative.

My concern goes specifically to your officers who are mandated with the responsibility of ensuring that these pensions are paid. I have a very similar case of the late Peninah Kilonzo from Kitui. They came to my office following on this matter of pension and the response was that the Teachers Service Commission (TSC) had not submitted to the National Treasury.

Mr. Temporary Speaker, Sir, you just wonder, for Christ's sake, these are intergovernmental organisations. Why should Kenyans be subjected to delay by officers who are in charge of these deals that subject families and their children to suffer, because an officer is just sitting somewhere on their desk and they are not executing?

Hon. Cabinet Secretary, what you have elaborated astonishes us, that systems are in place. If the system is in place, then it means someone is sitting on their job. I will give you the name of the officer so that you act. The leniency I will give is that I will not put him on record now, but I will give you the name. It is very disappointing to have people who are not executing their mandate in that pension office.

The other issue I wanted to quickly raise is that, I sit in the Committee on County Public Investments and Special Funds (CPIC) and I am happy the Chairperson is here.

The Temporary Speaker (Sen. Abdul Haji): Conclude, Sen. Tabitha Mutinda.

Sen. Tabitha Mutinda: Mr. Temporary Speaker, Sir, let me wrap it up. The Cabinet Secretary is working on ensuring that remittance is done to the counties. However, during salary payments, these pension deductions are done, but they are not submitted to the relevant beneficiaries, yet we are doing our oversight mandate of auditing these pensions. That is my concern.

The Temporary Speaker (Sen. Abdul Haji): Sen. Osotsi, you also have a question.

Sen. Osotsi: Mr. Temporary Speaker, Sir, I want to inform my Committee Member, Sen. Tabitha Mutinda, that the Cabinet Secretary has already embarked on the process of implementing your recommendations, on the matter of unremitted pension from county governments and the defunct local authorities. The process started with previous Cabinet Secretary, but he has picked it up. Hopefully, very soon, we will have the task force in place to look at that matter.

The Temporary Speaker (Sen. Abdul Haji): Thank you for the information, Sen. Osotsi. You can go ahead and ask your supplementary question.

Sen. Osotsi: Mr. Temporary Speaker, Sir, let me first of all start by thanking the Principal Secretary (PS) for appearing in this House.

The Temporary Speaker (Sen. Abdul Haji): He is the Cabinet Secretary not the PS.

Sen. Osotsi: Most obliged, Mr. Temporary Speaker, Sir. I have come in late but I was watching where I was. I am excited that we now have a Cabinet Secretary who is very thorough in his work. Indeed, this confirms what we have been telling Kenyans that as the Orange Democratic Movement (ODM), we have seconded our best expert to be in charge of the Ministry of National Treasury and Economic Planning.

I am happy to learn that the Ministry is putting in place plans to automate the pensions department by coming up with a pensions system. I would like to find out from the Cabinet Secretary what plans are in place to ensure that all these financial systems are integrated, so that the pensions system is integrated with the Integrated Financial Management Information System (IFMIS) and other key Government systems. This is to ensure that we do not end up having the challenges that we have been having, for example, with IFMIS.

I have raised this matter in this House. The Controller of Budget (CoB) has been pushing for an end-to-end IFMIS solution, so that she is able to monitor payments that are made on the IFMIS to deal with the issue of diversion of funds.

I am just concerned about the issue of integration. What plans are there to make sure that this pension system is integrated to IFMIS and other related systems within the Government?

The Temporary Speaker (Sen. Abdul Haji): Proceed, hon. Cabinet Secretary.

The Cabinet Secretary for National Treasury and Economic Planning (Hon. John Mbadi): Thank you, Mr. Temporary Speaker, Sir. I want to thank the hon. Senators for the questions raised. I will start with Sen. Tabitha Mutinda's question.

Sen. Tabitha Mutinda, I agree with you. Let us face it; if you have too much interface between officers and systems, you have a problem. A lot of these delays are just rent-seeking strategies, which must be eliminated. That is why we are trying to reduce the human interface with the system and have a system that is integrated, where we will have a seamless transfer from human resource service to the pension system.

An officer is serving and the moment they transit, they transit from human resource service to a pensions service. There should be a seamless transfer, so that we eliminate this subjectivity and the human interference where someone puts a file and waits for you to come and appear. There is no reason people should come from Kitui, Homa Bay, Lodwar and so on to Nairobi, to follow up their pension. It should be done automatically and seamlessly.

That is why the pension management information system will come in handy. We want to see how to integrate it with the payroll of the TSC, so that the system picks the information of those who are retiring automatically and onboard them. If there are issues to be clarified, the system should have provisions for making sure that all this data is captured. That would address that issue.

Issue No.2, which again you are spot on, is on failure by those who are deducting, whether it is Ministries, departments, agencies, or county governments. I think the biggest culprit as of now has been the county governments and the defunct local authorities.

A lot of money was deducted and not remitted and this is part of people's salary. Additionally, the monies that go to other statutory deductions like the Kenya Revenue Authority (KRA), is people's salary. They have earned it even if it is money saved in their Savings and Credit Cooperative Society (SACCO), it is still their money.

My suggestion would be very radical. If these agencies cannot remit the statutory deduction, then the best thing to do is to allow the national Government to centralise the payment of salaries, retain the money and pay it to where it should go.

That we only remit the funds to the bank for employers to receive their salaries and all statutory deduction is withheld. It was assumed that paying agencies would be responsible enough to make sure that the money they deduct is also remitted. Why use part of people's salary to pay other bills? It does not make sense at all.

Sen. Osotsi is right. He is my Deputy Party Leader because I am still a member of the Orange Democratic Movement (ODM); I am only not an official. This system is supposed to be integrated. We should move a little further to integrate almost the entire financial management. That is a discussion we are having. Integrated Financial Management Information System (IFMIS) was meant to do that, but it came too early for

its time. It is not keeping pace with the recent developments. We need to review that system.

My Ministry is in the front line of reviewing IFMIS as a whole to ensure that we have an integrated financial management system that would capture all the data on all areas so that by the click of the button, you can have a complete eye view of what is happening. We want this system to be rolled out by end of this fiscal year. It is at 40 per cent in terms of development. We must fast track the 60 per cent to ensure that we meet the deadline.

Thank you.

The Temporary Speaker (Sen. Abdul Haji): Thank you, Cabinet Secretary.

Hon. Senators, we will proceed to the last Question, which is Question No.096 raised by Sen. (Prof.) Tom Odhiambo Ojienda, SC. It will be asked by Sen. Lemaletian, who is holding brief for him.

Sen. Lemaletian: Thank you, Mr. Temporary Speaker, Sir. I thank the hon. Cabinet Secretary for the National Treasury and Economic Planning for finding it useful to attend this session.

It was stated earlier on that the former Cabinet Secretary has not been very cooperative as far as this issue is concerned. I take a lot of pride in the fact that I share a profession and the same party with him. This shows that ODM puts forward the *creme de la crème*, as far as brains are concerned. Thank you, *Waziri*.

Question No.096

PUBLIC ENGAGEMENT ON FINANCE BILL 2024 AND MEASURES FOR TRANSPARENCY AND ACCOUNTABILITY IN TAXATION AND GOVERNMENT SPENDING

On behalf of the Senator for Kisumu County, Sen. (Prof.) Tom Odhiambo Ojienda, SC, I ask the following questions-

(a) Could the Cabinet Secretary clarify whether the Ministry undertook any public engagement on the necessity of the tax measures contained in the Finance Bill, 2024, and also state any measures put in place to ensure future public engagements are adequate and meaningful to avert demonstrations similar to those witnessed in June, July and August 2024?

(b) Has the Government assessed the economic impact of the demonstrations in terms of loss of revenue, as well as, the number and value of businesses and other properties that were vandalized and or looted? If so, could the Cabinet Secretary highlight the findings of the assessment?

(c) How has the economic disruption from the demonstrations coupled with the downgrade of Kenya's credit rating impacted the ability of Kenya to service her debts. Could the Cabinet Secretary explain any steps taken to stabilize the economy, restore investor confidence and stabilize the credit rating?

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(d) Could the Cabinet Secretary outline any measures put in place by the Government to ensure greater transparency and accountability in taxation and government spending?

I thank you.

The Temporary Speaker (Sen. Abdul Haji): Cabinet Secretary, you may proceed.

The Cabinet Secretary for the National Treasury and Economic Planning (Hon. John Mbadi): Thank you, Mr. Temporary Speaker, Sir. I thank Sen. Lemaletian for asking the questions on behalf of the Senator for Kisumu County. I will respond to the questions raised. This is the final question.

My answer to Question No.096 (a) is as follows-

The annual budgeting processes that are taken in consideration of public participation and constitutional requirement process leading to the preparation of the budget estimate for the Financial Year 2024/2025 began with a public workshop to open sector hearings.

During sector hearings for the spending in the financial year 2024/2025, all stakeholders were invited to make submissions on priority areas that should receive Exchequer funding. This informed the budget ceilings as contained in the Budget Policy Statement, 2024 and the Fiscal Framework.

The Budget Policy Statement for the Financial Year 2024/2025 informed the revenue requirements that the Government needed to fund the budget. This in turn informed the revenue targets for the financial year 2024/2025 and the amount that needed to be raised through additional tax policy measures that were contained in the Finance Bill, 2024.

Concerning the tax measures that were contained in the Finance Bill, 2024, the National Treasury started by issuing a public notice requesting for tax proposals that will be contained in the Finance Bill, 2024 way back in November 2023. Stakeholders responded to the public notice and submitted proposals.

The National Treasury constituted a committee consisting of the National Treasury, the Kenya Revenue Authority (KRA) and the Attorney- General's office to review the proposals and make recommendations to the Cabinet Secretary.

During the review of the proposals, the committee invited stakeholders that submitted the proposals for meetings, where the proposals were discussed and clarifications made to the committee.

The meetings were held at the National Treasury building and was attended by the following stakeholders; COCO, British American Tobacco (BAT), The Nairobi International Financial Centre (NIFCA), Ernst & Martin Associates and Ernst & Young professional audit firms, Kenya PricewaterhouseCoopers and Safaricom, Kenya Private Sector Alliance (KEPSA), Kenya Association of Manufacturers, (KAM), Kenya Flower Council (KFC), KPMG, International Institute for Legislative Affairs (IILA), Ong'anya Omboo Advocates, Deloitte, Johnson and Sons Limited, Eastpak Limited, Ministry of Energy and Petroleum, American Chambers of Commerce (ACC), Kenya Wine Agencies, Legal and Tax Associates, Kenya Breweries Limited and United Distillers and Vinters (UDV) Kenya, Capital Markets Authority (CMA), Retirement Benefits Authority

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(RBA), Ministry of Investment and Trade Industry. We have a number of them. I have mentioned a few.

The reviewed proposals were then submitted to the Cabinet Secretary for consideration and approval. After approval, the proposals were used to develop the Finance Bill, 2024. The National Treasury submitted to the National Assembly the Finance Bill, 2024 for publication in the Kenya Gazette by 30th April, and further public engagement on the Bill.

Mr. Temporary Speaker, Sir, another part of the question was what we are trying to do to avert demonstrations similar to the ones that we witnessed.

My Ministry has embarked on a process of being more open and transparent on the steps and processes that we take, especially regarding proposals on taxation and such like initiatives. Recently, on 20th, September, 2024, we had put out an advert inviting comments and opinions from the public which is ending on 4th, October, 2024, that is this coming Friday.

We want Kenyans to speak to us and tell us what we should do in order to manage our economy better on public debt and taxation measures. They should also tell us what we should do in the event that the Parliament is not able to pass the two Bills, which are very critical for transfer of funds to the counties. We have started engaging.

We have also started the process of preparation of the Budget for the Financial Year 2025/2026. We launched it publicly at Kenyatta International Conference Centre (KICC).

I am intending to have regular media briefings to just highlight and inform the public on what we are intending to do as well as listening to the public. Then we will carry forward only those proposals which find favour with the majority of Kenyans.

Mr. Temporary Speaker, Sir, I end my submission on that aspect by saying that, unlike previously, going forward, my Ministry will be explaining publicly every proposal that we contain or carry in the Finance Bill.

One of the biggest challenges that faced the Finance Bill, 2024 was the fact that there was no proper communication from the National Treasury on these proposals. This included the Motor Vehicle Tax which no one from the National Treasury came out to explain. I am giving a commitment that any proposal that we will put forward to Parliament on tax changes or any other financial issue, will be properly explained.

The second issue which I will quickly go through was whether the Government has assessed the economic impact of the demonstrations in terms of loss of revenue as well as the number and value of businesses and other properties that were vandalised and or looted; and if so, whether my office could highlight the findings of the assessment.

My response is as follows: The demonstrations affected businesses and industries. In major cities, businesses were closed and some were destroyed. This affected revenue collection. The demonstrations led to the withdrawal of Finance Bill, 2024, resulting in revenue loss and, therefore, a financing gap of approximately Kshs344.3 billion in the financial year 2024/2025.

Mr. Temporary Speaker, Sir, in the months of July and August, 2024, because the last demonstration that we saw was on 8th August, ordinary revenue collection is lagging

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behind target by Kshs18.5 billion. The total revenue collection including Ministerial Appropriation-in-Aid for the period ending August, 2024, that is for the two months, was Kshs373.5 billion, which is 2.3 percent of GDP, against a target of Kshs403.1 billion. This recorded a shortfall of Kshs29.6 billion as shown in the table which I have provided, and I will not read the table because it is a long one.

The total revenue for the period grew by 6.3 percent compared to a growth of 12.4 percent in the previous year, August 2023; while ordinary revenue grew by only 3.2 percent, if you compare to a growth rate of 9 percent in August, 2023. All the tax heads remained below respective targets.

I, therefore, have provided the statistics that are on the Table there on cumulative revenue performance by August, 2024, as shown in millions. The below target performance in total revenue was on account of a shortfall in Ministerial Appropriation-in-Aid at Kshs11.1 billion and ordinary revenues, as I had indicated earlier, of Kshs18.5 billion.

Mr. Temporary Speaker, Sir, under the ordinary revenue categories, import duty was below target by Kshs845 million, excise taxes was below target by Kshs4.9 billion, VAT was below target by Kshs10.2 billion, income tax was below target by at a tune of Kshs3 billion.

The slower growth of ordinary revenue by 3.2 percent by August, 2024 compared with a growth of 9 percent over the same period in 2023 demonstrates the impact of slower economic activity since June, 2024. However, revenue performance is expected to bounce back going forward given the stability in the macroeconomic environment.

The inflation rate is firmly under control, currently at 4.4 percent in August 2024. On the latest data from what I signed off yesterday is that our inflation has even come down to 3.6 percent. This one is below the midpoint of the target which is 5 percent for three consecutive months.

If you look at the months of June, July, August and now we are at the fourth month, we are below 5 percent. This is a drop from 6.7 percent in August, 2023 and a peak of 9.6 percent in October, 2022 when we had the worst inflationary pressures in this country. The strengthening exchange rate since February, 2024 and the tight monetary policy stance by the Central Bank of Kenya (CBK) has supported the easing inflation.

However, the CBK should lower the interest rate a bit so that we encourage the private sector to uptake more loans in order to create job opportunities. Again, you may over-control the base lending rate. Therefore, the CBK addressed its rate to 13 percent in order to manage inflation expectation but with the inflation remaining low, the CBK lowered the Central Bank rate to 12.75 percent from 13 percent.

Given that the federal rate has even gone down, on 10th, we expect CBK to release the new rate and then, it should come down. Additionally, favourable weather conditions coupled with targeted government interventions have also led to the reduction in the cost of food production, thereby lowering food inflation.

Mr. Temporary Speaker, Sir, the other question was how the economic disruption from the demonstrations coupled with the downgrade of Kenya's credit rating impacted the ability of Kenya to service her debts; and could the Cabinet Secretary explain any

steps taken to stabilise the economy, restore investor confidence and improve the credit rating?

I would state as follows: That the credit trading agencies downgraded our country during the peak of the demonstrations and stated that Kenya's fiscal strength is weakening with the loss of Finance Bill, 2024, given the country's high debts and interest payment burdens.

They started large fiscal deficits and the inability to broaden the domestic revenue base which has thus weakened the fiscal strength over the past decade. We are therefore confident that with the prevailing peace in the country and the measures the government has taken to boost investor confidence, our ability to service our debt will not be impacted.

The measures that have been taken to stabilise the economy and restore investor confidence include the following:

1. The Government has continued to invest in agricultural productivity to support economic growth which is projected at 5.2 percent in 2024 and 5.4 percent in 2025. The latest report was that we grew at only 4.6 percent but that was expected. In fact, we were expecting a slower growth but now with 4.6 percent we are sure that, if the peace prevails and all other fundamentals remain constant, we will achieve the target of 5.2 percent in 2024 and move even to 5.5 percent in 2025.

2. Ensuring macroeconomic stability with inflation remaining below 5 percent target for three consecutive months largely driven by easing food and fuel prices. Overall inflation remained stable at 4.4 percent and 4.3 percent, respectively in August and July, and in September it was 3.6 percent.

3. Ensuring stability of the exchange rate which has created confidence and triggered influence of foreign direct investment and attracted investors to the Nairobi Securities Exchange. I will add that our import cover is fairly healthy at about 4.6 percent monthly import cover.

4. Private investment will be supported by measures aimed at improving competitiveness, inclusivity, market efficiency, positive business sentiments, access to the international market and projected foreign direct investment inflows. Investment will also benefit from an increased focus on Public-Private Partnership (PPPs) following the new completion of the harmonisation of the public investment policy which will align PPP and public investment management frameworks.

5. The other one is on fiscal stabilisation. Fiscal consolidation will be supported by continued efforts to enhance domestic revenue mobilisation, prioritise and rationalise expenditure while safeguarding priority government programmes and social spending. Emphasis will be placed on enhanced revenue mobilisation through a combination of tax administrative and tax policy reforms that include implementation of national tax policy and the medium term revenue strategy that will further strengthen tax revenue mobilisation efforts to about 20 percent.

Mr. Temporary Speaker, Sir, we are focusing on 22 per cent of the GDP over the medium term. It is not bullet. Currently, it is 14 per cent of the GDP, that is our tax revenue as a percentage of our GDP. We want it to move forward. As we speak, we are in the process of rolling out a system for KRA. We are also focusing on non-tax measures

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that MDAs can raise through the services they offer to the public; for example, the Ministry of Lands, Immigration and Citizen Services among others.

We are also strengthening tax administration for enhanced compliance through scaling up use of technology to seal the leakages that I have just mentioned. We are also looking at state-owned enterprise reforms to generate savings and use of PPPs to take out commercially viable projects from the exchequer.

Mr. Temporary Speaker, Sir, I know this is causing controversy at the moment but I would like to state that PPP as a concept is the way to go so as to look for funding for major infrastructure projects. This will take out the pressure from the Exchequer.

Kenya meets its debt obligations promptly, and no debt arrears have been accumulated. Public debt is projected to remain within sustainable levels on account of the fiscal consolidation path that reflects a decline in the ratio of debt to Gross Domestic Product (GDP) in present value terms over the medium term.

To improve Kenya's debt sustainability and boost our credit rating position, the Government will continue to implement measures to enhance the growth of foreign exchange earnings by way of attracting direct foreign investment and pursuing an export promotion strategy.

The last question was from the Senator for Kisumu who wanted to know from me about the Government's measures to ensure greater transparency and accountability in taxation and Government spending.

Mr. Temporary Speaker, Sir, my response is: In order to ensure transparency, the National Treasury usually invites the members of the public to submit proposals that will help the Government improve tax revenue policy and boost revenue collection.

Number two, during the preparation of the Finance Bill, the National Treasury usually invites every stakeholder who submitted a proposal to shed more light on the proposal.

Number three, during the consideration of a Finance Bill in the National Assembly, members of the public are usually given time to go through the Bill and submit their comments or views via a memorandum to the Department Committee of Finance and National Planning for consideration during the committee stay. However, there are two quick issues on how to improve transparency and accountability. When I appeared before the National Assembly Committee on Appointments, I clearly stated that we must roll out e-procurement to all national Ministries, Departments, Agencies (MDAs), and county governments.

One of my first tasks when I joined the Ministry was to find out the status of the position and where the e-procurement system, which is an end-to-end system, was. I was surprised that the bottleneck was the Kshs560 million needed to roll out the system.

This is why we have been postponing the rollout of this system, which would help us make our procurement system efficient and remove possible collusion. I want to report that I actually gave authority under Article 223 of the Constitution, which allowed the powers given to me by the Constitution to make Kshs560 million available for this rollout, and the procurement is ongoing. That amount is not comparable to the amount we are losing as a country in terms of systems that are not transparent for procurement.

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Finally, we are working on rolling out a unified payroll system, because we have our fears. In my discussion with the United Nations Development Programme (UNDP), which has conducted research in some other countries - I will not mention the country - they told me that there is a country where, when they audited the payroll, they discovered that 17 per cent of the workers who were on the payroll were actually not there. They were ghost workers. I suspect that Kenya could even be worse.

We need a system that would root out and eliminate these ghost workers, who are denying us the resources we need for development. We will start by targeting the Ministry of Education, where we have the biggest wage bill, the Teachers Service Commission (TSC), and the others to eliminate them.

When I was the Chairperson of the Public Accounts Committee, we encountered an instance where some teachers remained on the payroll for many years, even after they were dead. If dead teachers can remain on the payroll, then chances are that non-existent teachers could also find their way on.

Thank you. I submit.

The Temporary Speaker (Sen. Abdul Haji): Thank you, Cabinet Secretary.

Sen. Lemaletian, do you have any supplementary questions?

Sen. Lemaletian: Mr. Temporary Speaker, Sir, I do not have any supplementary questions.

I only want to congratulate the Cabinet Secretary for answering these questions satisfactorily.

I have a lot of pride and hope that you are going to steer this country forward through the National Treasury. I have no doubt that you are going to reform and revamp that institution. I am sure that you are going to be proudly celebrated across the whole country, and I hope the proceeds of the National Treasury whatever comes, trickles down to the community up north.

Thank you.

The Temporary Speaker (Sen. Abdul Haji): Sen. Oketch Gicheru, you have a supplementary question.

Sen. Oketch Gicheru: Thank you, Mr. Temporary Speaker, Sir. The Cabinet Secretary has presented a number of questions, including the last submission on the procurement of this e-to-e system that will ensure that there is some prudence in terms of financial management in the country.

Facing a lot of audit queries in the counties, we have had several concerns where sometimes the requests at the Controller of Budget (CoB) have no coherence with the audit reports of the Auditor General, which means that in the financial system, there must be some voiding that is happening.

My question is a two-pronged question because of the oversight function of the Senate. Is there an impact assessment report on this system in terms of projecting its effectiveness that we can access as a House to anticipate how that system would work in arresting what I might call leakages and wastages in financial flow?

Is there a chance that the National Treasury can give Senators access to the end of this system when it comes alive because, currently, Senators have not had interaction with the IFMIS system?

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If there is any voiding in the system, both IB and IFMIS, sometimes it is very difficult for Senators to understand where the voiding is happening that gives controversy or variances between payments that are requested at the CoB level and the finally audited reports by the Auditor General.

I just want to know the case for the impact of this system, if there is any preliminary report in anticipation.

Secondly, how would a House like the Senate that is doing oversight interact with that system to ensure a proper bird's-eye view position on the payment that happened at the county level?

The Temporary Speaker (Sen. Abdul Haji): Cabinet Secretary.

The Cabinet Secretary for the National Treasury and Economic Planning (Hon. John Mbadi): Thank you, for the very generous comments from Sen. Lemaletian and the other Senators. Let me address the issues raised by Sen. Oketch Gicheru on the procurement of the e-to-e system and the impact assessment.

Yes, there is impact assessment. Maybe, if need be, we may make available information regarding how much we are likely to save as a country if we use this system. However, your guess is as good as mine.

As a country, we all know that by breaking down the procurement system where the budget does not speak to procurement, it does not also speak to the cash payment and does not speak to use of goods and services.

If we can have a system where from budgets to procurement to payment and finally to use of goods and services integrated in a way that you can have, if I may borrow your word, a bird's-eye view of what is happening, then we would save quite a lot that we would have otherwise wasted.

If need be, we may provide the information on the impact assessment and even what we are likely to save.

In terms of giving Senators a chance to engage with a system, yes, I know that these are public records and systems, but again, we have to be a little careful here because, first of all, we know that the Auditor-General has full access to the system.

The Senators and Members of the National Assembly, as the oversighting institution, engage a lot with the reports of the Auditor-General, within which the offices are given resources to interrogate and engage with the system in order to see its efficiency and efficacy.

We must be careful on the level of involvement of the Senators, because the separation of power or responsibilities come to play. We do not want to get our Senators in the murky waters of implementation, because you are supposed to be somewhere in terms of oversighting, not just on how money is spent, but even the systems through which they are spent. If we engage our legislators to also be like parts of the system, interacting with the system, there must be where they reach.

I agree with you that Senators need to understand this system. I also used to complain a lot when I was in the National Assembly about the Integrated Financial Information Management System (IFMIS). One would just hear about upgrades every day and keep asking what kind of system is this that someone can just switch off and on

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at will. General understanding of how these systems operate is desirable, and that can be dealt with.

The Temporary Speaker (Sen. Abdul Haji): Thank you. Hon. Senators, we have reached the end of the Question and answers. Cabinet Secretary, Hon. CPA John Mbadi, let me also take this opportunity to congratulate you for your new appointment as the Cabinet Secretary for National Treasury and Economic Planning, and wish you all the best in your new role.

I also thank you for appearing today and having given a very detailed response to the questions raised by the Senators. At this point in time, we shall give you leave. All the best.

(The Cabinet Secretary for the National Treasury and Economic Planning (Hon. Mbadi) was ushered out of the Chamber)

The Temporary Speaker (Sen. Abdul Haji): Next Order.

MOTIONS

NOTING OF REPORT OF SENATE DELEGATION TO
66TH COMMONWEALTH PARLIAMENTARY
CONFERENCE HELD IN ACCRA

THAT, the Senate notes the Report of the 66th Commonwealth Parliamentary Conference held in Accra, Ghana from 30th September-6th October, 2023 laid on the Table of the Senate on 15th February, 2024.

(Sen. (Prof.) Kamar on 15.02.2024)

(Resumption of debate interrupted on 25.9.2024 – Morning Sitting)

The Temporary Speaker (Sen. Abdul Haji): Mover, you may reply.

Sen. (Prof.) Kamar: Thank you, Mr. Temporary Speaker, Sir. I start by thanking the Members who contributed to this Motion. The Commonwealth Parliamentary Conference is a very important occasion for members of the Commonwealth to discuss many issues on governance, democracy, and status of various countries.

I am very happy that the Members have captured this also in their discussions. I mentioned that out of a presentation from the leader of delegation from Kenya, the Rt. Hon. Speaker of the National Assembly, Moses Wetangula, a proposal was put forward, which we think will be accepted by many members and will actually transform the Commonwealth Parliamentarians Association to be a parliamentary organisation that can do more than what it is doing now. I have no doubt it will happen.

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Mr. Temporary Speaker, Sir, I do not want to add more because Members contributed very well. Therefore, I beg to move and request that you defer the putting of the question to a later date.

The Temporary Speaker (Sen. Abdul Haji): Thank you, Senator. We shall defer putting the question to tomorrow.

(Putting of the Question on the Motion deferred)

Next Order.

NOTING OF REPORT ON THE 9TH IPU CONFERENCE
OF YOUNG PARLIAMENTARIANS HELD IN HANOI

THAT, the Senate notes the Report of the 9th Inter-Parliamentary Union (IPU) Global Conference of Young Parliamentarians held in Hanoi, Vietnam from 15th to 17th September, 2023 laid on the table of Senate on Tuesday, 5th March, 2024.

The Motion is deferred.

(Motion deferred)

Next Order.

NOTING OF REPORT ON THE 147TH ASSEMBLY
OF IPU HELD IN LUANDA, ANGOLA

THAT, the Senate notes the Report of 147th Assembly of the Inter-Parliamentary Union (IPU) and related meetings held in Luanda, Angola on 23rd to 27th October, 2023 laid on the Table of the Senate on Thursday 29th February, 2024.

The Motion is deferred.

(Motion deferred)

Next Order.

NOTING OF REPORT ON THE EXTRAORDINARY SESSION
OF THE SIXTH PARLIAMENT OF PAP

THAT, the Senate notes the Report of the Kenya Delegation to the Extraordinary Session of the Sixth Parliament of the Pan-African Parliament (PAP) held at the Gallagher Convention Centre, Midrand, South Africa, from 20th to 27th March, 2024, laid on the Table of the Senate on Wednesday, 24th April, 2024.

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The Motion is deferred.

(Motion deferred)

Next Order.

NOTING OF REPORT OF THE 148TH ASSEMBLY OF IPU
AND RELATED MEETINGS HELD IN GENEVA

THAT, the Senate notes the Report of the Kenya Delegation to the 148th Assembly of the Inter-Parliamentary Union (IPU) and Related Meetings Held in Geneva, Switzerland from 23rd to 27th March, 2024 laid on the Table of the Senate on Thursday, 30th May, 2024.

The Motion is deferred.

(Motion deferred)

Next Order.

NOTING OF REPORT OF THE 14TH ASSEMBLY
OF FP-IGGLR HELD IN ZAMBIA

THAT, the Senate notes the report of the 14th Ordinary Session of the Plenary Assembly and Related Meetings of the Forum of Parliaments of the International Conference of the Great Lakes region, held in Livingstone, Zambia, from 15th to 19th April, 2024 laid on the Table of the Senate on Thursday, 30th May, 2024.

The Motion is deferred.

(Motion deferred)

Next Order.

NOTING OF REPORT OF PARLIAMENTARY DELEGATION
TO THE 2024 JOINT UN-IPU HEARING HELD IN NEW YORK

THAT, the Senate notes the Report of the Parliamentary Delegation to the 2024 Joint United Nations - Inter-Parliamentary Union Parliamentary Hearing held at the United Nations headquarters in New York, United States of America from 8th to 9th February, 2024 laid on the Table of the Senate on Tuesday, 17th September, 2024.

The Motion is deferred.

(Motion deferred)

Next Order.

STOPPAGE OF TRANSFER OF FUNDS TO ISIOLO COUNTY

THAT AWARE THAT, pursuant to Article 96 of the Constitution, the Senate represents the counties and serves to protect the interests of the counties and their governments, and that the Senate exercises oversight over national revenue allocated to the county governments;

FURTHER AWARE THAT, Article 124 of the Constitution establishes Committees to carry out specific mandates and that Article 125 of the Constitution gives any Committee the power to summon any person to appear before it for the purpose of giving evidence or providing information;

WHEREAS, the Senate Standing Committee on Health invited and later summoned the Governor of Isiolo County, Hon. Abdi Ibrahim Hassan, to respond to questions relating to, among others, the ongoing crisis at Isiolo Morgue, NHIF deductions and remittance status and total amount of pending bills owed to the county hospital, which invitation he failed to honour on 21st May, 2024 and similarly failed to honour the summonses on 28th May, 2024 and 10th June, 2024;

AND WHEREAS the governor of Isiolo County failed to honour an invitation by the County Public Investments and Special Funds Committee to respond to issues raised in the Auditor-General's Reports on Isiolo County Bursary Fund, the Isiolo County Emergency Fund and the Isiolo County Youth, Women and People with Disability Fund for the Financial Years 2019/2020, 2020/2021 and 2021/2022 on 28th May, 2024;

AND FURTHER WHEREAS the Governor of Isiolo County failed to honour five (5) invitations on diverse dates between 28th March, 2023 and 8th March, 2024 by the County Public Accounts Committee to respond to queries raised by the Auditor General in the Financial Statement of the County Executive of Isiolo for the Financial Years 2019/2020 and 2020/2021;

CONCERNED THAT following the numerous incidents of failure and or refusal by the Governor of Isiolo County to honour invitations and summonses, the County Public Accounts Committee scheduled for a meeting at Isiolo County offices on 8th March, 2024 which the Governor failed to attend;

FURTHER CONCERNED THAT the committees of the Senate, pursuant to Article 179 (4) of the Constitution, invited Governor Abdi Ibrahim Hassan in his capacity as the Chief Executive Officer of the County, and he failed and/ or refused to appear before the committees to answer the respective audit queries raised by the Auditor-General with

respect to whether or not public monies have been applied lawfully and in an effective manner by the county government;

NOW THEREFORE, the Senate resolves that -

(a). Pursuant to Article 228 (4) and (5) of the Constitution, the Controller of Budget should not authorize any withdrawal of public funds by the County Government of Isiolo until the Governor has responded to the issues raised in the summonses to the satisfaction of the Senate; and

(b). the National Treasury, pursuant to Article 225 of the Constitution and Section 96 of the Public Finance Management Act, stops forthwith the transfer of funds to the County Government of Isiolo.

The Motion is deferred.

(Motion deferred)

ADJOURNMENT

Hon. Senators, there being no other business on the Order Paper, the Senate stands adjourned until today, Wednesday, 2nd October, 2024, at 2:30 p.m.

The Senate rose at 12.47 p.m.