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KENYA NATIONAL ASSEMBLY

TENTH PARLIAMENT – FOURTH SESSION (2010)

**THE DEPARTMENTAL COMMITTEE
ON
ENERGY, COMMUNICATIONS AND INFORMATION**

**REPORT ON
ANNUAL ESTIMATES OF 2010/2011 FOR THE MINISTRIES OF
ENERGY AND INFORMATION & COMMUNICATIONS
(VOTE R.30, D.30, R.32 & D.32)**

Clerk's Chambers
Parliament Buildings
NAIROBI

July, 2010

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1. PREFACE

Mr. Speaker, Sir,

1. The Committee on Energy, Communications and Information was constituted on June 17th 2009 and its membership is as follows:-

- | | |
|--|------------------------|
| 1. The Hon. (Eng.) James Rege, M.P. | - Chairman |
| 2. The Hon. Maina Kamau, M.P | - Vice Chairman |
| 3. The Hon. Danson Mwazo Mwakulegwa, M.P | |
| 4. The Hon. Mohamed Hussein Ali, M.P | |
| 5. The Hon. (Eng.) Nicholas Gumbo, M.P | |
| 6. The Hon. Edwin O. Yinda, M.P | |
| 7. The Hon. Emilio Kathuri, M.P | |
| 8. The Hon. Ekwee Ethuro ,M.P | |
| 9. The Hon. (Prof.) Phillip Kaloki, M.P | |
| 10. The Hon. Cyprian Omolo, M.P | |

* The Hon. Wilfred Ombui, MP ceased to be a member of the Committee on 21st April, 2010, after his appointment as Assistant Minister in the Ministry of State for National Heritage and Culture. The Committee congratulates the Hon. Wilfred Ombui for his appointment and wish him well in his duties.

Mandate of the Committee

2. The Committee is mandated to consider:-

- Development, production, maintenance and regulation of Energy.
- Communication.
- Information.
- Broadcasting, and
- Information Communications Technology (ICT) development.

The Committee executes its mandate in accordance with the provisions of Standing Order 198 (3), which is -

- a) to investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and Departments;
- b) to Study the programme and policy objectives on Ministries and Departments and the effectiveness of the implementation;
- c) to Study and review all legislation referred to it;

- d) to study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
- e) to investigate and enquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House or a Minister; and
- f) to make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

Further, Standing Order No. 152 provides that:-

- (1) Upon being laid before the National Assembly, the Annual Estimates shall stand committed to the respective Departmental Committees according to their mandates.
- (2) Each Departmental Committee shall consider, discuss and review the Estimates committed to it under this standing order and submit its report thereon to the House within twenty one days after they were first laid before the House.

Ministries assigned

In executing its oversight mandate the Committee oversees the following Ministries:-

- i) Ministry of Energy
- ii) Ministry of Information and Communications.

2. EXECUTIVE SUMMARY

Mr. Speaker Sir,

3. The 2010/2011 Estimates of Development and Recurrent Expenditure of the Government of Kenya for the year ending 30th June, 2011 were Laid on the Table of the House on Wednesday 9th June, 2010. Pursuant to provisions of Standing Order 152, the Committee considered and scrutinized the printed Estimates of Government Ministries and Departments under its mandate in eight (8) sittings. In considering the Estimates, the Committee held meetings with the Minister of Information and Communications; and the Assistant Ministers for Energy. The Ministers were accompanied by their Permanent Secretaries, senior officials from the Ministries and Chief Executives of State Corporations under their Ministries. The Committee also met with the staff of the Budget Office of the National Assembly. The Minutes of these meetings are appended to this

report. Pursuant to provisions of Standing Order No. 180, Committee sittings with the two Ministers were open to the public.

4. While scrutinizing the Estimates, the Committee considered the following documents: -

- i) The Vision 2030;
- ii) The Medium term plans
- iii) The Ministries Strategic Plans
- iv) The Printed Estimates for the FY 2010/2011 for Votes 30 and 32
- v) The Guidelines for Preparation of the 2010/11-2012/13 (*MTEF Budget ceilings*)
- vi) The Budget Speech for 2010/011;
- vii) The Budget outlook paper for FY 2010/011;
- viii) The Budget Strategy Paper for 2010/011; and
- ix) The Budget Policy Statement

5. The Committee, based on the submission, presentations and evidence adduced, recommends that:-

- i) Amount not exceeding **Kshs. 2,079,311,200** be allocated to the Ministry of Energy (Vote 30) for Recurrent expenditure and amount not exceeding **Kshs. 17,750,084,890** for Development expenditure, and that the Ministry be allowed to raise **Appropriation-in-Aid** amounting to **Kshs. 204,000,000** for Recurrent expenditure and **Kshs. 16,322,784,500** for Development expenditure;
- ii) Amount not exceeding **Kshs. 1,481,557,800** be allocated to the Ministry of Information and Communications (Vote 32) for Recurrent expenditure and **Kshs. 5,337,420,000** for Development expenditure, and that the Ministry be allowed to raise **Appropriation-in-Aid** amounting to **Kshs. 210,541,300** for Recurrent expenditure and **Kshs. 38,000,000** for Development expenditure;
- iii) The Committee further recommends that the Ministry of Energy's funding of organizations that are not state corporations should be stopped.

Mr. Speaker Sir,

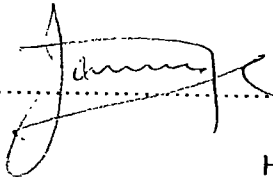
6. The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the necessary support extended to it in the execution of its mandate. The Committee further wishes to thank the Ministers for Energy and Information & Communications for responding promptly to issues raised by the Committee during the examination of the 2010/2011 Estimates. As Chairman, I take this opportunity to thank all the Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules which enabled us to complete the task. The Committee also wishes to record its appreciation

for the services rendered by the staff of the National Assembly attached to the Committee. Their efforts made the work of the Committee and the production of this Report possible.

Mr. Speaker Sir,

7. On behalf of the Departmental Committee on Energy, Communications and Information, I now have the honour and pleasure to present the Committee's Report and Recommendations of the 2010/2011 Financial Estimates for the Ministry of Energy and the Ministry of Information and Communications to the House.

Thank You.

Signed 
Chairman
Hon. (Eng.) James Rege, MP

Date: 12.08.2010

3.0 MINISTRY OF ENERGY (VOTE 30)

3.1 Introduction

8. The Ministry of Energy is mandated to develop and implement energy policy, regulate the energy sector players and ensure secure, efficient utilization and conservation of energy. This mandate is in line with Vision 2030 which has identified energy as one of the key enablers of the Vision's three (3) pillars – economic, social and political governance. The Ministry largely plays a facilitative role in energy supply. This involves taking leadership in the development of policy as well as the legal and regulatory framework for the sector; and playing an oversight role over service providers including state corporations and private power producers.
9. Functionally, the Ministry is charged with energy policy and development; hydropower development; geothermal exploration and development; thermal power development; petroleum products, import/export/marketing policy; renewable energy development; energy regulation, security and conservation; fossil fuel exploration and development; rural electrification; expanding and upgrading of energy infrastructure; promoting energy efficiency and conservation; protecting the environment; mobilizing requisite financial resources for operation and expansion of energy services consistent with rising demand; ensuring security of supply through diversification of sources and mixes in a cost effective manner; increasing accessibility to all segments of the population; enhancing legal, regulatory and institutional frameworks to create both consumer and investor confidence; and enhancing and achieving economic competitiveness and efficiency in energy production, supply and delivery.
10. The 2010/2011 Budget speech lists the focus in the energy sector for this financial year '**... on secure, least-cost and clean energy development underpinned by diversification to renewable affordable sources and improved efficiency in transmission systems.**' The Deputy Prime Minister and Minister for Finance also stated that '**...the government will work with the business community and other stakeholders to ensure that the cost of energy does not reach unaffordable levels**'. Further, he undertook, together with the Minister for Energy '**...to remove all procedural and licensing impediments so that private investment in the energy sector can be fast-tracked**'. All these are aimed at providing reliable and affordable power to all.
11. Commercial energy in Kenya is dominated by petroleum and electricity which are the prime movers of the modern sector economy, while wood fuel provides energy needs of the traditional sector including rural communities and urban poor. At the national level, wood fuel and other biomass account for about 68% of the total primary energy consumption followed by petroleum at 22%, electricity at 9% and others including coal

at about less than 1%. Solar energy is extensively used for drying and to some extent for heating and lighting.

12. Kenya's total installed capacity as at December 2009 is 1,360 Megawatts (MW) of electricity (*against a suppressed peak demand of about 1113 MW*) 33% of which comes from thermal oil which depends on crude oil prices. This indicates that the cost of energy in the country is erratic and subject to global forces that are beyond the ministry's control and there is therefore need for urgent and increased investments into alternative energy sources - geothermal, wind and solar - to satisfy the country's energy requirements. Furthermore, hydroelectric power generation has also proved to be unreliable in the recent past due to the persistent poor rains that result in dams lacking sufficient capacity of water to generate electricity at full capacity.
13. In order to achieve its mandate, the Ministry needs to urgently address some of the challenges facing the energy sector including inadequate power supply capacity; over-reliance on hydro power; weak transmission and distribution network; long lead times in the development of power infrastructure; high power tariffs; high and escalating prices of fossil fuels; limited investor interest in oil and geothermal exploration; obsolete oil refinery; inadequate port facilities; stressed oil pipeline; and dependence on donor funding.
14. The Ministry has nine State Corporation under its jurisdiction. They are Kenya Power & Lighting Company (KPLC), Kenya Electricity Generating Company (KENGEN), National Oil Corporation of Kenya (NOCK), Kenya Pipeline Company (KPC), Rural Electrification Authority (REA), Energy Regulatory Commission (ERC), Kenya Petroleum Refineries Ltd (KPRL), Kenya Electricity Transmission Company (KETRACO) and Geothermal Development Company (GDC). However, two of the Corporations (KPLC and KENGEN) are strictly not state corporations under the State Corporations Act Cap.446.

3.2 Allocations for the Financial Year 2010/2011

15. The net estimate for the Ministry for the Financial Year 2010/2011 amounts to Kshs. 19,829,396,090 compared to a total net of Kshs. 22, 552,122,360 in the last financial year reflecting a net decrease of Kshs.2, 722,726,270. The Ministry expects to raise Kshs. 16,526,784,500 as Appropriations-in-Aid, from internal and external sources, to finance its operations totaling the gross budget to Kshs. 36,356,180,590 up from Kshs. 30,982,564,595 reflecting a 17% increase. The Ministry's gross budget represents 3.65% of the gross national budget.
16. The estimates as per the sub-votes are as follows:-

Table 1

Sub-Vote		Approved Expenditure 2009/2010		Printed Estimates 2010/2011		Change	
		Recurr.	Dev.	Recurr.	Dev.	Recurr.	Dev.
300 General Admin. & Planning	Gross	281,973,904	239,112,105	299,504,046	181,084,784	17,530,142	-58,027,321
	A-in-A	146,195,608	142,612,105	143,529,000	64,000,000	-2,666,608	-78,612,105
	Net	135,778,296	96,500,000	155,975,046	117,084,784	20,196,750	20,584,784
301. Renewable Energy Dev't	Gross	70,689,908	472,528,400	97,548,170	801,984,500	26,858,262	329,456,100
	A-in-A	25,600,000	372,528,400	29,762,000	536,984,500	4,162,000	164,456,100
	Net	45,089,908	100,000,000	67,786,170	265,000,000	22,696,262	165,000,000
302 Electric Power Dev't	Gross	43,179,293	28,887,394,000	1,872,594,600	32,699,000,106	1,829,415,307	3,811,606,106
	A-in-A	20,373,392	6,737,906,480	20,564,000	15,331,000,000	190,608	8,593,093,520
	Net	22,805,901	22,149,487,520	1,852,030,600	17,368,000,106	1,829,224,699	4,781,487,414
303 Petroleum Exploration & Substitution	Gross	13,491,735	974,195,250	13,664,384	390,800,000	172,649	-583,395,250
	A-in-A	11,031,000	974,195,250	10,145,000	390,800,000	-886,000	-583,395,250
	Net	2,460,735	0	3,519,384	0	1,058,649	0
Total	Gross	409,334,840	30,573,229,755	2,283,311,200	34,072,869,390	1,873,976,360	3,499,639,635
	A-in-A	203,200,000	8,227,242,235	204,000,000	16,322,784,500	800,000	8,095,542,265
	Net	206,134,840	22,345,987,520	2,079,311,200	17,750,084,890	1,873,176,360	4,595,902,630
Total Eudget (R + D)	Gross	30,982,564,595		36,356,180,590		5,373,615,995	17%
	A-in-A	8,430,442,235		16,526,784,500		8,096,342,265	96%
	Net	22,552,122,360		19,829,396,090		-2,722,726,270	-12%

Source 2010/2011 Estimates of Recurrent Expenditure of the Government of Kenya for the Year ending 30th June, 2011 Vol II, and 2010/2011 Estimates of Development Expenditure of the Government of Kenya for the Year ending 30th June, 2011 Vol. II

3.2.1 Recurrent Expenditure (R.30)

17. The net estimate allocated for Recurrent Expenditure (Vote R.30) for the Ministry is Kshs. 2,079,311,200 (Two billion, seventy nine million, three hundred and eleven thousand, two hundred shillings) which reflects a net increase of Kshs. 1,873,176,360. The Committee was informed that this increase is due to the transfer of expenses of recurrent nature from the Development vote of REA (Kshs.700 million), GDC (Kshs.700 million) and KETRACO (Kshs.400 million). The Ministry will also raise Kshs.204,000,000 from Appropriations-in-Aid through sales by non-market establishments.
18. Examination of Heads, by the Committee, under Vote R.30 is as follows:-

i) Head 428: Headquarters Administrative Services

The proposed net expenditure under this Head is Kshs.130, 067, 078. In addition, the Ministry expects to raise Kshs. 132, 117,000 in Appropriations-in-Aid.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 130, 067, 078 be allocated to the Ministry for the expenditure proposed in the items under Head 428 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 132, 117,000 to finance its activities.

ii) Head 429: Headquarters Administration and Planning Services

The proposed net expenditure under this Head is Kshs 7,292,344. The Ministry also expects to raise Kshs.4,120,000 in Appropriations-in-Aid.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 7,292,344 be allocated to the Ministry for the expenditure proposed in the items under Head 429 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 4,120,000 to finance its operations.

iii) Head 574: Financial Management and Procurement Services

The proposed net expenditure under this Head is Kshs.18,615,624. The Ministry also expects to raise Kshs.7,292,000 in Appropriations-in-Aid.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 18,615,624 be allocated to the Ministry for the expenditure proposed in the items under Head 574 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 7,292,000 to finance its operations.

iv) Head 430: Woodfuel Resources Development

The proposed net expenditure under this Head is Kshs. 61,438,606. The Ministry also expects to raise Kshs.21,430,000 in Appropriations-in-Aid.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 61,438,606 be allocated to the Ministry for the expenditure proposed in the items under Head 430 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 21,430,000 to finance its operations.

v) Head 433: Alternative Energy Technologies

The proposed net expenditure under this Head is Kshs. 6,347,564. The Ministry also expects to raise Kshs.8,332,000 in Appropriations-in-Aid.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 6,347,564 be allocated to the Ministry for the expenditure proposed in the items under Head 433 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 8,332,000 to finance its operations.

vi) Head 435: National Grid System

The proposed net expenditure under this Head is Kshs. 423,323,156. The Ministry also expects to raise Kshs.9,020,000 in Appropriations-in-Aid.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 423,323,156 be allocated to the Ministry for the expenditure proposed in the items under Head 435 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 9,020,000 to finance its operations.

vii) Head 436: Geothermal Resources Exploration

The proposed net expenditure under this Head is Kshs. 728,707,444. The Ministry further expects to raise Kshs.11,544,000 in Appropriations-in-Aid.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 728,707,444 be allocated to the Ministry for the expenditure proposed on the items under Head 436 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 11,544,000 to finance its operations.

viii) Head 444: Rural Electrification Programme

The proposed net expenditure under this Head is Kshs. 700,000,000.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 700,000,000 be allocated to the Ministry for the expenditure proposed on the item under Head 444.

ix) Head 427: Petroleum and Coal Exploration

The proposed net expenditure under this Head is Kshs. 3,519,384. The Ministry further expects to raise Kshs.10, 145,000 in Appropriations-in-Aid.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 3,519,384 be allocated to the Ministry for the expenditure proposed on the items under Head 427 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 10,145,000 to finance its operations.

3.2.2 Development Expenditure (D.30)

19. The net estimate allocated for Development Expenditure (Vote D.30) for the Ministry is Kshs. 17,750,084,890 (Seventeen billion, seven hundred and fifty million, eighty four thousand, eight hundred and ninety). This reflects a net decrease of Kshs. 4,595,902,630. The Committee noted that this decrease was in the electric power development sector, a decrease mainly in expenditure to REA. In addition to the net estimates, the Ministry expects to raise Kshs. 16,322,784,500 as Appropriations-in-Aid from internal sources and from development partners.
20. Examination of Heads, by the Committee, under Vote D.30 is as follows:-

i) Head 428: Headquarters Administrative Services

The proposed net expenditure under this Head is Kshs. 117,084,784. In addition the Ministry expects to raise Kshs.60,000,000 as Appropriation-in-Aid from development partners.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 117,084,784 be allocated to the Ministry for the expenditure proposed in the items under Head 428 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 60,000,000 to finance its operations.

ii) Head 429: Headquarters Administration and Planning Services

The Ministry expects to raise Kshs.4,000,000 as Appropriations-in-Aid from internal sources and proposes to spend Kshs.4,000,000 to finance its operations under this Head, making the net expenditure to be Nil.

iii) Head 430: Woodfuel Resources Development

The Ministry expects to raise Kshs.211,200,000 as Appropriations-in-Aid from internal sources and proposes to spend the whole amount to finance its operations under this Head, making the net expenditure to be Nil.

The Committee notes that Kshs. 80 million has been allocated towards the promotion and implementation of environmental conservation and restoration programmes. A further Kshs. 77.2 million is proposed to be spent in constructing new Energy Centres and to expand the existing centres which is commendable.

The Committee is agreeable with the Minister's proposal.

iv) Head 433: Alternative Energy Technologies

The proposed net expenditure under this Head is Kshs. 265,000,000. This is in addition to the Kshs. 325,784,500 that the Ministry expects to raise as Appropriations-in-Aid from internal sources.

Of this amount Ksh. 335 million will be spent on introduction of technically viable alternative energy technologies including biogas digesters in learning institutions; Ksh. 45 million will be spent on undertaking various renewable energy activities including 14 small hydropower sites in tea growing areas of Western and Central Kenya; Ksh. 35 million for installation of 10 wind masts and data loggers to update the information on the present wind resource atlas. Further, under this Head, some Kshs. 30 million from A-in-A will be spent on investment grade energy audits under Kenya Association of Manufacturers to encourage efficiency and conservation efforts by manufacturers.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 265,000,000 be allocated to the Ministry for the expenditure proposed in the items under Head 433 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 325,784,500 to finance its operations.

v) Head 435: National Grid System

The proposed net expenditure under this Head is Kshs. 8,606,000,000. This is in addition to the Kshs. 7,038,000,000 that the Ministry expects to raise as Appropriations-in-Aid from development partners.

The Committee notes that the amount under this Head will be spent as follows:-

- a) Kshs.200 million – Research and feasibility study for nuclear electricity development;

- b) Kshs. 300 million – acquisition of 100 hectares of land in Takaungu, Mombasa for the development of a coal fired power park;
- c) Kshs.110 million – research, planning and design of the National Grid System;
- d) Kshs.3.2 billion – KPLC for capacity charges and tax refunds for emergency power supply contracts to reduce cost of power to consumers. Funded by GoK;
- e) Kshs.115 million – KPLC to settle outstanding obligations arising from expansion of the Marsabit and Habaswein isolated power stations using wind power generators;
- f) Kshs. 2.24 billion – KPLC for expansion and strengthening power distribution system (energy sector recovery). Funded by loans from development partners (International Development Association (IDA) -1,307 million, French Development Agency (AFD) -273 million, European Investments Bank (EIB) - 610 million and KPLC 50 million);
- g) Kshs.650 million – KENGEN for development of a 14MW Ngong wind farm. Funded by a loan from Spain with Kengen contributing 50 million;
- h) Kshs. 1 billion – KENGEN for the development of Olkaria I and IV under energy sector recovery. Funded by a loan from development partners (IDA);
- i) Kshs.7.829 billion – KETRACO for transmission of the national grid system. Funded by GoK and development partners as follows Gok-3,696million, China Exim Bank-1,500million, Belgium-1,133 million, ADB-500million, EIB-500million, and AFD France-500million.

The Committee is **NOT** agreeable to the proposal by the Minister under this Head.

Recommendations.

The Committee recommends that:-

- a) The Ministry should stop taking loans on behalf of corporations that are not strictly state corporations. KENGEN and KPLC are profitable organizations that can raise finances (including loans) on their own. This is against a government policy of reducing transfers to Parastatals;
- b) The loans to KPLC and KENGEN, if not yet acquired, be suspended.
- c) Starting the next financial year, the government should cease from borrowing on behalf of KPLC, until the issue of whether it is a parastatal or not is determined.

vi) Head 436: Geothermal Resources Exploration

The proposed net expenditure under this Head is Kshs. 6,070,000,106. This is in addition to the Kshs. 5,552,000,000 that the Ministry expects to raise as Appropriations-in-Aid from internal sources and development partners (Exim Bank of China).

The Committee notes that Kshs. 11.562 billion of this allocation will be spent by GDC in drilling of more geothermal development wells for steam production and for the purchase of two drilling rigs. This is commendable though GDC requires more funds to roll out their operations

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 6,070,000,106 be allocated to the Ministry for the expenditure proposed in the items under Head 436 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 5,552,000,000 to finance its operations.

Recommendation

The Committee recommends that in the next Financial Year, Treasury **increases** the allocation to GDC for enhanced exploration and development of geothermal resources.

vii) Head 444: Rural Electrification Programme

The proposed net expenditure under this Head is Kshs. 2,692,000,000. In addition, the Ministry intends to raise Kshs. 2,741,000,000 as Appropriations-in-Aid from internal and external sources.

The Committee is greatly concerned by the gross underfunding of the Rural Electrification Programme (REP) and the decrease of gross allocation from kshs. 7,943 million in 2009/10 to kshs. 5,433 million in 2010/11. The Committee further notes with concern that the budget for rural electrification is projected to further reduce to kshs. 3,052 million and 3,312 million in 2011/12 and 2012/13 respectively.

The Committee notes that allocations to this Head will be used by REA in its programmes including installation of solar electricity generators to public utilities in ASAL districts. Kshs. 1 billion of this amount will be used to meet operating losses and replacement of isolated gensets.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 2,692,000,000 be allocated to the Ministry for the expenditure proposed in the items under Head 444 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 2,741,000,000 to finance its operations.

Recommendation.

The Committee is concerned that the low and decreasing allocations to REP will principally impede connectivity in the constituencies and recommends that future allocations to REP be increased so as to ensure access to affordable, reliable and safe supply of energy to Kenyans in line with Vision 2030.

viii) Head 427: Petroleum and Coal Exploration

The Ministry expects to raise Kshs.390,800,000 as Appropriations-in-Aid (A-in-A) from internal sources and proposes to spend the whole amount to finance its operations under this Head, making the net expenditure to be Nil.

The Committee notes that Kshs. 150 million has been allocated to National Oil Company (NOCK) towards the exploration of Coal, Oil and natural gas. A further Kshs 30 million is being allocated to NOCK for the construction of the Ministry's headquarters. Kshs.100 million will be used to contract a firm to carry out seismic survey and other geo-technical services.

The Committee is agreeable to the Minister's proposal and recommends that as from the next financial year, Treasury should separately itemise the A-in-A from license fees for oil exploration.

4.0 MINISTRY OF INFORMATION AND COMMUNICATIONS (VOTE 32)

4.1 Introduction

21. The Ministry of Information and Communication is mandated to deal with information policy; communication policy; film development policy; dissemination of public information; development of national communications capacity and infrastructure; development of the film industry; and public relation services.
22. The Ministry, in carrying out its mandate, oversees the following State Corporations: Kenya Broadcasting Corporation (KBC), Kenya Institute of Mass Communication (KIMC), Kenya Film Censorship Board (KFCB), Kenya Film Commission (KFC), Communications Commission of Kenya (CCK), Postal Corporation of Kenya (PCK), Kenya Year Book Editorial Board (KYEB), Brand Kenya Board (BKB), and Kenya ICT Board.
23. In line with Vision 2030, the Ministry identifies Business Process Outsourcing (BPO), which is heavily dependent on ICT, as its flagship programme. The Programme entails the establishment of a BPO park in Nairobi, marketing, capacity building and development of initiatives to attract investors in this field. Other areas of focus for the Ministry are ICT infrastructure development, information and content development and the film industry.
24. In the last Financial Year 2009/2010, the Ministry bought 5000 acres of land at Malili for the construction of an ICT Park; completed Phase I of the National Optic Fibre Backbone Infrastructure Project (NOFBI) ; developed broadcasting guidelines; and published 10,000 copies of '*Inside Kenya Today*' weekly among other projects.
25. In the 2010/2011 Budget speech the Deputy Prime Minister and Minister for Finance recognized the large pool of ICT talent and the potential employment opportunities that can be created in the ICT sector by allocating Ksh.560 million to upgrade all the 14 public Information, Science and Technology Colleges and further guarantees employment in the assembly and repair of the 63,000 computers that shall be distributed to schools countrywide.

4.2 Allocations for the Financial Year 2010/2011

26. The net estimate of the Ministry for the Financial Year 2010/2011 amounts to Kshs. 6,818,977,800 compared to a total net of Kshs. 2,746,372,000 in the last financial year reflecting a net increase of Kshs.4, 072,605,800. This Ministry also expects to raise Kshs. 248,541,300 as Appropriations-in-Aid from internal and external sources. The Ministry's total gross budget of Kshs.7,019,959,100 represents 0.7% of the total national gross budget.

27. The Ministry requested Kshs. 6.29 billion against its ceiling of Kshs.3.76 billion. However, it was allocated Kshs.7.020 billion. This resulted to an increase of the Ministry's budget by 143%.

28. The estimates as per the sub-votes are as follows:-

Table 2

Sub-Vote		2009/2010		2010/2011		Change	
		Recurr.	Dev.	Recurr.	Dev.	Recurr.	Dev.
320 General Admin & Planning	Gross	1,042,988,035	1,275,918,000	1,043,720,836	5,097,000,000	732,801	3,821,082,000
	A-in-A	83,495,599	41,918,000	83,095,000	23,000,000	-400,599	-18,918,000
	Net	959,492,436	1,234,000,000	960,625,836	5,074,000,000	1,133,400	3,840,000,000
322: Information and News Services	Gross	301,573,865	7,300,000	381,808,784	193,460,000	80,234,919	186,160,000
	A-in-A	1,054,401	0	63,886,300	15,000,000	62,831,899	15,000,000
	Net	300,519,464	7,300,000	317,922,484	178,460,000	17,403,020	171,160,000
323 Training	Gross	121,969,929	25,000,000	138,154,497	58,560,000	16,184,568	33,560,000
	A-in-A	11,000,000	0	58,560,000	0	47,560,000	0
	Net	110,969,929	25,000,000	127,154,497	58,560,000	16,184,568	33,560,000
325 Film Production Department	Gross	81,090,171	33,000,000	80,854,983	26,400,000	-235,188	-6,600,000
	A-in-A	5,000,000	0	5,000,000	0	0	0
	Net	76,090,171	33,000,000	75,854,983	26,400,000	-235,188	-6,600,000
Total	Gross	1,547,622,000	1,341,218,000	1,644,539,100	5,375,420,000	96,917,100	4,034,202,000
	A-in-A	100,550,000	41,918,000	210,541,300	38,000,000	109,991,300	-3,918,000
	Net	1,447,072,000	1,299,300,000	1,481,557,800	5,337,420,000	34,485,800	4,038,120,000
Total Budget	Gross	2,888,840,000		7,019,959,100		4,131,119,100	143%
	A-in-A	142,468,000		248,541,300		106,073,300	74%
	Net	2,746,372,000		6,818,977,800		4,072,605,800	148%

Source: 2010/2011 Estimates of Recurrent Expenditure of the Government of Kenya for the Year ending 30th June, 2011 Vol. III, and 2010/2011 Estimates of Development Expenditure of the Government of Kenya for the Year ending 30th June, 2011 Vol. II.

4.2.1 Recurrent Expenditure (R.32)

29. The net estimate allocated for Recurrent Expenditure (Vote R.32) for the Ministry is Kshs. 1,481,557,800 (One Billion, four hundred and eighty one million, five hundred and fifty seven thousand, eight hundred shillings). This reflects a net increase of Kshs. 34,485,800. This net expenditure is in addition to Kshs. 210, 541,300 as Appropriations-in-Aid making a gross recurrent expenditure of Kshs.1, 644,539,100.

30. Examination of Heads, by the Committee, under Vote R.32 is as follows:-

i) Head 287: Headquarters Administrative Services

The proposed net expenditure under this Head is Kshs.759,937,303. In addition, the Ministry intends to raise Kshs.2,545,000 as Appropriations-in-Aid from internal sources.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 759,937,303 be allocated to the Ministry for the expenditure proposed in the items under Head 287 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 2,545,000 to finance its operations.

i) Head 406: Directorate of Communication

The proposed net expenditure under this Head is Kshs.32, 095,625. In addition, the Ministry intends to raise Kshs.64, 050,000 as Appropriations-in-Aid from internal sources.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 32,095,625 be allocated to the Ministry for the expenditure proposed in the items under Head 406 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 64, 050,000 to finance its operations.

ii) Head 464: Central Planning Unit

The proposed net expenditure under this Head is Kshs.13, 333,078.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 13,333,078 be allocated to the Ministry for the expenditure proposed on the items under Head 464.

iii) Head 713: Film Censorship Services

The proposed net expenditure under this Head is Kshs.144, 500, 000. In addition, the Ministry intends to raise Kshs.16, 500,000 as Appropriations-in-Aid from internal sources and development partners.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 144, 500, 000 be allocated to the Ministry for the expenditure proposed in the items under Head 713 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs 16,500,000 to finance its operations.

iv) Head 781: Financial Management and Procurement Services

The proposed net expenditure under this Head is Kshs.10,759,830.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 10,759,830 be allocated to the Ministry for the expenditure proposed in the items under Head 781.

v) Head 653: Directorate of Information

The proposed net expenditure under this Head is Kshs.88,386,826. In addition, the Ministry intends to raise Kshs.56,890,000 as Appropriations-in-Aid from internal sources and development partners.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 88,386,826 be allocated to the Ministry for the expenditure proposed in the items under Head 653 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 56,890,000 to finance its operations..

vi) Head 654: Provincial and District Information

The proposed net expenditure under this Head is Kshs.179,256,264.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 179,256,264 be allocated to the Ministry for the expenditure proposed in the items under Head 654.

vii) Head 655: Publication, Photography and Kenya News Agency

The proposed net expenditure under this Head is Kshs.12,572,774. In addition, the Ministry intends to raise Kshs.4,510,000 as Appropriations-in-Aid from internal sources.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 12,572,774 be allocated to the Ministry for the expenditure proposed in the items under Head 655 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 4,510,000 to finance its operations.

viii) Head 656: Mobile Cinema and Library Services

The proposed net expenditure under this Head is Kshs.12,311,305.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 12,311,305 be allocated to the Ministry for the expenditure proposed in the items under Head 656.

ix) Head 658: Rural Press

The proposed net expenditure under this Head is Kshs.18, 229,029. In addition, the Ministry intends to raise Kshs.2, 486,300 as Appropriations-in-Aid from internal sources.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 18,229,029 be allocated to the Ministry for the expenditure proposed in the items under Head 658 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 2,486,300 to finance its operations.

x) Head 659: Central Media Services

The proposed net expenditure under this Head is Kshs.7,166,286.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 7,166,286 be allocated to the Ministry for the expenditure proposed in the items under Head 659.

xi) Head 665: Kenya Institute of Mass Communication

The proposed net expenditure under this Head is Kshs.127,154,497. In addition, the Ministry intends to raise Kshs.11, 000,000 as Appropriations-in-Aid from fees paid by students.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 127,154,497 be allocated to the Ministry for the expenditure proposed in the items under Head 665 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 11,000,000 to finance its operations

xii) Head 723: Film Production Department - Headquarters

The proposed net expenditure under this Head is Kshs.47,409,518. In addition, the Ministry intends to raise Kshs.5, 000,000 as Appropriations-in-Aid from internal sources.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs 47,409,518 be allocated to the Ministry for the expenditure proposed in the items under Head 723 and that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 5,000,000 to finance its operations.

xiii) Head 724: Film Production Department - Field

The proposed net expenditure under this Head is Kshs.28, 445,465.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 28,445,465 be allocated to the Ministry for the expenditure proposed on the items under Head 724.

4.2.2 Development Expenditure (D.32)

31. The net estimate allocated for Development Expenditure (Vote D.32) for the Ministry is Kshs. 5,337,420,000 (Five billion, three hundred and thirty seven million, four hundred and twenty thousand). This reflects a net increase of Kshs. 4, 038,120,000. A further Kshs.38,000,000 as Appropriations-in-Aid from development partners is proposed to be spent under this vote. This sharp increase is on account of implementation phase for Kenya Transparency Communications Infrastructure Project and payoff of the final 10% of NOFBI project.
32. Examination of Heads, by the Committee, under Vote D.32 is as follows:-

i). Head 287: Headquarters Administrative Services

The proposed net expenditure under this Head is Kshs.5,014,000,000. In addition, the Ministry intends to raise Kshs.23,000,000 as Appropriations-in-Aid from development partners.

The Committee notes that these allocations will be used to fund the implementation of Kenya Transparency Communication Infrastructure Project (KTCIP) and also to pay the final 10% instalment for the NOFBI in addition to fencing the 500 acres land in Malili for the proposed ICT Park.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 5,014,000,000 be allocated to the Ministry for the expenditure proposed in the items under Head 287 and that that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. Kshs.23,000,000 to finance its operations.

ii). Head 713: Film Censorship Services

The proposed net expenditure under this Head is Kshs.60,000,000.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 60,000,000 be allocated to the Ministry for the expenditure proposed in the items under Head 713.

iii). Head 653: Directorate of Information

The proposed net expenditure under this Head is Kshs.93,998,844.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 93,998,844 be allocated to the Ministry for the expenditure proposed in the items under Head 653.

iv). Head 654: Provincial and District Information

The proposed net expenditure under this Head is Kshs.58,461,156. In addition, the Ministry intends to raise Kshs.15,000,000 as Appropriations-in-Aid from development partners.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 58,461,156 be allocated to the Ministry for the expenditure proposed in the items under Head 654 and that that the Ministry be allowed to raise Appropriations-in-Aid amounting to Kshs. 15,000,000 to finance its operations.

v). **Head 658: Rural Press**

The proposed net expenditure under this Head is Kshs.26,000,000.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 26, 000,000 be allocated to the Ministry for the expenditure proposed in the items under Head 658.

vi). **Head 665: Kenya Institute of Mass Communication**

The proposed net expenditure under this Head is Kshs.58,560,000.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 58,560,000 be allocated to the Ministry for the expenditure proposed in the items under Head 665.

vii). **Head 723: Film Production Department - Headquarters**

The proposed net expenditure under this Head is Kshs.26,400,000.

The Committee is agreeable to the proposal by the Minister that a sum not exceeding Kshs. 26,400,000 be allocated to the Ministry for the expenditure proposed in the items under Head 723.

5.0 RECOMMENDATIONS

33. The Committee makes the following overall recommendations:-

i) Ministry of Energy - Recurrent Expenditure (Vote R.30)

- a) That the proposal by the Minister to withdraw from the Consolidated Fund a sum not exceeding Kshs. 2,079,311,200 (Two billion, seventy nine million, three hundred and eleven thousand, two hundred shillings) for Recurrent Expenditure under the Ministry of Energy, be approved.
- b) That the Ministry be allowed to raise Kshs.204, 000,000 (Two hundred and four million) as Appropriations-in-Aid to finance its operations.

ii) Ministry of Energy - Development Expenditure (Vote D.30)

- a) That the proposal by the Minister to withdraw from the Consolidated Fund a sum not exceeding Kshs. 17,750,084,890 (Seventeen billion, seven hundred and fifty million, eighty four thousand, eight hundred and ninety) for Development Expenditure under the Ministry of Energy, be approved.
- b) That the Ministry be allowed to raise Kshs. 16,322,784,500 (sixteen billion, three hundred and twenty two million, seven hundred and eighty four thousand and five hundred) as Appropriations-in-Aid to finance its operations.
- c) The Ministry should cease from taking loans on behalf of corporations that are not strictly state corporations such as KPLC. Even if it was a state corporation, such borrowings and transfers are against the government policy of reducing transfers to Parastatals.
- d) That in line with Vision 2030 future allocations to Geothermal Development Company (GDC) and Rural Electrification Programme be increased so as to ensure increased connectivity and enhanced access to affordable, reliable and safe supply of energy to Kenyans.

iii) Ministry of Information and Communications – Recurrent Expenditure (Vote R.32)

- a) That the proposal by the Minister to withdraw from the Consolidated Fund a sum not exceeding Kshs. 1,481,557,800 (One Billion, four hundred and eighty one million, five hundred and fifty seven thousand, eight hundred shillings) for Recurrent Expenditure under the Ministry of Information and Communications, be approved.

- b) That the Ministry be allowed to raise Kshs. 210,541,300 (Two hundred and ten million, five hundred and forty one thousand, and three hundred) as Appropriations-in-Aid to finance its operations.

iv) Ministry of Information and Communications – Development Expenditure (Vote D.32)

- a) That the proposal by the Minister to withdraw from the Consolidated Fund a sum not exceeding Kshs. 5,337,420,000 (Five billion, three hundred and thirty seven million, four hundred and twenty thousand) for Development Expenditure under the Ministry of Information and Communications, be approved.
- b) That the Ministry be allowed to raise Kshs. 38,000,000 (Thirty eight million) as Appropriations-in-Aid to finance its operations.
- c) That Treasury should allocate Kshs. 1 billion as requested by the Ministry of Information and Communications for incubating, capacity building and marketing of Sameer BPO Park, in the revised estimates. The Ministry should devise a strategy to encourage BPO in spite of the failure in allocations to lease Sameer BPO Park.
- d) The Ministry should intensify the speed in developing an ICT Park at Malili and Treasury should allocate funds towards this project in the next financial year to guarantee timely completion.

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

MINUTES OF THE TWENTY SEVENTH SITTING OF THE DEPARTMENTAL COMMITTEE ON ENERGY, COMMUNICATION AND INFORMATION HELD ON THURSDAY 24TH JUNE, 2010 IN THE DINNING ROOM, 7TH FLOOR, CONTINENTAL HOUSE, AT 10.00 A.M.

PRESENT

- | | |
|--|-------------------------|
| 1. The Hon. (Eng) James Rege, M.P | Chairperson |
| 2. The Hon. Maina Kamau, M.P | Vice Chairperson |
| 3. The Hon. Cyprian Omolo, M.P | |
| 4. The Hon. Mohamed Hussein Ali, M.P | |
| 5. The Hon. Emilio Kathuri, M,P | |
| 6. The Hon. Danson Mwazo Mwakulegwa, M.P | |

ABSENT WITH APOLOGY

The Hon. (Eng.) Nicholas Gumbo, M.P

ABSENT

1. The Hon. (Prof.) Phillip Kaloki, MP
2. The Hon. Ekwere Ethuro, M.P
3. The Hon. Edwin O. Yinda, M.P

IN ATTENDANCE:

1. Mr. Nicodemus Odongo
2. Mr. Zakayo Mogere
3. Mr. Jacob Ngwele
4. Ms. Veronica Kibati

NATIONAL ASSEMBLY

Budget Officer I
Second Clerk Assistant
Third Clerk Assistant
Research Officer

MIN. NO. 051/2010: PRELIMINARY.

The proceedings were opened with a word of prayer.

MIN. NO. 052/2010: BRIEFING BY THE OFFICE OF FISCAL ANALYSIS: ESTIMATES OF THE MINISTRIES OF ENERGY AND; INFORMATION & COMMUNICATION 2010/11.

The Budget Officer took the Committee through the Report on Budget Analysis for the Departmental Committee on Energy, Communication and Information for the financial year 2010/11 and the Medium Term. Upon considering all the Concerns raised by the Budget

officer in his briefing, the Committee resolved to seek clarification from the Ministers of Energy and; Information and Communication on the following issues:-

VOTE 30: MINISTRY OF ENERGY

A. General Overview

1. Can the Minister first give the Committee the status on implementation of the budgetary allocation for the 2009/2010 FY detailing what has been achieved or implemented.
2. Why are there inconsistencies in allocations requested, the budget policy paper, the ceiling and the printed estimates all tabled within a short period of time.

Requested resources	= 43, 702
Budget policy	= 35, 468
Ceilings	= 34, 472
Printed estimates	= 36, 355
3. Amount allocated to recurrent is higher than amount requested yet amount to development is Kshs 9m less than requested.
 - What informed the over allocation of recurrent expenditure and how will the ministry absorb the excess allocations?
 - How will the less-than-required development budget allocation affect the ability of the Ministry to achieve its objectives and what prioritization criteria will be used to fund projects?
4. **SAGAs**
 - Why is the Government allocating funds to privately owned companies such as KPLC, KenGen and how are these allocations classified- as loans or grants?
 - Are these resources used to beef the shareholding of the government? If yes, what is the contribution of the other shareholders?
 - Explain why REA, Energy Tribunal and KPRL do not have their budgets attached to the budget estimates as required by Section 12 of Fiscal Management Act.
 - Could the Minister avail to the Committee the missing budgets and could they be annexed to annual estimates in future budgets?
 - Explain why SAGAs which generate money internally and report surpluses are still allocated funds? Where is the revenue acquired utilized?
 - Is the money given to SAGAs converted into equity?
5. **Under Collection of A-I-A**
 - Is under-collection of AIA a general trend and if so has the Ministry considered turning the AIA to revenue for better collection and utilization management?
6. What is the current status of share certificates of Government in SAGAs. Does Government allocation of resources to these limited companies (such as KPLC) translate to higher equity increase in shares?

B. Recurrent Budget

1. Head 428- Headquarters, Administrative Services

- What is the justification of the increase to the head? Could the Minister provide details of plants, equipment acquired and why it is necessary to acquire them now?

2. Head 430 –Wood Fuel Resources Development

- Increase in allocation from 58.44m in 2009/2010 to 56.7m in 2010/2011 has mainly attributed to increase in compensation to employees from 36.4m to 56.7m. Could the Minister confirm if more employees have been employed for wood fuel resource development? If so, how many, what are their levels and roles?

3. Head 435 – National Grid System

- Significant increase from 14.8m 2009/10 to 32.34m in 2010/11 mainly accounted to employee compensation from 4.7m to 20.6m. What is the justification of the huge increase to employee compensation considering KPLC has seconded staff to KETRACO who are still under KPLC payroll? Have more employees been recruited? If yes, how many have been recruited, at what level and to which specific companies?
- Why extra allocation of Kshs.400m to KETRACO whereas it has already been allocated funds under other separate heads?

4. Head 436 –Geothermal Resources Exploration

- Increase from 28.4m 2009/10 to 40.25m 2010/11 mainly due to employee compensation from 16.8m to 26.2m. Is this as a result of recruitment? If so, how many employees and what level?
- Show justification of recruitment- Prove how output has increased as a result of recruitment of more employees?

5. Head 427 – Petroleum Exploration and Distribution

- What is the status of oil exploration in Kenya to warrant such huge allocations?
- How long has this allocation being going on and what are the yields so far and when is the process expected to end?
- Can the Committee visit the sites where the said exploration has being taking places to verify their existence?

C. Development Budget

1. Head 428 – Headquarters, Administrative Services

- For what specific activity at the Headquarters is the A-I-A borrowing (128.9m in 2009/10, 60m in 2010/11 and projected nil in the medium term)?
- What is the status of the activity now that the borrowing is projected to be nil from 2011/12?

2. **Head 430 – Wood fuel resources development**

- Gross allocation of 211.2m. What is the status of wood fuel resources development and is it a feasible energy source?
- Allocation of Ksh. 30m for land acquisition. Where is the land being acquired, how much will it cost and for what purpose?
- Why is there an increase in recurrent and decrease in development allocation? (Recurrent- from 58.44m to 82.87m; Development- 291.5m to 211.2m)
- What is the source of the royalty expected to yield 45.2m as AIA in 2010/11 and why is the projection nil in the medium term

3. **Head 433 – Alternative energy sources**

- Increase in gross allocation from 181m to 590.8m mainly due to construction and civil works and other operating expenses. What construction is taking place costing 210m and projected to cost 250m in 2011/12?
- Provide a breakdown of 'other operating expenses' with their costing and explain why the costs are projected to go up

4. **Head 435 – National Grid System**

- Why is KPLC being allocated such a huge amount (3, 315m) yet it is a private entity in which the Government is only a Shareholder? How are the allocated funds classified- as a loan, grant or shareholder contribution?
- Do the other Shareholders also make contributions?
- Acquisition of land is 300m. Where is the new land being acquired and for what purpose?
- What is the total cost of the purchase and why is the allocation still projected to increase in the medium term?

5. **Head 436 – Geothermal Resources Exploration**

- Increased allocation from 7,430m in 2009/10 to 11,622 m in 2010/11. What construction of civil works is going to cost 5,487m and still projected to cost 7,000m and 7,800m in the medium term

6. **Head 444 – Rural Electrification Programme**

- Decreased allocation from 7,943m to 5,433m due to reduced budget for construction and civil works which is still projected to reduce in the medium term. What is the current status of the Rural Electrification Programme and have they been successful?
- Why is the allocation being reduced yet REA has not completed its work and most constituencies have not felt the impact of the programme?

7. **Head 427- Petroleum Exploration and Distribution**

- What is the current status of oil exploration in Kenya?
- What are funds allocated utilized for yet private contractors who carry out the exploration pay license fees?

MINISTRY OF INFORMATION AND COMMUNICATIONS- VOTE 32

A. General Overview

1. What is the Status/outputs of the programmes against the budgeted resources allocated in the previous financial year- 2009/2010
2. Explain why there are huge variances between the ceilings and the Printed estimates(R- 1,606 and 1,645; D- 2,154 and 5,375) and how the Ministry is planning to absorb these resources
3. Explain how the Ministry plans to use the 731m extra resources more than they requested- resources requested = 6,289.1; printed estimates= 7,020
4. Why were some SAGA budgets not annexed to the printed estimates as required by section 12(2) of Fiscal Management Act
5. Clarification of whether Gilgil Tele-communication Industries was included in the sale of Telecom Assets to Orange.
6. SAGAs are expected to generate a surplus of Ksh. 9.095 billion, which is Ksh 2 billion above the whole Ministry budget. Why the SAGAs are allocated resources if they are able to generate revenue which is in excess of the Ministry allocation?

B. Recurrent expenditure

1. Head 406- Directorate of Communication

- Allocation increased from 19.1m to 32.1m from nil on account of 'other operating expenses' of Ksh. 16m. What is 'other operating expenses' which are projected to increase to 22.4m and 31.3 in the medium term
- Explain the difference in roles between head 406 and head 653 (Directorate of Information)

2. Head 653 – Directorate of Information

- What exactly are the administration fees and charges of 56.9m collected as AIA, which were not in the previous year's estimates and which are projected to increase in the medium term

3. Head 654 – Provincial District Information

- Gross allocation increased from 123.6m to 179.3m mainly due to 31.7m for purchase of vehicles. Has the policy of centralized purchase of vehicles under the Ministry of Finance been changed? Which districts will benefit from these vehicles purchased and what is the situation in other districts?

4. Head 656 – Mobile Cinema & Library Services

- Increased gross allocations from Ksh.8m to 12.3m mainly on account of personnel (2.1m from 0.5m). Does the budgetary increase imply the mobile cinema has been revamped? Are mobile cinemas necessary/relevant or should they be scrapped?

5. Head 658 – Rural Press

- What is the current status and value of the rural press

6. Head 659 – Central Media Services

- Slight increase from 5.8m to 7.2m. What exactly is Central Media Services and what are the allocations for?

7. Head 665 – Kenya Institute of Mass Communication (KIMC)

- Increase from 122m to 138m. Why does the AIA remain constant (11m) yet there is an increase in enrolment of full time and sponsored students? Why is the KIMC not making more funds due to the increase in enrollments?

8. Head 723/724- Film Production department HQs and field

- Why does the film industry have so many players and what is the output achieved with the huge allocations.

C. Development Expenditure

1. Head 287- Headquarters, Administrative Services

- Increase of allocation from 1,209 to 5,037m mainly on account of research, feasibility studies (3,721 from 578m), and 1,100m for equity participation. What is the justification of the increase for research and feasibility? What is the equity participation which is not projected in the medium term? What construction and civil works will cost 100m for only one year?
- What is the source of funds received as AIA (23m) from 'foreign governments' and which projects will be funded by the funds? (*development estimates page 673*)

2. Head 654- Provincial District Information

- Increased allocation from 7.3m to 73.5m on account of plant/machinery and equipment (Ksh.45m) and other operating expenses (8m). What plants or machinery are being rehabilitated and what are these 'other operating expenses'?

3. Head 658- Rural Press

- A new head of 26m for rehabilitation and renovation of plant, machinery and equipment. What plant and machinery is being rehabilitated?

4. Head 665 – Kenya Institute of Mass Communication

- Increase of allocation from 25m to 58.6m on account of 40m for construction of a building. It is still projected to be 20m and 5m in the medium term. What is the total projected cost and purpose of the building and when is it expected to be fully completed?

5. Head 723- Film production Department- HQs

- Does this department generate AIA and where is this projected?

MIN. NO. 053/2010:

ADJOURNMENT

The Chairperson adjourned the meeting at Twenty minutes past noon until Thursday 29th June, 2010 at 9.30 a.m.

Hon.(Eng.) James Rege, MP

SIGNED:.....

CHAIRPERSON

10th August, 2010

DATE:.....

MINUTES OF THE TWENTY EIGHTH SITTING OF THE DEPARTMENTAL COMMITTEE ON ENERGY, COMMUNICATION AND INFORMATION HELD ON DAY 29TH JUNE, 2010 IN THE SMALL DINNING HALL, MAIN PARLIAMENT BUILDING AT 9.30 A.M.

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| 1. The Hon. (Eng) James Rege, M.P | Chairperson |
| 2. The Hon. Edwin O. Yinda, M.P | |
| 3. The Hon. Ekwee Ethuro, M.P | |
| 4. The Hon. Mohamed Hussein Ali, M.P | |
| 5. The Hon. (Eng.) Nicholas Gumbo, M.P | |

ABSENT WITH APOLOGY

1. The Hon. Emilio Kathuri, M,P
2. The Hon. Danson Mwazo Mwakulegwa, M.P
3. The Hon. Cyprian Omolo, M.P

ABSENT

- | | |
|--|-------------------------|
| 1. The Hon. Maina Kamau, M.P | Vice Chairperson |
| 2. The Hon. (Prof.) Phillip Kaloki, MP | |

IN ATTENDANCE:

MINISTRY OF ENERGY

- | | |
|---------------------------|--|
| 1. Hon. Mohamed M Mohamud | - Assistant Minister, Ministry of Energy |
| 2. Mr. Patrick M Nyoike | - P.S Ministry of Energy |
| 3. Dr. Silas Simiyu | - M.D, G.D.C |
| 4. Mr. Zachary Ayieko | -M.D / R.E.A |
| 5. Mr. Joel Kiilu | -M.D / KETRACO |
| 6. Mr. Erick F. Akotsi | - SDDRE (M.O.E) |
| 7. Mr. Daniel Njuguna | -Finance (KETRACO) |
| 8. Mr. Joseph Kwambai | - Finace (M.O.E) |
| 9. Ms. Winfred Wangeci | - F.O III(M.O.E) |
| 10. Mr. Abdi Gorod | - F.O III(M.O.E) |
| 11. Mr. Genga Nyumba | - F.O (M.O.E) |
| 12. Dr. P. A Nyakundi | - P.A to P.S (M.O.E) |
| 13. Mr. Hudson Andambi | - P.S.G |
| 14. Mr. Nganga Munyu | -G.M /R.EA |
| 15. Ms. Doris Ithima | -B.S.O/ F.O (M.O.E) |

IN ATTENDANCE:

1. Mr. Zakayo Mogere
2. Mr. Jacob Ngwele
3. Ms. Veronica Kibati

NATIONAL ASSEMBLY

Second Clerk Assistant
Third Clerk Assistant
Research Officer

MIN. NO. 054/2010: PRELIMINARY.

The proceedings were opened with a word of prayer.

MIN. NO. 055/2010

**MEETING WITH MINISTER FOR ENERGY ON
EXAMINATION OF ESTIMATES FOR 2010/2011
FINANCIAL YEAR.**

The Permanent Secretary, Ministry of Energy, accompanied by the Assistant Minister in the Ministry, Hon. Mohamed M Mohamed, informed the Committee that the Minister was attending a Cabinet meeting and therefore unable to appear before the Committee and present the Estimates. The Assistant Minister sought to take the Committee through the Ministry's estimates.

The Committee declined the request by the Assistant Minister and resolved to adjourn the meeting to Tuesday 6th July, 2010 at 9.30 a.m when the Minister is expected to attend.

MIN. NO. 056/2010

ADJOURNMENT

And there being no other business, the Chairperson adjourned the Sitting at forty five minutes past ten O'clock, until Tuesday 6th July, 2010 at 9.30 am.

Hon.(Eng.) James Rege, MP

SIGNED:.....
CHAIRPERSON

10th August, 2010

DATE:.....

MINUTES OF THE TWENTY NINTH SITTING OF THE DEPARTMENTAL COMMITTEE ON ENERGY, COMMUNICATION AND INFORMATION HELD ON THURSDAY 1ST JULY, 2010 IN THE CONFERENCE ROOM, 1ST FLOOR COUNTY HALL BUILDING AT 9.30 A.M.

PRESENT

- | | |
|--|--------------------|
| 1. The Hon. (Eng) James Rege, M.P | Chairperson |
| 2. The Hon. Cyprian Omolo, M.P | |
| 3. The Hon. Emilio Kathuri, M,P | |
| 4. The Hon. (Prof.) Phillip Kaloki, MP | |

ABSENT WITH APOLOGY

1. The Hon. Ekwee Ethuro, M.P
2. The Hon. Danson Mwazo Mwakulegwa, M.P
3. The Hon. (Eng.) Nicholas Gumbo, M.P

ABSENT

- | | |
|--------------------------------------|-------------------------|
| 1. The Hon. Maina Kamau, M.P | Vice Chairperson |
| 2. The Hon. Edwin O. Yinda, M.P | |
| 3. The Hon. Mohamed Hussein Ali, M.P | |

IN ATTENDANCE:

NATIONAL ASSEMBLY

- | | |
|------------------------|------------------------|
| 1. Mr. Zakayo Mogere | Second Clerk Assistant |
| 2. Mr. Jacob Ngwele | Third Clerk Assistant |
| 3. Ms. Veronica Kibati | Research Officer |

MIN. NO. 057/2010: PRELIMINARY.

The proceedings were opened with a word of prayer.

MIN. NO. 058/2010 MEETING WITH MINISTER FOR INFORMATION & COMMUNICATION ON EXAMINATION OF ESTIMATES FOR 2010/2011 FINANCIAL YEAR.

The Committee was informed that the Permanent Secretary Ministry of Information and Communication had written informing the Committee that he and the Minister were out of the country on official duties and they would therefore not be able to make it to the meeting. The Permanent Secretary requested the Committee to postpone the scrutiny of the Ministry's Estimates to another day.

The Committee accepted the request by the Ministry and rescheduled the meeting to Thursday 8th July, 2010 at 9.30 a.m. In the meantime, the Committee resolved to review the issues that had been identified in the Ministry's estimates and which will be put to the Minister for clarification when he next appears before the Committee.

Members were taken through the issues by the Committee Clerk and upon deliberation agreed that the same were in order.

MIN. NO. 059/2010

ADJOURNMENT

And there being no other business, the Chairperson adjourned the Sitting at forty five minutes past ten O'clock, until Tuesday 6th July, 2010 at 9.30 am.

Hon.(Eng.) James Rege, MP

SIGNED:.....

CHAIRPERSON

10th August, 2010

DATE:.....

MINUTES OF THE THIRTIETH SITTING OF THE DEPARTMENTAL COMMITTEE ON ENERGY, COMMUNICATION AND INFORMATION HELD ON TUESDAY 6TH JULY, 2010 IN THE SMALL DINNING HALL, MAIN PARLIAMENT BUILDINGS AT 10.00 A.M.

PRESENT

1. The Hon. (Eng.) James Rege, M.P.
2. The Hon. Maina Kamau, M.P
3. The Hon. Ekwee Ethuro, M.P
4. The Hon. Mohamed Hussein Ali, M.P
5. The Hon. (Eng.) Nicholas Gumbo, M.P
6. The Hon. Edwin O. Yinda, M.P
7. The Hon. Emilio Kathuri, M.P
8. The Hon. Cyprian Omolo, M.P

Chairman
Vice Chairman

ABSENT WITH APOLOGY

The Hon. Danson Mwazo Mwakulegwa, M.P

ABSENT

The Hon. (Prof) Phillip Kaloki, M.P

IN ATTENDANCE:

1. Hon. (Amb.) Mohamed Mohamud, MP
2. Hon. Magarer Langat, MP
3. Mr. Patrick M. Nyoike, CBS
4. Eng. Joel M.Kiilu
5. Eng. Joseph K. Njoroge
6. Mr. Mwendia Nyaga
7. Mr. Silas Simiyu
8. Eng. Kaburu Mwirichia
9. Mr. Zachary O. Ayieko
10. Mr. Eddy Njoroge
11. Mr. Selest Kilinda
12. Mr. Ken Mugambi
13. Mr. John Mudany
14. Mr. James Kilonzo
15. Mr. Daniel Njuguna
16. Mr. Ng'ang'a Munyu
17. Mr. John M.Omenge
18. Mr. Wilfred Deche
19. Mr. Lawrence Yego
20. Mr. Bruno Linyiru

MINISTRY OF ENERGY

Assistant Minister for Energy
Assistant Minister for Energy.
Permanent Secretary for Energy (MOE)
MD, KETRACO
MD, KPLC
MD, NOCK
MD, Geothermal Development Authority
Director General, ERC
CEO, REA
MD, KENGEN
Kenya Pipeline Corporation
Strategic Planning Officer, NOCK
Finance Director, KENGEN
Snr Manager, Finance & Strategic Planning ERC
Ag. Finance Manager KETRACO
General Manager, REA
Chief Geologist, MOE
Chief Economist, MOE
Chief Manager, Finance, KPLC
Finance Manger GDC

21. Mr.Hassan Athmani
22.Mr.Peter Thuo
23.Mr.Elias Karumi
24.Mr. Raphael Khazenzi
25.Mr. Martin Heya
26.Mr. Charles Tanui
27.Mr.Peter Nyakundi
28.Mr.Fernandes Barasa
29.Mr. David Wainaina
30.Mr. Genge Nyumba
31. Mr. Joseph K.Kwambai

Dpty MD, NOCK
Explorations Team Leader NOCK
Chief Manager Technical KPC
Ag. D.R.C – MOE
Commissioner Petroleum- MOE
Chief Manager Finance & Strategy
P.A to P.S MOE
Head of Finance- KETRACO
Operations Manager NOCK
MOE
MOE.

IN ATTENDANCE:

1. Mr. Charles Mubwelia
2. Ms. Doris Ithua

IN ATTENDANCE:

1. Mr. Zakayo Mogere
2. Mr. Jacob Ngwele

MINISTRY OF FINANCE/TREASURY

Ag. Principal Accountant- MOF
BSO/FO- MOF

NATIONAL ASSEMBLY

Second Clerk Assistant
Third Clerk Assistant

MIN. NO. 060/2010:

PRAYER

The proceedings were opened with a word of prayer.

MIN. NO. 061/2010:

MEETING WITH THE MINISTER FOR ENERGY

The two Assistant Ministers representing the Minister for Energy, the Permanent Secretary, Mr. Patrick Nyoike and other Ministry officials appeared before the Committee and took Members through the mandate and functions of the Ministry and the Budget Estimates allocated to the Ministry for the Financial Year 2010/2011. The Minister informed the Committee that:-

- i) In the Financial year 2009/10 the Ministry was allocated a total of Kshs. 33,527,134,595 out of which Kshs. 33,117,799,755 was for development expenditure and Kshs. 409,334,840 was for recurrent expenditure. Local Appropriation-in-Aid for development expenditure was Kshs. 1,547,000,000, while Kshs. 204,000,000 was for recurrent expenditure.
- ii) In the FY. 2010/11, the ministry had been allocated a total of Kshs.36,356,180,590 of which Kshs.34,072,869,390 was for development expenditure and Kshs.2,283,311,200 was for recurrent expenditure. The recurrent expenditure estimates included a sum of Kshs.1.8 Billion, for REA (Kshs.700 million), GDC (Kshs.700 million) and Kshs.400 million for KETRACO.
- iii) Of the total amount of Kshs.34,072,869,390 earmarked for development expenditure, a sum of Kshs.16,543,300,106 was direct exchequer support, Kshs.3.147 billion was local A.I.A, while support from development partners accounted for Kshs.13,175,784,500.

iv) Adequate funding was not provided for the following areas:

- a. Head 427- Construction of MOE's Headquarter- there was a request for Kshs.500 million but nothing was granted although a sum of Kshs.675 million was remitted to NOCK in the budget of 2009/10 for construction of a building to accommodate MoE, NOCK, REA, KETRACO and GDC.
 - b. Head 435- Energy power tax refunds and capacity charge subsidy- Kshs.3,200 million was granted out of a request of Kshs. 4,200 million
 - c. Head 435- Transmission systems capacity- Kshs. 3,696 million was granted out of a request for Kshs.5.8 billion as counterpart contributions for acquisition of way leaves and construction of power transmission lines.
 - d. Head 436- Geothermal exploration and steam production drilling activities- Kshs. 6,070 million was allocated against a request for Kshs. 14,500 million. The overall deficit was Kshs. 8.43 billion and the allocation was grossly inadequate to meet GDC's outstanding obligation for already executed contracts.
 - e. Head 444- Rural electrification programme: Power grid extension and isolated power stations- A sum of Kshs. 1,142 million had been allocated against a request for Kshs. 3,722 million for REA. The shortfall of Kshs.2, 580 million will result in a drastic reduction in the number of schemes which REA will undertake.
- v) With respect to absorption capacity for Donor and GoK funds, the Minister stated that the Ministry's absorption capacity for GoK fund was 100% while that for Donor funds was at 85% due to procurement challenges; delayed disbursement by donors; and exchange rate fluctuations.
- vi) The Ministry had set aside Kshs. 200 million to conduct a feasibility study on production of nuclear power which is the Ministry's ultimate aim given that nuclear energy was cheaper than all other forms of energy.

While interrogating the Estimates of the Ministry, Members noted that:-

- i) Allocations for REA had been drastically reduced from Kshs. 7,430 million in 2009/10 to Kshs. 6,133 million in 2010/11.
- ii) Although there was a marked increase in allocation for GDC in FY 2010/11 compared to FY 2009/10, the same was not adequate since the overall request by GDC was Kshs. 14,500 million which was necessary to meet GDC needs to drill more wells and acquire its own rigs.
- iii) The Committee informed the Minister that there was outcry by Members of Parliament outside the Committee due to reduction of REA's allocation and insufficient funds allocated to GDC which according to Members were pivotal in ensuring penetration of electricity in rural areas and provision for cheap energy to Kenyans. The Minister was asked to report back to the Committee with a write-up on measure that the Ministry has

undertaken in engaging the Treasury to rectify the situation and to ensure that sufficient funds are made available to both REA and GDC.

- iv) The Committee advised KPLC to explore how it can utilize its fiber optic cable in providing cheap bandwidth and data connection to schools and homes cheaply.
- v) NOCK was advised by the Committee to open more outlets throughout the country in order to bring competition in the Oil retail sector thereby pushing the prices down.

MIN. NO. 062/2010: PAPER LAID

The Permanent Secretary laid the following papers before the Committee:-

- i. *Statement to the Departmental Committee on Energy, Communications and Information on the examination of estimates for Ministry of Energy (R 30 &D 30) For 2010/11 Financial year by the Ministry of Energy.*
- ii. *Ministry of Energy Strategic Plan 2008/2012*
- iii. *Corporate Strategic Plan for Kenya Power & Lighting Company*
- iv. *Kenya Power and Lighting Company Ltd. Budget for 2010/2011*
- v. *Rural Electrification Authority Strategic Plan 2008-2012*
- vi. *Rural Electrification Authority Budget for 2010/2011*
- vii. *Kengen Budget 2010/2011*
- viii. *Kengen Business Plan 2008-2013*
- ix. *National Oil Corporation of Kenya Strategic Plan 2009/2013*
- x. *National Oil Corporation of Kenya Budget 2010/2011*
- xi. *Kenya Pipeline Company Ltd 5year Corporate Strategic Plan 2008/09- 2012/13*
- xii. *Kenya Pipeline Company Ltd budget 2010/2011*
- xiii. *Energy Regulatory Commission budget 2010/2011*

MIN. NO. 063/2010: ADJOURNMENT.

There being no other business for discussion, the Chair adjourned the meeting at fifty minutes past One O'clock, until Thursday 8th July 2010 at 9.30 a.m.

Hon.(Eng.) James Rege, MP

SIGNED:.....

CHAIRPERSON

10th August, 2010

DATE:.....

MINUTES OF THE THIRTY FIRST SITTING OF THE DEPARTMENTAL COMMITTEE ON ENERGY, COMMUNICATION AND INFORMATION HELD ON THURSDAY 8TH JULY, 2010 IN THE SMALL DINNING HALL, MAIN PARLIAMENT BUILDING AT 10.40 A.M.

PRESENT

- | | |
|--------------------------------------|--------------------|
| 1. The Hon. (Eng) James Rege, M.P | Chairperson |
| 2. The Hon. Edwin O. Yinda, M.P | |
| 3. The Hon. Ekwere Ethuro, M.P | |
| 4. The Hon. Mohamed Hussein Ali, M.P | |
| 5. The Hon. Emilio Kathuri, M.P | |

ABSENT WITH APOLOGY

1. The Hon. Danson Mwazo Mwakulegwa, M.P
2. The Hon. (Eng.) Nicholas Gumbo, M.P

ABSENT

- | | |
|--|-------------------------|
| 3. The Hon. Maina Kamau, M.P | Vice Chairperson |
| 4. The Hon. (Prof.) Phillip Kaloki, MP | |
| 5. The Hon. Cyprian Omolo, M.P | |

IN ATTENDANCE:

NATIONAL ASSEMBLY

- | | |
|----------------------|------------------------|
| 1. Mr. Zakayo Mogere | Second Clerk Assistant |
| 2. Mr. Jacob Ngwele | Third Clerk Assistant |
| 3. Mr. Samuel Kalama | Third Clerk Assistant |

MINISTRY OF ENERGY

1. Dr. Bitange Ndemo P.S Ministry of Information and Communication
2. 8 other officers from the Ministry of Information and Communication

MIN. NO. 064/2010: PRELIMINARIES

The proceedings were opened with a word of prayer.

MIN. NO. 065/2010: MEETING WITH THE MINISTER FOR INFORMATION AND COMMUNICATION

The Permanent Secretary, Ministry of Information and Communications, informed the Committee that neither the Minister nor his Assistants were available to present the Ministry's Estimates. The Permanent Secretary informed the Committee that the Minister was away in his constituency and the two Assistant Ministers were unavailable.



The Committee resolved that in the absence of the Minister and his Assistants, the meeting be adjourned to Tuesday 6th July, 2010 at 9.30 am. The Permanent Secretary was asked to ensure that Chief Executives of State Corporations under the Ministry accompanies the Minister to the next meeting.

MIN. NO. 066/2010: ADJOURNMENT.

There being no other business, the Chair adjourned the meeting at eleven O'clock until Tuesday 13th July 2010 at 9.30 a.m.

Hon.(Eng.) James Rege, MP

SIGNED:.....
CHAIRPERSON

10th August, 2010

DATE:.....

MINUTES OF THE THIRTY SECOND SITTING OF THE DEPARTMENTAL COMMITTEE ON ENERGY, COMMUNICATION AND INFORMATION HELD ON TUESDAY, JULY 13, 2010 IN THE MAIN CONFERENCE ROOM, COUNTY HALL, PARLIAMENT BUILDINGS AT 10.00 A.M.

PRESENT

1. The Hon. (Eng.) James Rege, M.P.
2. The Hon. Emilio Kathuri, M.P
3. The Hon. Cyprian Omolo, M.P

Chairman

ABSENT WITH APOLOGY

1. The Hon. Danson Mwazo Mwakulegwa, M.P
2. The Hon. Mohamed Hussein Ali, M.P
3. The Hon. Ekwee Ethuro, M.P
4. The Hon. (Eng.) Nicholas Gumbo, M.P

ABSENT

1. The Hon. Maina Kamau, M.P
2. The Hon. Edwin O. Yinda, M.P
3. The Hon. (Prof) Phillip Kaloki, M.P

Vice Chairman

IN ATTENDANCE:

1. Hon. Samuel Poghishio, EGH, MP
2. Dr. Bitange Ndemo, CBS
3. Mr. Ezekiel Mutua
4. Mr. J. Kimeu Maingi
5. Mr. Waithaka Waihenya
6. Mr. Musa Muthambi
7. Mr. David Pkosing
8. Mr. Paul G. Macharia
9. Mr. Joseph Kimwele
10. Mr. Hiram Mucheke
11. Mr. James Simuyu
12. Ms. Lizzie Chongoti
13. Mr. Ernests. K. Kerich
14. Ms. Mary Kimonye
15. Ms. Peris K. Nkonge
16. Ms. Electine Ajiambo
17. Ms. Jonah Sunday Anzaya
18. Ms. Catherine Shiroko
19. Mr. Orare Mose

MINISTRY OF INFORMATION

Minister for Information and Communications
Permanent Secretary (MOIC)
Director of Information
Director of Administration, MOIC Headquarters
Ag. Managing Director, KBC
Finance & Administration Manager, KBC
CEO, Kenya Film Censorship Board
Ag. Chief Economist, MOIC
Ag. Chief Finance Officer, MOIC
Principal, KIMC
Electronics Engineer, MOIC
Ag. CEO Kenya Film Commission
Assistant Director
CEO, Brand Kenya
Ag. Director CCK
Finance Officer, MOIC
Finance Officer, MOIC

IN ATTENDANCE:

1. Mr. Fredrick Musembi
2. Mr. Felix Oulo

MINISTRY OF FINANCE/TREASURY

Finance Officer, Treasury
Finance Officer, Treasury

IN ATTENDANCE:

1. Mr. Zakayo Mogere
2. Mr. Jacob Ngwele
3. Ms. Veronicah Kibati

NATIONAL ASSEMBLY

- Second Clerk Assistant
Third Clerk Assistant
Research Officer

MIN. NO. 067/2010: PRELIMINARIES

The proceedings were opened with a word of prayer.

MIN. NO. 068/2010: MEETING WITH THE MINISTER FOR INFORMATION AND COMMUNICATION

The Minister for Information and Communication accompanied by the Permanent Secretary, Dr. Bitange Ndemo and other Ministry officials appeared before the Committee and took Members through the mandate and functions of the Ministry and the Budget Estimates allocated to the Ministry for the Financial Year 2010/2011. The Minister informed the Committee that:-

- i) The mandate of the Ministry is to develop Information Communication Technology Policy, Broadcasting and Film development Policy, dissemination of public information and development of National Communications Capacity and Infrastructure. The Parastatals under the Ministry include Kenya Broadcasting Corporation, Kenya Film Classification Board, Communications Commission of Kenya, Kenya Film Commission, Postal Corporation of Kenya, Kenya Year Book Board, Brand Kenya Board and Kenya ICT Board.
- ii) The summary of key achievements for 2009/10 Financial Year include creation of awareness and promotion of use of ICTs in the country, development of broadcasting guidelines, implemented initial steps in analogue to digital migration, published 10,000 copies of Inside Kenya Today newspaper and reviewed 4 media training curriculum to make them media and market responsive among others.
- iii) The Ministry had been allocated Kshs.7 billion for year 2010/11. The Recurrent expenditure will take Kshs. 1.6 billion while the Development expenditure takes Kshs. 5.4 billion.
- iv) The various Parastatal heads presented their achievement levels for 2009/10, the projects for the financial year 2010/2011 and the justification of their allocations as described in the papers laid. The Committee was also informed that KBC still has an outstanding debt of about 200 million and that it was expected to be self sustaining by the end of the year as there were various reforms including a digital migration which would greatly reduce the power bills.
- v) Arising from the insufficient allocations given to the Ministry, several projects will be unfunded and /or underfunded. These projects include funding the strategic plans for the parastatals which were not generating revenue, recruitment of 84 information officers and lecturers for Kenya Institute of Mass Communication, KBC pending Bills, hosting of UPU conference and Ksh 1 billion for leasing of Sameer BPO Park.
- vi) The Ministry has 100 % absorption capacity of the allocated funds.

While interrogating the Estimates of the Ministry, Members noted that:-

- i) The 31.7m allocation for purchase of vehicles under the Provincial District Information Head was too little considering the large number of districts and vehicles required. According to the Minister, there is a serious shortage of vehicles in the Ministry and the funds would be used to buy 15 vehicles for a few districts as a start.

- ii) The AIA for the Kenya Institute of Mass Communication (KIMC) under Head 665 remained constant at 11m yet there was an increase in student's enrolment and more funds from the degree programme in collaboration with University of Nairobi. The Committee was informed that KIMC had a total of 800 students whose fees were less than the Ksh. 120 million operational costs required. The Committee was further informed that KIMC had requested for Ksh. 250m for hostel construction so as to accommodate more students yet had been allocated only 40m thus the need for the allocations. The degree programme done in collaboration with UON did not lead to an increase in AIA since the fees received were shared with UON.
- iii) Postal Corporation of Kenya was performing poorly and there is need to revamp it to make it competitive in new areas such as courier services. The Minister informed the Committee that the stamp revenue had gone down by about 95% and that there were plans to reduce the 5,000 employees through voluntary retirement and that there were plans to recruit young individuals to bring about new ideas and reforms.
- iv) A clarification of whether Gilgil Tele-communication Industries was included in the sale of Telecom Assets to Orange. The Minister informed the Committee that this was actually the case.
- v) The difference in roles between Head 406 (Directorate of Communication) and 653 (Directorate of Communication) which received huge allocations. The Minister explained that the Directorate of Communication dealt with policy matters at the headquarters while Directorate of Information prepared the master plan of the ministry and was in charge of information dissemination and had 24 information bureaus and the Kenya today paper.
- vi) Why the need for KTV yet KBC was a National Broadcaster and that KBC still had outstanding debts of about 200 million and there was need for the ministry and treasury to look into clearing the debt. The Minister explained that the debts owed by KBC were accrued from the past operations and that reforms were currently underway to move from analogue to digital. He further explained that KBC had been converted to become a signal distributor and KTV was not a broadcaster but a thematic channel under KBC that would broadcast information from the rural areas.
- vii) Why the Ministry had requested for Ksh. 1 billion to lease the Sameer BPO Park yet Malili ranch was being developed as an ICT Park. The Minister explained that Malili Ranch would take about 4 years to be complete and that it was prudent for the Ministry to be developing an incubation centre for developing BPOs so as to be prepared for Malili once it was complete.

MIN. NO. 069/2009:

PAPERS LAID

The Minister for Information and Communications laid the following papers before the Committee:-

- i. *Presentation of the estimates for the Ministry of Information and Communications (R 32 & D 32) for 2010/2011 Financial year by the Permanent Secretary*
- ii. *Brand Kenya Board Achievement Levels 09/10 and Justification for 2010/11 Resources (Annex I)*
- iii. *Kenya Film Censorship Board Summary Report 2010/11 (Annex II)*
- iv. *Kenya Film Censorship Board Report on Funds Allocated in 2009/2010 (Annex III)*
- v. *Ministry of Information and Communications Strategic Plan 2008-2012*
- vi. *Brand Kenya, The Story*
- vii. *Brand Kenya Board Strategic Plan 2009-2012*

The Minister undertook to forward a breakdown of the Ksh. 1 billion requested for lease of Sameer BPO Park. He also requested the Committee to visit Malili Ranch and Sameer Park to apprise Members on the two projects.

MIN. NO. 070/2010:

ADJOURNMENT.

There being no other business for discussion, the Chair adjourned the meeting at thirty minutes past one O'clock until Thursday 15th July 2010 at 8.00 a.m.

Hon.(Eng.) James Rege, MP

SIGNED:.....

CHAIRPERSON

10th August, 2010

DATE:.....

MINUTES OF THE THIRTY FOURTH SITTING OF THE DEPARTMENTAL COMMITTEE ON ENERGY, COMMUNICATION AND INFORMATION HELD ON TUESDAY, JULY 20, 2010 IN THE MAIN CONFERENCE ROOM, COUNTY HALL, PARLIAMENT BUILDINGS AT 9.00 A.M.

PRESENT

1. The Hon. (Eng.) James Rege, M.P.
2. The Hon. Emilio Kathuri, M.P
3. The Hon. Ekwee Ethuro, M.P
4. The Hon. Mohamed Hussein Ali, M.P

Chairman

ABSENT WITH APOLOGY

1. The Hon. Danson Mwazo Mwakulegwa, M.P
2. The Hon. Edwin O. Yinda, M.P
3. The Hon. (Eng.) Nicholas Gumbo, M.P
4. The Hon. Cyprian Omolo, M.P

ABSENT

1. The Hon. Maina Kamau, M.P
2. The Hon. (Prof) Phillip Kaloki, M.P

Vice Chairman

IN ATTENDANCE:

1. Mr. Zakayo Mogere
2. Mr. Jacob Ngwele
3. Ms. Veronicah Kibati

NATIONAL ASSEMBLY

Second Clerk Assistant
Third Clerk Assistant
Research Officer

MIN. NO.075/2010: PRAYER

The proceedings were opened with a word of prayer.

MIN. NO.076/2010:

CONSIDERATION OF THE DRAFT REPORT ON THE 2010/2011 ESTIMATES FOR THE MINISTRIES OF ENERGY AND INFORMATION & COMMUNICATIONS

Members went through the draft report on the 2010/2011 Annual Estimates for the Ministries of Energy and Information and Communication and noted that;

- i) It was important to indicate the source of funds for the various projects – whether GoK funds or loans.
- ii) The Government should cease taking loans on behalf of State Corporations such as KENGEN and KPLC which is not strictly a state corporation and recommends that it was prudent to reallocate such loans to deserving state corporations such as REA and GDC.

- iii) The Rural Electrification Programme is grossly underfunded and there was great concern over its allocation reducing in the medium term. The Committee strongly recommends an increase in funding to Rural Electrification Authority.
- iv) Sources of funds under oil exploration licensing fees are not itemized. The Committee recommends that in future, such sources need to be itemized.
- v) It is not certain when construction of the proposed ICT Park in Malili will commence. The Committee was concerned about the lack of a fall-back position in case the Ministry does not receive funding to lease Sameer Park BPO.
- vi) The ICT Board was not allocated enough funds for rolling out digital villages.

However, due to the provisions of Standing Order no. 181 (*reports to be adopted by a majority of Members*), the Committee did not adopt the report for tabling. The Secretariat was directed to incorporate the suggested amendments in the report for deliberation in the next meeting.

MIN. NO.077/2010: ADJOURNMENT.

There being no other business for discussion, the Chair adjourned the meeting at Forty minutes past ten O'clock to a later date.

Hon.(Eng.) James Rege, MP

SIGNED:.....

CHAIRPERSON

10th August, 2010

DATE:.....

MINUTES OF THE THIRTY FIFTH SITTING OF THE DEPARTMENTAL COMMITTEE ON ENERGY, COMMUNICATION AND INFORMATION HELD ON TUESDAY, AUGUST 10, 2010 IN THE MAIN CONFERENCE ROOM, COUNTY HALL, PARLIAMENT BUILDINGS AT 9.30 A.M.

PRESENT

1. The Hon. (Eng.) James Rege, M.P.
2. The Hon. Maina Kamau, M.P
3. The Hon. Emilio Kathuri, M.P
4. The Hon. Ekwee Ethuro, M.P
5. The Hon. Danson Mwazo Mwakulegwa, M.P
6. The Hon. Edwin O. Yinda, M.P
7. The Hon. (Eng.) Nicholas Gumbo, M.P
8. The Hon. Mohamed Hussein Ali, M.P

Chairman
Vice Chairman

ABSENT WITH APOLOGY

1. The Hon. Cyprian Omolo, M.P
2. The Hon. (Prof) Phillip Kaloki, M.P

IN ATTENDANCE:

1. Mr. Zakayo Mogere
2. Mr. Jacob Ngwele

NATIONAL ASSEMBLY

Second Clerk Assistant
Third Clerk Assistant

MIN. NO.078/2010: PRAYER

The proceedings were opened with a word of prayer.

MIN. NO. 079/2010: CONFIRMATION OF MINUTES OF PREVIOUS SITTINGS

- i) Minutes of the 22nd Sitting held on 22nd April, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.
- ii) Minutes of the 23rd Sitting held on 5th May, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.
- iii) Minutes of the 24th Sitting held on 5th May, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.
- iv) Minutes of the 25th Sitting held on 12th May, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.
- v) Minutes of the 26th Sitting held on 8th June, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.
- vi) Minutes of the 27th Sitting held on 24th June, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.

- vii) Minutes of the 28th Sitting held on 29th June, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.
- viii) Minutes of the 29th Sitting held on 1st July, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.
- ix) Minutes of the 30th Sitting held on 6th July, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.
- x) Minutes of the 31st Sitting held on 8th July, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.
- xi) Minutes of the 32nd Sitting held on 13th July, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.
- xii) Minutes of the 33rd Sitting held on 15th July, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.
- xiii) Minutes of the 34th Sitting held on 20th July, 2010 were confirmed as a true record of the deliberations and signed by the Chairperson.

MIN. NO.080/2010: CONSIDERATION OF THE DRAFT REPORT ON THE 2010/2011 ESTIMATES FOR THE MINISTRIES OF ENERGY AND INFORMATION & COMMUNICATIONS

The Committee went through the draft report on the 2010/2011 Annual Estimates for the Ministries of Energy and Information and Communication and adopted it. The Committee further mandated the Chairperson to Table the report in the House.

MIN. NO.081/2010: CONSIDERATION OF THE DRAFT REPORT ON THE OWNERSHIP AND STATUS OF THE KENYA POWER AND LIGHTING COMPANY LTD (KPLC)

The Committee went through the draft report on the ownership and status of the Kenya Power and Lighting Company Ltd and adopted it. The Committee further mandated the Chairperson to Table the report in the House.

MIN. NO.082/2010: ADJOURNMENT.

There being no other business for discussion, the Chair adjourned the meeting at Thirty minutes past Eleven O'clock until Tuesday 17th August, 2010.

Hon.(Eng.) James Rege, MP

SIGNED:.....
CHAIRPERSON

10th August, 2010

DATE:.....