REPUBLIC OF KENYA

THIRTEENTH PARLIAMENT | FOURTH SESSION

THE SENATE

STANDING COMMITTEE ON FINANCE AND BUDGET

PAPERS LAID	
DATE	27/03/2025
TABLED BY	Vice-Chair
COMMITTEE	Finance
CLERK AT THE TABLE	Lilian

REPORT ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL (SENATE BILLS NO. 1 OF 2025)

27/03/25

Clerk's Chambers,

Parliament Buildings,

NAIROBI.

March 2025

(2) Hon. Speaker
You may approve for tabling.
MA
27/3/25

(1) Clerk
Forwarded and recommended for approval for tabling
27/03/2025

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LIST OF ABBREVIATIONS/ACRONYMS

ABDP	Aquaculture Business Development Programme
CCRI	County Climate Resilience Investment
CGAAB	County Government Additional Allocation Bill
CGAAA	County Government Additional Allocation Act
CoG	Council of County Governors
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
DRPNK	Drought Resilience Programme in Northern Kenya
DRPNK	Drought Resilience Programme in Northern Kenya
ELRP	Emergency Locust Response Project
FLLoCA	Financing Locally-Led Climate Action
FSRP	Food Systems Resilience Project
FY	Financial Year
IBP-Kenya	International Budget Partnership-Kenya Chapter
IDA	International Development Association
IFAD	International Fund for Agricultural Development
KDSP	Kenya Devolution Support Programme
KISIP	Kenya Informal Settlement Improvement Project
KUSP	Kenya Urban Support Project
MDAs	Ministries State Departments and Agencies
NAVCDP	National Agricultural Value Chain Development Project
PFM	Public Finance Management
UIG	Urban Institutional Grant
UNFPA	United Nations Fund for Population Activities
WSDP	Water and Sanitation Development Project

PRELIMINARIES

ESTABLISHMENT AND MANDATE OF THE COMMITTEE

Article 124(1) of the Constitution of Kenya provides for the establishment of Committees where each house of Parliament may establish committees and shall make Standing Orders for the orderly conduct of its proceedings, including the proceedings of its committees.

Parliamentary Committees consider policy issues, scrutinize the workings and expenditures of the national and county governments, and examine proposals for legislation. The end result of any process in Committees is a report, which is tabled in the House for consideration.

The Senate Standing Committees are established pursuant to standing order 228 of the Senate Standing Orders. The Fourth Schedule to the Senate Standing Orders outlines the subject matter assigned to each specific Committee. The Standing Committee on Finance and Budget is mandated to-

a) investigate, inquire into and report on all matters relating to coordination, control, and monitoring of the county budgets and examine -
    i. the Budget Policy Statement presented to the Senate;
    ii. the report on the budget allocated to constitutional Commissions and independent offices;
    iii. the Division of Revenue Bill, the County Allocation of Revenue Bill, the *County Governments Additional Allocations Bill*, and the cash disbursement schedule for county governments;
    iv. all matters related to resolutions and Bills for appropriations, the share of national revenue amongst the counties, matters concerning the national budget, including public finance and monetary policies and public debt, planning, and development policy; and
b) Pursuant to Article 228 (6) of the Constitution, to examine the report of the Controller of Budget on the implementation of the budgets of county governments.

MEMBERSHIP OF THE COMMITTEE

The Standing Committee on Finance and Budget was constituted by the Senate of the Thirteenth (13th) Parliament on Thursday, 13th October, 2022 during the First Session. The Committee was later reconstituted on Wednesday, 12th February, 2025, during the Fourth Session. The Committee as currently constituted is comprised of the following Members-

1)	**Sen. (Capt.) Ali Ibrahim Roba, EGH, MP**	-	**Chairperson**
2)	**Sen. Maureen Tabitha Mutinda, MP**	-	**Vice-Chairperson**
3)	Sen. (Dr.) Boni Khalwale, CBS, MP	-	Member
4)	Sen. Mohamed Faki Mwinyihaji, MP	-	Member
5)	Sen. Richard Momoima Onyonka, MP	-	Member
6)	Sen. Shakila Abdalla Mohamed, MP	-	Member
7)	Sen. Eddy Gicheru Oketch, MP	-	Member
8)	Sen. Mariam Sheikh Omar, MP	-	Member
9)	Sen. Esther Okenyuri, MP	-	Member

CHAIRPERSON'S FOREWORD

The County Governments Additional Allocation Bill, 2025 (Senate Bills No. 1 of 2025) was published *vide* Kenya Gazette Supplement No. 6 of 6th February, 2025. The Bill was read a First Time in the Senate on Tuesday, 4th March, 2025. Thereafter, pursuant to standing order 145 of the Senate Standing Orders, the Bill was committed to the Standing Committee on Finance and Budget for consideration.

The primary object of the Bill is to provide for the transfer of conditional or unconditional allocations from the national government's share of revenue under Article 202(2) of the Constitution and additional allocations from the proceeds of external loans and grants from development partners in line with Article 190 of the Constitution to the county governments for Financial Year 2024/2025. The Bill also provides for the responsibilities of national and county governments.

The First Schedule to the Bill outlines additional allocations amounting to Ksh.7.54 billion to County Governments from the National Governments' share of the revenue raised nationally for FY 2024/2025. The allocations are-

a) Supplement for Construction of County Headquarters amounting to Ksh.532 million to the following five Counties: Nyandarua, Tana River, Tharaka Nithi, Isiolo, and Lamu.
b) County Aggregation and Industrial Parks (CAIP) programme to be undertaken in 19 counties, totalling Ksh.2 billion.
c) Community Health Promoters (CHPs) Programme amounting to Ksh.3.234 billion to be shared among the forty-seven county governments.
d) Basic Salary Arrears for County Governemnt Health Workers amounting to Ksh.1.759 billion.
e) Transfer of Museum function amounting to Ksh.30.184 million.

The Second Schedule to the Bill outlines the conditional allocations to county governments from Road Maintenance Fuel Levy Fund. The allocation is towards the maintenance of county roads for FY 2024/2025, amounting to Ksh.10.522 billion.

The Third Schedule provides unconditional additional allocations to county governments from court fines amounting to Ksh.116.092 million being Ksh.108.66 million for FY 2023/24 and Ksh.7.431 million being allocation for FY 2024/25.

The Fourth Schedule outlines additional allocations to County Governments from the proceeds of loans or grants from Development Partners for FY 2024/2025 amounting to Ksh.35.66 billion. Additionally, it indicates the beneficiary county for each of the additional allocations. These allocations include-

a) DANIDA grant for financing Primary Healthcare in Devolved Context amounting to Ksh.487.5 million.
b) Kenya Informal Settlement Improvement Project (KISIP II)- IDA World Bank funded project amounting to Ksh.10.6 billion.
c) Emergency Locust Response Project (ELRP) financed by proceeds from an IDA (World Bank) loan amounting to Ksh.1.9 billion.
d) Financing Locally- Led Climate Action Program, (FLLoCA) County Climate Resilience Investment (CCRI) grant financed by proceeds from a KfW (German Development Bank) loan amounting to Ksh.1.2 billion.
e) IDA (World Bank) Credit (Financing Locally- Led Climate Action Program, FLLoCA) County Climate Resilience Investment (CCRI) Grants allocation of Ksh.3.712 billion.
f) IDA (World Bank) loan for the Food Systems Resilience Project – (FSRP) totalling to Ksh.2.25 billion.
g) IDA (World Bank) Loan for the National Agricultural Value Chain Development Project (NAVCDP) amounting to Ksh.5 billion.
h) IDA (World Bank) loan to finance Water and Sanitation Development Project (WSDP) totalling to Ksh.5.70 billion.
i) IDA (World Bank) loan for the Kenya Devolution Support Programme (KDSP) II of Ksh.1.76 billion.
j) IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) – Urban Institutional Grant (UIG) of Ksh.1.57 billion.
k) International Fund for Agricultural Development (IFAD) loan for the Kenya Livestock Commercialization Project (KeLCoP) totalling Ksh.378.7 million.

l) KfW (German Development Bank) Loan for the Drought Resilience Programme in Northern Kenya (DRPNK) of Ksh.781.96 million.

m) International Fund for Agricultural Development (IFAD) loan for the Aquaculture Business Development Programme (ABDP) of Ksh.245.88 million.

n) United Nations Fund for Population Activities (UNFPA) grant for the tenth Country Kenya Programme totalling Ksh.65.2 million.

In compliance with the provisions of standing order 145(5) of the Senate Standing Orders, the Committee proceeded to undertake public participation on the Bill. In this regard, the Committee published an advertisement in the Daily Nation and Standard newspapers on Friday, 7th March, 2025, inviting members of the public to submit written memoranda to the Committee on the Bill. The Committee also sent invitations to key stakeholders inviting them to submit their comments on the Bill. The following stakeholders submitted their views-

(a) the National Treasury and Economic Planning;
(b) the Council of Governors (CoG);
(c) the Commission on Revenue Allocation (CRA);
(d) the Ministry of Lands, Public Works, Housing and Urban Development;
(e) the Society of Clerks at the Table in Kenyan Legislatures (SOCATT (K);
(f) the County Assembly Forum;
(g) the Institute for Social Accountability(TISA); and
(h) the Institute of Public Finance (IPF).

The Committee held a total of two (2) sittings (*Annex 1- Minutes of the Committee*) to deliberate on the Bill.

The Committee, having considered the Bill and analysed stakeholders' submissions, made the following observations. That –

a) The Bill applies to allocations for FY 2024/25 and is being considered and processed three months to the end of the financial year. The impact of the delay in the enactment of the Bill may result in non-disbursement of the full allocations and low absorption.

b) The supplementary estimates and appropriations have been negatively affecting allocations in the Bill, a situation that complicates the approval of the Bill by both Houses. In the approved supplementary Estimates No. II of FY 2024/25; there were significant changes in the allocations as compared to allocations in the Bill.

c) The National Treasury proposed a number of amendments to the Schedules including upward adjustments to a number of allocations. In addition, the Treasury committed to provide for any difference between the additional allocations proposed to be included in the Bill and national government's budget in Supplementary III Budget Estimates for Financial Year 2024/25.

d) The High Court in *(Issa Elanyi Chemao vs National Assembly)* case Number HCP/E423/2024 issued a conservatory order freezing funds held by the Kenya Roads Board collected as Road Maintenance Levy Fund in FY 2024/25 amounting to Ksh.10.522 billion which was proposed to be allocated to county governments.

The Committee, having considered the Bill recommends that the Senate approves the Bill with amendments (*Annex 2- Proposed Committee Stage Amendments*), among them-

a) deletion of First Schedule and replacing it with a new schedule allocating Ksh.8,417,140,360 as additional allocations to counties from the National Government's share.
b) deletion of Second Schedule; since the allocation may not be utilised noting the High Court issued a conservatory order freezing the proposed allocation to counties from RMLF.
c) deletion of Fourth Schedule and replacing it with a new schedule allocating Ksh.42,001,957,723 to counties from proceeds of loans and loans from development partners.

Acknowledgment

The Committee appreciates all the stakeholders who submitted written memoranda and who appeared before the Committee to present their comments on the Bill.

The Committee also appreciates the offices of the Speaker and the Clerk of the Senate for the support extended to the Committee in discharging its mandate.

Lastly, I take this opportunity to commend the Members of the Committee for their devotion and commitment to duty, which made the consideration of the County Governments Additional Allocations Bill, (Senate Bills No. 1 of 2025) successful.

It is now my pleasant duty, pursuant to standing order 148(1) of the Senate Standing Orders, to present the Report of the Standing Committee on Finance and Budget to the Senate on the County Governments Additional Allocations Bill, (Senate Bills No. 1 of 2025).

Signature....................................... **Date....27/03/25**

SEN. (DR.) BONI KHALWALE, CBS, MP.

FOR: CHAIRPERSON,

STANDING COMMITTEE ON FINANCE AND BUDGET)

4. The Bill proposes to allocate a total of Ksh.53.859 billion as additional allocations (conditional and unconditional) to county governments. Out of this, Ksh.7.55 billion will be financed from the National Government's share of revenue, Ksh. 10.52 billion from the Road Maintenance Levy Fund (RMLF), Ksh.116.1 million for Court Fines, and Ksh.35.659 billion from proceeds of loans and grants from Development Partners.

1.3 Allocations from the National Government's share of revenue

5. The First Schedule to the Bill specifies conditional additional allocations to county governments from the National Government's share of revenue in the financial year 2024/2025 amounting to Kshs. 7,547,325,197.

1.3.1 Supplement Construction to County Headquarters

6. The Bill proposes a total of Ksh.523.1 million to support the construction of county headquarters for five (5) county governments. The money is shared among 4 counties; Isiolo -Ksh.115.3 million, Lamu- Ksh. 264.7 million, Tana-River-Ksh.95 million and Tharaka Nithi- Ksh.47.9 million. Although Nyandarua County is one of the beneficiary counties, it has not been allocated any funds since it received its full entitlement from the previous allocations.

1.3.2 County Aggregation of Industrial Parks (CAIPs)

7. The County Aggregation of Industrial Parks (CAIPS) initiative is a priority program under the Bottom-up Economic Transformation Agenda (BETA). For FY 2024/25, an allocation of Ksh.2 billion has been set aside for 19 counties, with each county scheduled to receive Ksh.105.26 million. Implementation of this program mandates the benefiting counties to provide matching funds of Ksh.250 million.
8. The benefiting counties of this allocation include: Bungoma, Busia, Embu, Garissa, Homa Bay, Kiambu, Kirinyaga, Kwale, Machakos, Meru, Migori, Mombasa, Murang'a, Nakuru, Nandi, Nyamira, Siaya, Trans Nzoia, and Uasin Gishu.
9. Counties were selected based on the progress made towards project completion, where priority was given to those that commenced construction during the first phase in FY 2023/24.

1.3.3 Community Health Promoters (CHPs)

CHAPTER ONE

OVERVIEW OF THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2025 (SENATE BILLS NO. 1 OF 2025)

1.1 Introduction

1. The County Government Additional Allocation Bill, 2025 (Senate Bills No. 1 of 2025), was published on 6th February 2025. The Bill was read a First Time in the Senate on Tuesday, 4th March, 2025, and thereafter committed to the Standing Committee on Finance and Budget for consideration, facilitation of public participation, and tabling of a report for tabling in the Senate.
2. The County Governments Additional Allocations Bill, 2025 (Senate Bills No.1 of 2025) is prepared according to Article 202(2) of the Constitution, which provides that county governments may be given additional allocations from the national government's share of revenue either conditionally or unconditionally. Additionally, Article 190 of the Constitution allows support to county governments by way of legislation through Parliament to ensure that county governments have adequate resources to enable them to perform their functions. Section 191 of the Public Finance Management (PFM) Act, Cap. 412A, provides the County Governments Additional Allocations Bill as part of Bills allocating revenue that should be introduced each year to Parliament alongside the Budget Policy Statement (BPS).

1.2 Contents of the Bill

3. The Bill contains Four Schedules as follows-
    a. the First Schedule provides conditional allocations to counties from the national government's revenue;
    b. the Second Schedule provides Conditional Allocations from the Road Maintenance Levy Fund (RMLF);
    c. the Third schedule details unconditional allocations to Counties from the court fines collected by the Judiciary from the contraventions of County Governments legislations; and
    d. the Fourth Schedule contains conditional allocations from proceeds of loans and grants from development partners.

10. The program has an allocation of Ksh.3.23 billion, which will be shared among all the forty-seven (47) counties based on the number of community health promoters in a county.

11. The money is meant for the payment of a monthly stipend of Ksh.5,000. The national government is supposed to contribute Ksh. 2,500, and counties provide a matching contribution of a similar amount. The estimated number of CHPs to be compensated is 107,831 across the country, with Nairobi City County and Kakamega County having the highest number of CHPs.

12. The CHPs are engaged under the Afya Bora Mashinani program and are expected to deliver direct care to households across the country. The program is projected to accelerate the achievement of Universal Health Coverage through support to the county governments.

1.3.4 Salary arrears for County Government Health Workers

13. The Bill provides for an allocation of Ksh.1.759 billion for the settlement of salary arrears for county government health workers in the FY 2024/25. The national government, through the Ministry of Health and the Kenya Medical Practitioners, Pharmacists, and Dentists Union (KMPDU), executed a Return-to-Work Agreement in March 2024, which ended the Doctors' industrial action.

14. The agreement contained a commitment of the National Government to facilitate the settlement of the basic salary arrears accrued by the county governments amounting to Ksh.3.5 billion in two phases. The first phase is being implemented in FY 2024/25, hence the allocation of Ksh.1.759 billion under conditional allocation to counties.

15. The amount will be shared among the 47 counties as per the number of doctors employed by each county government as of 30th June 2024.

1.3.5 Transfer of Museum Function

16. The Bill contains an allocation of Ksh.30.1 million for the transfer of museum functions to counties. Counties that took over management of museums under Gazette Notice No. 13982 of November 2022 are meant to be given conditional allocations for compensation of staff transferred to them. The amount is divided among seven (7) counties that have museums.

17. The allocation per county is as follows: Wajir-Ksh. 2.24 million, Trans Nzoia-Ksh. 12.3 million, Narok -Ksh.2.8 million, Marsabit-Ksh. 2.8 million, Kisumu-6.3 million, Isiolo-Ksh.1.1 million and Garissa-Ksh. 2.5 million.

1.4 Road Maintenance Fuel Levy (RMLF)

18. The Second Schedule of the Bill contains conditional additional allocations from the Road Maintenance Levy Fund (RMFL) amounting to Ksh.10.522 billion for the maintenance of county roads. The proposed amount was part of the summit resolutions in a meeting held in February 2023 that aimed at developing reforms for county roads. In FY 2024/25, collection from the RMLF is estimated at Ksh.85.5 billion (*the budgeted amount*). The proposed amount of 10.522 billion is 12.3 % of the expected receipts to the Fund.
19. The allocation criteria of the fund among counties involved the development of weights considering different factors. The identified five (5) factors are weighted as follows: Length of the road (Km)-60%, Climate/Rainfall -5 %, Rural Access Index (RAI)-10%, Distribution soil types- 5%, and an equal share of 20%. The application of the criteria under the allocation of weights against the five factors resulted in a sharing index for each county government. In calculating the allocation per county, the sharing index was multiplied by the total allocation of Ksh.10.522 billion.

1.5 Court fines

20. The Third Schedule contains unconditional additional allocations to counties from court fines amounting to Ksh.116.1 million. The allocation covers the total sum of proceeds from court fines collected from violation of county legislation from FY 2019/20 to FY 2022/23. The Ksh.116.1 million consists of the Ksh.108.6 million contained in the County Governments Additional Allocations Act, 2024, for FY 2023/24 and was not disbursed, and Ksh.7.4 million for FY 2024/25.
21. The amount will be shared among ten(10) counties. The court fines were collected by the judiciary from persons who contravene county laws. The beneficiary counties include: Kiambu County- Ksh.10.7 million, Kisumu County- Ksh.299,912, Kitui County- Ksh.100,000, Laikipia County– Ksh.1.5 million, Machakos County- Ksh.16 million, Migori County– Ksh.974,165,

Mombasa County– Ksh.13.4 million, Murang'a County- Ksh.70 million, Nakuru County– Ksh.1.9 million, and Nyeri County– Ksh.250,000.

1.6 Conditional allocations financed by proceeds of loans/ grants from development partners

22. The Fourth Schedule outlines additional allocations to County Governments from the proceeds of loans or grants from Development Partners for FY 2024/2025 amounting to Ksh.35.659 billion. Additionally, it indicates the beneficiary county for each of the additional allocations. These allocations include-

   a) DANIDA grant for financing Primary Healthcare in Devolved Context amounting to Ksh.487.5 million.
   b) Kenya Informal Settlement Improvement Project (KISIP II)- IDA World Bank funded project amounting to Ksh.10.6 billion.
   c) The Emergency Locust Response Project (ELRP) financed by proceeds from an IDA (World Bank) loan amounting to Ksh.1.9 billion.
   d) Financing Locally-Led Climate Action Program (FLLoCA) County Climate Resilience Investment (CCRI) grant financed by proceeds from a KfW (German Development Bank) loan amounting to Ksh.1.2 billion.
   e) IDA (World Bank) Credit (Financing Locally- Led Climate Action Program, FLLoCA) County Climate Resilience Investment (CCRI) Grants allocation of Ksh.3.712 billion.
   f) IDA (World Bank) loan for the Food Systems Resilience Project (FSRP) totaling Ksh. 2.25 billion.
   g) IDA (World Bank) Loan for the National Agricultural Value Chain Development Project (NAVCDP) amounting to Ksh.5 billion.
   h) IDA (World Bank) loan to finance Water and Sanitation Development Project (WSDP) totalling to Ksh.5.70 billion.
   i) IDA (World Bank) loan for the Kenya Devolution Support Programme (KDSP) II of Ksh.1.76 billion.
   j) IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) – Urban Institutional Grant (UIG) of Ksh.1.57 billion.

k) International Fund for Agricultural Development (IFAD) loan for the Kenya Livestock Commercialization Project (KeLCoP) totalling Ksh.378.7 million.

l) KfW (German Development Bank) Loan for the Drought Resilience Programme in Northern Kenya (DRPNK) of Ksh.781.96 million.

m) International Fund for Agricultural Development (IFAD) loan for the Aquaculture Business Development Programme (ABDP) of Ksh.245.88 million.

n) United Nations Fund for Population Activities (UNFPA) grant for the tenth Country Kenya Programme totalling Ksh.65.2 million.

CHAPTER TWO

OVERVIEW OF PUBLIC PARTICIPATION ON THE BILL

2.1 Introduction

23. The Committee, pursuant to the provisions of Article 118 of the Constitution and Standing Order 145(5) of the Senate Standing Orders, proceeded to undertake public participation on the Bill. In this regard, the Committee published an advertisement in the *Daily Nation* and *Standard* newspapers on Friday, 7th March, 2025 inviting members of the public to submit written memoranda on the Bill. The advertisement was also posted on the Parliament website and social media platforms. A copy of the advertisement is attached (*Annex 4- Published Public Advert*).

24. The Committee received submissions (Annex-3) from the following stakeholders–

    (i) the National Treasury and Economic Planning;
    (j) the Council of Governors (CoG);
    (k) the Commission on Revenue Allocation (CRA);
    (l) the Ministry of Lands, Public Works, Housing and Urban Development;
    (m) the Society of Clerks at the Table in Kenyan Legislatures (SOCATT (K);
    (n) the County Assembly Forum;
    (o) the Institute for Social Accountability(TISA); and
    (p) the Institute of Public Finance (IPF).

2.2 Submissions by the National Treasury and Economic Planning

25. The National Treasury submitted the following;

    a) The Treasury proposed that the Bill be revised to provide more resources to the county governments. They recommended that the Conditional Additional Allocations from the National Government's Share of revenue for FY 2024/25 in the First Schedule of the Bill be adjusted to Ksh.8,417,140,360. They further explained that the difference of Ksh.9,101,729, which was meant to cover the payment of basic salary arrears for county government health workers, would be provided for in the Supplementary III Budget Estimates for the financial year 2024/2025.

b) The Treasury also suggested that the allocation from the Road Maintenance Levy Fund (RMLF) be revised to nil. As a result, they advised that the Second Schedule of the Bill be deleted entirely to reflect this change.

c) Additionally, they recommended that the Third Schedule, which contains Unconditional Additional Allocations from court fines for FY 2024/25, be retained at Ksh.116,092,724 without any adjustments.

d) The Treasury also proposed that the Fourth Schedule, which consists of Conditional Additional Allocations financed from proceeds of loans and grants from development partners for FY 2024/25, be revised from the proposed Ksh.35,658,768,530 to Ksh.42,001,957,723. They noted that the difference between this proposal and the approved amounts in Supplementary II Budget of FY 2024/25 of Ksh.28,241,768,204 would also be included in the Supplementary III Budget Estimates for FY 2024/25.

e) They indicated that the proposed Ksh.2,900,000,000 for the County Aggregated Industrial Parks (CAIP) Programme may only be actualised once the State Department for Industrialization submits the projected county-level allocations.

2.3 Submissions by the Council of Governors

26. CoG submitted as follows;

a) The Council of Governors expressed concern over the County Governments Additional Allocations Bill, 2025. They reported that the recently enacted Supplementary Appropriation Act, 2025, had significantly reduced the additional allocations to counties across various national government Ministries, Departments, and Agencies. The Council stated that this reduction would negatively impact the implementation of county budgets if not reversed.

b) They noted that counties had already made financial commitments based on the initial allocations, which informed their budgets and cash flow projections. The Council warned that the budget cuts would stall development projects, including the construction of five county headquarters in Isiolo, Lamu, Nyandarua, Tana River, and Tharaka Nithi, as well as disrupt ongoing projects like KISIP II and KUSP II.

c) Furthermore, the Council reported that service delivery to citizens would be disrupted, pending bills would accumulate, and counties would face increased litigation from suppliers and contractors. They also cautioned that counties risked losing donor funds due to failure to meet agreed conditions. Lastly, they highlighted that all 47 counties would be forced to undergo costly and time-consuming budget revisions, further complicating the absorption of funds.

d) The Council of Governors (COG) urged the Senate to reinstate the allocations initially budgeted for by county governments. They further called on the Senate to compel the National Treasury to take necessary action to ensure compliance with the Act, either through disbursements under Article 223 of the Constitution or by preparing Supplementary Budget III.

e) They recommended the deletion of clause 5(2), which addresses conditional allocations financed by proceeds from the Road Maintenance Fuel Levy Fund (RMLF), as outlined in the Second Schedule. The Council explained that the matter was currently under court proceedings, with an active order freezing Ksh.10,522,211,553 until the case is concluded, meaning the funds will not be disbursed even if the Act was passed.

f) Additionally, under clause 5(4), the Council proposed the insertion of new subsections to account for various conditional grants. They suggested including the AFD (French Development Agency) loan for the Kenya Informal Settlement Improvement Project (KISIP II), noting that the project has two components that need to be separated. The IDA (World Bank) loan for KISIP II amounts to Ksh.5,156,696,115, while the AFD loan Ksh.5,243,303,885.

g) They also proposed the inclusion of the IDA (World Bank) loan for the Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG), amounting to Ksh.5,890,000,000, which had been omitted.

h) Lastly, they recommended adding the Swedish International Development Cooperation Agency (SIDA) grant for the Kenya Agricultural Business Development Project (KABDP), which had an initial allocation of Ksh.513,189,193.

2.4 Submissions by the Commission on Revenue Allocation

27. CRA submitted as follows;

a) That clause 3 of the Bill on the object of the Act be amended by including two new paragraphs after paragraph (c). The first paragraph to provide for additional allocations to county governments from conditional allocations financed by proceeds from the Road Maintenance Levy Fund and the second to provide for unconditional allocations to county governments from proceeds of court fines collected through the enforcement of county legislation.

b) The CRA explained that the introduction of these clauses would ensure harmony between clauses 3 and 5 of the Bill. They also emphasized that the new clauses are important because allocations from the Road Maintenance Levy Fund and proceeds from court fines do not constitute additional allocations under Article 202(2), as outlined in section 3(a) of the draft Bill.

c) The Commission on Revenue Allocation recommended the deletion of the Second Schedule, which sets out the share of the conditional allocations financed by proceeds from the Road Maintenance Levy Fund among county governments for the financial year 2024/25 under sub-clause 5(2). They noted that the ongoing court case regarding the RMLF necessitates the removal of this schedule to avoid delaying the enactment of the Bill.

d) Further, that the Senate should intervene and have the issue of RMLF amicably and urgently resolved to unlock the funds for maintenance of roads in the counties.

e) The CRA recommended a review of sub-clause 5(5), which outlined the criteria for allocating conditional grants from KfW (German Development Bank) and IDA loans for the FLLoCA–County Climate Resilience Investment Grant. They noted that the current formula, based on fixed share, rural population, rural area, and poverty, lacked clarity on which national revenue-sharing formula it referenced.

f) Additionally, they observed that the use of rural population and rural area as criteria unfairly disadvantaged urban counties like Nairobi and Mombasa. The Commission urged a revision of the clause to ensure clarity and equity among all counties.

2.5 Submissions by the Ministry of Lands, Public Works, Housing and Urban Development

28. The Ministry of Lands, Public Works, Housing and Urban Development made the following submissions;

a) The Ministry submitted a request for the reconsideration of the Kenya Informal Settlements Improvement Project II (KISIP 2) framework for the County Governments Additional Allocation Bill (CGAAB) for the Financial Year 2024/2025.

b) The project is funded by the Government of Kenya and International Development Association (loan) and French Development Agency (loan and grant). Part of the funding is disbursed to 23 participating counties as conditional grants.

c) The project has been under implementation since 2021 and the IDA funding is due to close on 30th July, 2025 in the event an extension is not granted. The funds (both IDA and AFD) have been committed through various ongoing contracts amounting to Ksh. 10,776,278,934 and Ksh. 4,084,637,317 under IDA and AFD respectively. These contracts were signed on diverse dates between November 2023 and June 2024 amongst the 23 participating counties.

d) Out of the committed funds above, only Ksh. 5,790,735,172 has been disbursed from the IDA portion while no funds have been transferred from AFD. This leaves the counties with unprecedented liquidity problems thus limiting their abilities to effectively implement the Project.

e) In the Financial Year 2024/2025, the Project had been allocated Ksh. 10,400,000,000 as conditional grants to 23 participating counties. The funds are from the two financiers IDA (World Bank) Ksh. 5,156,696,115 and Ksh. 5,243,303,885 under the French Development Agency (AFD).

f) That the figures were all captured as IDA (World Bank) in the Bill and therefore the Senate should revise it to capture the separation between the two financiers.

g) The Ministry of Lands, Public Works, Housing, and Urban Development further highlighted that the project budget had been significantly affected by the Supplementary Estimates No. II. The Ministry reported that the budget was reduced from KES 11.2 billion — which was already below the required KES 14.1 billion — to a much lower total of KES 2.9 billion. This drastic reduction severely impacted the budgetary provisions for counties, undermining their ability to implement KISIP 2 activities effectively.

h) The Ministry expressed serious concerns regarding the potential passing of the County Governments Additional Allocation Bill (CGAAB), National Assembly Bill No. 2 of 2025, with adjusted figures as proposed in the Supplementary Bill, 2025. The Ministry warned that if these adjustments were enacted, the entire Kenya Informal Settlements Improvement Project II (KISIP 2) would be at risk. They reported that some counties had already received formal notices from contractors regarding delayed payments. The Ministry anticipated that this situation would lead to significant demands for interest payments on the delayed amounts, further straining the counties' financial resources.

i) Moreover, the Ministry highlighted that delayed contract administration due to non-payment of contractors would lead to price escalations. These additional costs would have to be absorbed by counties from their already strained counterpart funding, threatening their ability to carry out essential functions and complete ongoing projects.

j) The Ministry requested that the CGAAB allocation be maintained at its original level or at least increased to cover undisbursed contract amounts, totalling Ksh. 4,985,543,762 and for IDA and Ksh. 4,084,637,317. They also appealed to the National Treasury for support, stressing that this would enable successful project completion and protect taxpayers from additional costs caused by delayed payments.

2.6 Submissions by the Society of Clerks at the Table in Kenyan Legislatures (SOCATT (K)

29. SOCATT (K) submitted the following;

a) On the approval timelines, SOCATT noted that the Bill should be approved before 28th February every year to enable counties to include the allocations in the resource envelope.

b) There’s need to clarify on whether the aggregate industrial park grant is a 2nd Phase allocation or allocation carried forward from FY 2023/24.

c) The Bill has not indicated KDSP-II-Development Grant despite notification from the State Department for Devolution to counties on the same. This should be included.

d) The current grant framework focuses heavily on county executives, with no clear allocation for county assemblies. This creates a gap in funding for critical functions such as public participation, oversight, financial management, and human resource development within County Assemblies.

e) That for KDSP II to be fully effective, it must recognize the complementary roles of both county executives and county assemblies. Providing direct funding to county assemblies will enhance public participation, strengthen financial oversight, improve performance management, and ensure the successful transition to accrual accounting. A more inclusive funding framework will contribute to the overall success of devolution in Kenya by promoting accountability, efficiency, and citizen engagement.

2.7 Submissions by the Institute of Public Finance (IPF)

30. IPF submitted the following;

a) IPF noted that the previous County Government Additional Allocation Act (2022) limited county funding to grants from development partners, restricting financial support. They highlighted that the current Bill expands the scope by using the term "additional allocations," which includes both grants and conditional transfers from the national government. This change provides a legal framework for broader county funding, enhancing financial flexibility.

b) The criteria for financing the Locally Led Climate Action (FLLoCA) program in the Bill promote fiscal responsibility by ensuring that counties only receive additional allocations if they meet the set requirements. However, IPF recommended that the criteria be applied to other programs as a standard basis for additional allocations, ensuring consistency and accountability in county funding.

2.8 Submissions by The Institute for Social Accountability (TISA)

31. TISA submitted the following;

a) TISA noted that the allocation for the construction of industrial parks is insufficient. They highlighted that counties would need to seek additional funding or explore private partnerships to bridge the financial gap.
b) The Institute acknowledged that the allocations for paying healthcare salary arrears is a positive step towards addressing county governments' salary backlogs from the 2017-2021 Collective Bargaining Agreement (CBA). They noted that while this would help ease labor disputes and improve service morale, it might not fully resolve all pending salary issues.
c) They urged the national government to collaborate with county governments to comprehensively address outstanding salary arrears and benefits. They also emphasized the need for measures to prevent future salary backlogs through improved fiscal planning and sustainable financial management.
d) TISA observed that the unconditional allocations to county governments from court fines constituted a relatively small portion of the overall budget. They noted that the court system generated low revenue, making it insufficient to significantly support county budgets. To address this, TISA emphasized the need for greater transparency and efficiency in the collection and remittance of court fines. They argued that improving accountability in this system would increase county revenues and help reduce reliance on national government transfers.
e) TISA acknowledged that the conditional additional allocation of Ksh. 42,001,957,724 from loans and grants would provide crucial support for major development projects. However, they raised concerns about the rising debt levels and the sustainability of relying on external funding. They emphasized the need for careful debt management to ensure long-term financial stability for county governments.
f) TISA observed that county administrations had repeatedly relied too heavily on national transfers, raising concerns about the sustainability of such allocations. They recommended that to enhance county fiscal autonomy, the government should implement administrative measures to improve own-source revenue without overburdening citizens and businesses with additional levies and taxes.
g) Additionally, TISA proposed that the Bill should clearly outline how mineral royalties are shared between the national and county governments to ensure transparency and equitable distribution of resources.

2.9 Submissions by County Assembly Forum

32. CAF submitted the following-

    a) CAF expressed concerns that despite the Bill's intention to allocate more resources to counties, it lacked sufficient safeguards against mid-year adjustments or unilateral reductions of funds. They emphasized that predictability is crucial for county-level planning, and abrupt changes to allocations could jeopardize ongoing projects.

    b) They also noted that while the Bill outlines reporting obligations, it does not impose penalties for delays or unilateral diversions of disbursed funds. This leaves County Assemblies, which have a constitutional mandate to oversee fund usage, with limited options if allocations are altered without consultations.

    c) CAF further highlighted risks associated with donor-supported funds, warning that unilateral adjustments could not only disrupt county projects but also undermine donor confidence in Kenya's intergovernmental fiscal framework.

    d) Additionally, they raised concerns about the lack of clear mechanisms for resolving disputes related to funding shortfalls, late disbursements, or budget cuts. They stressed the need for cooperative governance with structured mediation and dispute resolution processes.

    e) CAF pointed out that Ksh. 38.4 billion—comprising Ksh. 24 billion from donor-funded projects and Ksh. 13 billion from national government grants—had apparently been diverted or reduced in the budget process. Since many counties had already planned and committed funds based on those allocations, any withdrawal poses serious risks to local budgets and development initiatives, particularly in agriculture, health, fisheries, and infrastructure sectors. They cautioned that such reductions undermine the constitutional goal of equitable resource distribution and threaten essential services.

    f) CAF proposed an amendment to clause 5 of the Bill to expand and clarify the categories of conditional allocations from the National Government's share of revenue for the financial year 2024/25. They recommended explicitly including allocations for the construction of county headquarters, the County Aggregation and Industrial Parks (CAIP) programme, the Community Health Promoters (CHP) project, basic salary arrears for county government health workers, and the transfer of the museum function.

g) Additionally, CAF suggested that conditional allocations financed by proceeds from the Road Maintenance Fuel Levy (RMLF) Fund be set out in the Second Schedule.

h) They argued that these amendments would ensure that key county priorities are adequately recognized and funded under the law.

i) CAF urged the Senate to reverse any decision to divert or reduce the Kshs. 38.4 billion in donor-funded and additional allocations. They stressed that restoring these funds without delay would safeguard ongoing county projects in healthcare, agriculture, fisheries, water, roads, infrastructure, and the industrial parks program.

j) They further recommended amendments to the Bill to ensure that no allocations, whether from donors or the National Government, could be reduced or diverted without prior consultation and approval by both the Senate and the affected counties. This measure, they argued, would protect counties from future unilateral budget cuts.

k) CAF also called on the National Treasury to engage county governments and development partners regularly to address emerging financing issues collaboratively. They suggested that open communication, clear planning timelines, and formal consultation on any proposed changes to county finances would help mitigate mistrust and ensure decisions align with devolved service delivery needs.

l) Additionally, they emphasized that both levels of government should respect Article 203 of the Constitution regarding the equitable sharing of resources. They highlighted that donor funds are often tied to specific agreements, and unilateral changes could erode donor trust, ultimately jeopardizing critical programs intended to benefit citizens.

2.10 Submissions by the Ministry of Agriculture and Livestock Development

33. The Ministry submitted the following-

   a) The Ministry raised concerns over delayed approval of the County Governments Additional Allocations Bill (CGAAB), 2025) for FY 2024/25.

   b) The World Bank's Agricultural Portfolio in Kenya is valued at Ksh.500 billion and currently supports three key projects across 45 counties, which include; National Agricultural Value Chain Development Project (NAVCDP) for USD 270 million covering 33 Counties, Food Systems Resilience Project (FSRP) for USD 150 million covering 13 Counties, and Emergency Locust Response Program (ELRP) for USD 73.9 million covering 15 Counties.

   c) According to the printed estimates for the Financial Year 2024/25, the 45 counties were expected to receive Ksh.8.15 billion, subject to the passage of CGAAB, 2025 (NAVCDP Ksh.5.0 billion; FSRP Ksh.2.25 billion and ELRP Ksh.1.9 billion).

   d) The Emergency Locust Response Program (ELRP) closing date was extended from December 31st 2024 to June 30th 2025 to allow for the disbursement of FY 2024/25 funds, ensuring the implementation of approved investments and a smooth project closure. However, the delayed approval of the County Governments Additional Allocations Bill (CGAAB), 2025, has hindered fund disbursement, risking the cancellation of Ksh.1.38 billion. Given the limited time remaining in the project period and the need to comply with mandatory defect liability periods, implementing the approved investments is becoming increasingly unfeasible.

   e) The Ministry highlighted that 15 counties implementing the Emergency Locust Response Program (ELRP) had pending contractual obligations amounting to Ksh. 151,438,246. They cautioned that if the planned loan cancellation proceeded, counties would have to cover these costs from their own exchequers, further straining local resources. They urged the urgent approval of the County Governments Additional Allocations Bill (CGAAB), 2025, to prevent financial losses and ensure ELRP projects were successfully completed.

f) NAVCDP trained 7,500 young agripreneurs in 33 counties to provide extension and market linkage services, while FSRP engaged 1,925 agripreneurs in 13 counties.

g) The agripreneurship program, funded in FY 2023/24, risks suspension if county disbursements continue to be delayed. With the 2024 short rain season already lost, urgent approval of CGAAB 2025 is needed before the long rain season (March-May 2025) to support agricultural recovery. Parliament should therefore prioritize the Bill's approval.

CHAPTER THREE

COMMITTEE OBSERVATIONS

34. The Committee, having considered the Bill and stakeholders' observations, made the following observations-

a) The Bill applies to allocations for FY 2024/25 and is being considered and processed three months to the end of the financial year. The impact of the delay in the enactment of the Bill may result in non-disbursement of the full allocations and low absorption. Further, the Bill doesn't provide a mechanism for fast-tracking the non-disbursed allocations in subsequent years.

b) The donor funded projects are significantly affected by the delayed enactment of the Bill through fluctuations in the exchange rates and the changes in policies by donor governments and conditions to be met by counties therein. In addition, the government continues to bear huge commitment fees on the loans, which undermines the rationale for seeking development partners support.

c) The additional allocations to counties have to be appropriated through the national government annual appropriations to allow the withdrawal of the funds from the Consolidated Fund (CF) to the relevant Ministries, Departments Agencies (MDAs) and subsequently be transferred to the County Revenue Funds (CRF) of the beneficiary counties. Additionally, the beneficiary county governments must adjust their budgets and appropriation laws to facilitate the withdrawal of funds from the respective county revenue funds.

d) The supplementary estimates and appropriations have been negatively affecting allocations in the Bill, a situation that complicates the approval of the Bill by both Houses. In the approved supplementary Estimates No.II of FY 2024/25; there were significant changes in the allocations as compared to allocations in the Bill.

e) The High Court in *(Issa Elanyi Chemao vs National Assembly)* case Number HCP/E423/2024 issued a conservatory order freezing funds held by the Kenya Roads Board collected as Road Maintenance Levy Fund in FY 2024/25 amounting to Ksh.10.522 billion which was proposed to be allocated to county governments.

f) The National Treasury proposed a number of amendments to the Schedules including upward adjustments to a number of allocations. In addition, the Treasury committed to provide for any difference between the additional allocations proposed to be included in the Bill and national government's budget in Supplementary III Budget Estimates for Financial Year 2024/25.

g) The County Aggregation and Industrial Parks (CAIP) programme was meant to be being implemented in phases, where 18 counties were to benefit in FY 2023/24, the second set of 18 Counties in FY 2024/25, and the last 11 counties in FY 2025/26. However, in FY 2023/24 the first set of 18 counties did not receive the full contribution from the National Government of Ksh.250 million. Due to this, in the FY 2024/25 priority was given to the counties under the first phase to enable them fast-track completion of the Project. The allocation proposed in the Bill of Ksh.2.9 billion is being shared among twenty –one Counties, with priority given to thirteen (13) counties to facilitate completion of the projects by receiving the full balance of the contribution from the National government. The counties were categorised into three (3) set as indicated below-

Set 1	**Set 2**	**Set 3**
Bungoma, Busia, Embu, Garissa, HomaBay, Kiambu, Kirinyaga, Machakos, Meru, Migori, Mombasa, Murang'a, Nakuru, Nandi, Nyamira, Siaya, Trans Nzioa, Uasin Gishu.	Baringo, Elgeyo/Marakwet, Kajiado, Kericho, Kakamega Kilifi, Kisii, Kitui, Kwale, Laikipia, Mandera, Narok, Nyandarua, Nyeri, Taita Taveta, Tharaka Nithi, Vihiga, Wajir.	Bomet, Isiolo, Kisumu, Lamu, Makueni, Marsabit, Nairobi, Samburu, Tana River, Turkana, West Pokot.

CHAPTER FOUR

COMMITTEE RECOMMENDATIONS

35. The Committee recommends that the Senate approves the Bill with the following amendments (Annex-2)-
    a) deletion of First Schedule and replacing it with a new schedule allocating Ksh.8,417,140,360 as additional allocations to counties from the National Government's share.
    b) deletion of Second Schedule; since the allocation may not be utilised noting the High Court issued a conservatory order freezing the proposed allocation to counties from RMLF.
    c) deletion of Fourth Schedule and replacing it with a new schedule allocating Ksh.42,001,957,723 to counties from proceeds of loans and loans from development partners.

List of Annexes

Appendix 1: Signed minutes of the sittings of the Committee on considering the Bill

Appendix 2: Proposed Committee Stage Amendments

Appendix 3: Copies of submissions

Appendix 4: Advertisement as published in the media

Annex 1: Signed minutes of the sittings of the Committee on considering the Bill

MINUTES OF THE TWO HUNDRED AND FIRST (201ST) HYBRID MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON THURSDAY, 27TH MARCH, 2025 IN GROUND FLOOR BOARDROOM, COUNTY HALL, PARLIAMENT BUILDINGS AT 8.30 A.M.

PRESENT

1. Sen. (Dr.) Boni Khalwale, CBS, MP - Member **(Chairing)**
2. Sen. Mohamed Faki Mwinyihaji, CBS, MP - Member **(Virtual)**
3. Sen. Richard Momoima Onyonka, MP - Member
4. Sen. Mariam Sheikh Omar, MP - Member
5. Sen. Esther Okenyuri, MP - Member **(Virtual)**

ABSENT WITH APOLOGY

6. Sen. (Capt.) Ali Ibrahim Roba, EGH, MP - **Chairperson**
7. Sen. Maureen Tabitha Mutinda, MP - **Vice-Chairperson**
8. Sen. Eddy Oketch Gicheru, MP - Member
9. Sen. Shakila Abdalla Mohamed, MP - Member

SECRETARIAT

1. Mr. Christopher Gitonga - Clerk Assistant
2. Ms. Beverlyne Chivadika - Clerk Assistant
3. Ms. Lucy Radoli - Legal Counsel
4. Mr. Mitchell Otoro - Legal Counsel
5. Mr. Constant Wamayuyi - Fiscal Analyst
6. Mr. Kiminza Kioko - Fiscal Analyst
7. Ms. Hamun Mohamud - Research Officer
8. Mr. Stanley Gikore - Media Relations Officer
9. Ms. Johnstone Simiyu - Audio Officer
10. Mr. James Ngusya - Sergeant-At-Arms
11. Mr. Enock Chelal - Intern

MIN/SEN/SCF&B/1161/2025 PRELIMINARIES

The Temporary Chairperson called the meeting to order at 8.57 a.m. This was followed by a word of prayer and followed by a round of introduction.

MIN/SEN/SCF&B/1162/2025 ADOPTION OF THE AGENDA

The agenda was adopted after being proposed by Sen. Mariam Sheikh Omar, MP, and seconded by Sen. Richard Momoima Onyonka, MP, as listed below-

1. Prayer;
2. Adoption of the Agenda;
3. Confirmation of Minutes of the 198th sitting;
4. Matters arising from the minutes of previous meeting;
5. Consideration and adoption of the Report on the County Governments Additional Allocations Bill, (Senate Bills No. 1 of 2025)-*Committee Paper No.131*
6. Any Other Business; and
7. Adjournment and Date of the Next Meeting.

MIN/SEN/SCF&B/1163/2025 CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING

The Minutes Hundred and Ninety- Eight (198th) meeting held on Thursday, 20th March, 2025 at 9:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Mariam Sheikh Omar, MP, and seconded by Sen. Richard Momoima Onyonka, MP.

MIN/SEN/SCF&B/1164/2025 CONSIDERATION OF THE REPORT ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2025 (SENATE BILLS NO. 1 OF 2025) -*(COMMITTEE PAPER NO.131)*

The Committee considered the draft report on the County Governments Additional Allocations Bill, 2025 (Senate Bills No. 1 of 2025). The report summarised the contents of the Bill, submissions from stakeholders' submissions, observations and recommendations.

The Committee took note of stakeholders' submissions. Committee further noted that the National Treasury had proposed various amendments to additional allocations to counties, and that the proposed revisions to additional allocations to counties will be factored into Supplementary Budget III for FY 2024/2025.

The Committee also took note of the implementation of CAIPs in phases and funds disbursed to beneficiary counties. Further, that an audit should be carried out on the court fines collected by Judiciary for contravention of county legislations.

MIN/SEN/SCF&B/1165/2025 ADOPTION OF THE REPORT ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2025 (SENATE BILLS NO. 1 OF 2025)

The Committee having considered the report unanimously adopted it having been proposed by Sen. Esther Okenyuri, MP, and seconded by Sen. Mariam Sheikh Omar, MP, with the following recommendations-

a) deletion of First Schedule and replacing it with a new schedule allocating Ksh.8,417,140,360 as additional allocations to counties from the National Government's share.

b) deletion of Second Schedule; since the allocation may not be utilised noting the High Court issued a conservatory order freezing the proposed allocation to counties from RMLF.

c) deletion of Fourth Schedule and replacing it with a new schedule allocating Ksh.42,001,957,723 to counties from proceeds of loans and loans from development partners.

MIN/SEN/SCF&B/1166/2025 ADJOURNMENT AND THE DATE OF THE NEXT MEETING

The meeting adjourned at 9.28 a.m. Next meeting shall be by notice.

SIGNATURE: .... **DATE:** 27.03.25

for **SEN.(CAPT.) ALI IBRAHIM ROBA, EGH, MP**

(CHAIRPERSON)

MINUTES OF HUNDRED AND NINETY-EIGHTH (198TH) MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON THURSDAY, 20TH MARCH, 2025 IN GROUND FLOOR BOARDROOM, COUNTY HALL, PARLIAMENT BUILDINGS AT 9.00 A.M.

PRESENT

1.	Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	-	**Chairperson (Virtual)**
2.	Sen. Maureen Tabitha Mutinda, MP	-	**Vice-Chairperson**
3.	Sen. (Dr.) Boni Khalwale, CBS, MP	-	Member **(Chairing)**
4.	Sen. Mohamed Faki Mwinyihaji, CBS, MP	-	Member
5.	Sen. Richard Momoima Onyonka, MP	-	Member
6.	Sen. Eddy Oketch Gicheru, MP	-	Member
7.	Sen. Mariam Sheikh, MP	-	Member
8.	Sen. Esther Okenyuri, MP	-	Member

ABSENT WITH APOLOGY

9.	Sen. Shakila Abdalla Mohamed, MP	-	Member

SECRETARIAT

1.	Mr. Christopher Gitonga	-	Clerk Assistant
2.	Ms. Beverlyne Chivadika	-	Clerk Assistant
3.	Ms. Lucy Radoli	-	Legal Counsel
4.	Mr. Mitchele Otoro	-	Legal Counsel
5.	Mr. Constant Wamayuyi	-	Fiscal Analyst
6.	Mr. Kiminza Kioko	-	Fiscal Analyst
7.	Ms. Hamun Mohamud	-	Research Officer
8.	Mr. Stanley Gikore	-	Media Relations Officer
9.	Ms. Rose Ometere	-	Audio Officer
10.	Mr. James Ngusya	-	Sergeant-At-Arms

MIN/SEN/SCF&B/1147/2025 PRELIMINARIES

The Vice-Chairperson called the meeting to order at 9.16 a.m. This was followed by a word of prayer by Sen. Mohamed Faki Mwinyihaji, CBS, MP, and followed by a round of introduction.

MIN/SEN/SCF&B/1148/2025 ADOPTION OF THE AGENDA

The agenda was adopted after being proposed by Sen. Mohamed Faki Mwinyihaji, CBS, MP, and seconded by Sen. Esther Okenyuri, MP, as listed below-

1. Prayer;
2. Introduction;
3. Adoption of the Agenda;
4. Confirmation of Minutes of 182^{nd}, 188^{th}, 195^{th}, and 196^{th} Sittings;
5. Matters arising from the minutes of the previous sittings;
6. Consideration of the-
    a) County Governments Additional Allocations Bill, 2025 (Senate Bills No. 1 of 2025);
    b) Public Procurement and Asset Disposal (Amendment) Bill, 2024 (National Assembly Bills No. 48 of 2024) -*(Committee Paper No.103)*
7. Any Other Business; and
8. Adjournment and Date of the Next Meeting.

MIN/SEN/SCF&B/1149/2025 CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING

a) The Minutes Hundred and Ninety- Sixth(196^{th}) meeting held on 18^{th} March, 2025 were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. (Dr.) Boni Khalwale, CBS, MP, and seconded by Sen. Maureen Tabitha Mutinda, MP.
b) The Minutes Hundred and Ninety- Fifth (195^{th}) meeting held on 13^{th} March, 2025 were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Richard Momoima Onyonka, MP, and seconded by Sen. Esther Okenyuri, MP.
c) The Minutes Hundred and Eighty- Eighth (188^{th}) meeting held on 6^{th} March, 2025 were confirmed as a true record of the proceedings of the committee having been proposed by Sen. Maureen Tabitha Mutinda, MP and seconded by Sen. (Dr.) Boni Khalwale, CBS, MP.
d) The Minutes Hundred and Eighty- Second (182^{nd}) meeting held on 10^{th} February, 2025 were confirmed as a true record of the proceedings of the committee having been proposed by Sen. (Dr.) Boni Khalwale, CBS, MP, and seconded by Sen. Richard Momoima Onyonka, MP.

MIN/SEN/SCF&B/1150/2025 MATTERS ARISING FROM THE PREVIOUS SITTINGS

195th Sitting

Ex. Min/SEN/SCF&B/1137/2025 Recommendation on the Fourth Basis for Sharing Revenue among Counties

Four Committee Members confirmed their availability to attend the retreat with the Commission on Revenue Allocation (CRA) to deliberate on the recommendation on Fourth Basis for revenue sharing among county governments, which was scheduled to take place on Monday, 24th March 2025. Having achieved the quorum, the meeting resolved that the retreat would proceed. In addition, two members requested to be allowed to join the meeting via the Zoom online platform.

EX. Min/SEN/SCF&B/1136/2025 Consideration of Bills

The meeting was informed that the Senate Business Committee (SBC) in its meeting on Tuesday, 18th March, 2025, deliberated on a number of Bills some of which were under consideration by the Committee. The SBC observed that-

a) the County Governments (Revenue Raising Process) Bill (National Assembly Bills No.11 of 2023) was similar to the one that was read a First Time in the Senate, sponsored by the Senate Majority Leader. Consequently, the SBC advised that the National Assembly Bill should be processed and that the Senate would make any necessary decision when considering the Bill.
b) The Public Finance Management (Amendment) Bill (Senate Bills No.40 of 2023), sponsored by Sen. Hamida Kibwana, MP, was approved by the Senate and referred to the National Assembly for consideration. However, the National Assembly's Public Finance Management (Amendment) (No.3) Bill (National Assembly Bills No.44 of 2024), referred to the Senate for consideration, contains similar provisions. The SBC advised that the Bill should be processed in usual manner.
c) On the court case file by the Council of Governors on the Road Maintenance Levy Fund (RMLF), the SBC resolved that Senate should not apply to be enjoined in the case.

MIN/SEN/SCF&B/1151/2025 COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2025 (SENATE BILLS NO. 1 OF 2025) -*(COMMITTEE PAPER NO.103)*

1. The Committee considered Paper No.103, on processing of the County Governments Additional Allocations Bill, 2025 (Senate Bills No. 1 of 2025), and noted the contents thereof.
2. The Committee further noted that the Bill-
   a) provides for the transfer of conditional and unconditional allocations from the National government's share of Revenue and proceeds of external loans and grants from development partners to the county governments for the Financial Year 2024/25.
   b) The First Schedule to the Bill outlines additional allocations amounting to Ksh.7.545 billion to County Governments from the National Governments' share of the revenue raised nationally for FY 2024/2025. The allocations are-
      i. Supplement for Construction of County Headquarters amounting to Ksh.532 million to be shared among the four (4) Counties.
      ii. County Aggregation and Industrial Parks (CAIP) programme to be undertaken in 19 counties, totalling Ksh.2 billion.
      iii. Community Health Promoters (CHPs) Programme amounting to Ksh.3.234 billion to be shared among the forty-seven county governments.
      iv. Basic Salary Arrears for County Government Health Workers amounting to Ksh.1.759 billion.
      v. Transfer of Museum function amounting to Ksh.30.184 million.
   c) The Second Schedule of the Bill contains conditional additional allocations from the Road Maintenance Levy Fund (RMFL) amounting to Ksh.10.522 billion for the maintenance of county roads.
   d) The Third Schedule contains unconditional additional allocations to counties from court fines amounting to Ksh.116.1 million. The Ksh.116.1 billion consists of the Ksh.108.6 million for FY 2023/2024 which was not disbursed, and Ksh.7.4 million as proposed allocation for FY 2024/25.
   e) The Fourth Schedule outlines additional allocations to County Governments from the proceeds of loans or grants from Development Partners for FY 2024/2025 amounting to Ksh.35.66 billion, and the beneficiary county for each of the additional allocations.

Committee observations

a) The Bill provides for additional allocations to counties for the FY 2024/25 was being considered and processed three (3) months to the end of the Financial Year. The impact of the delay in the enactment of the Bill may result in non-disbursement of all the additional allocations or low absorption of the funds.
b) The donor funded projects are significantly affected by the delayed enactment of the Bill, fluctuations in the exchange rates and the changes in policies by donor governments and conditions to be met by counties therein.
c) The approved supplementary Estimates No. II for FY 2024/25 had significant changes in the allocations provided in the Bill and the Budget.
d) The Committee proposed pre-consultation meetings between the Chairpersons of the Senate Committee on Finance and Budget and the National Assembly Committee on Budget and Appropropriation to avoid having both Houses publish the same Bill.
e) World Bank Group has proposed that additional allocations from proceeds of loans and grants from development partners should be processed in a separate Bill from additional allocations from National Government's share of revenue to avoid delayed disbursement of donor funds to counties.

Committee resolutions

Following deliberations-

a) In order to avoid further delays in approval of the Bill, the Committee resolved to process the Bill and propose amendments to reflect the amounts in the approved Supplementary Budget II for FY 2024/2025.
b) the Chairperson should consult with the House leadership to ensure scheduling of the Bill for consideration by the Senate during the Special Sitting proposed on Thursday, 27th March, 2025.

MIN/SEN/SCF&B/1152/2025 ADJORNMENT AND THE DATE OF THE NEXT MEETING

The meeting adjourned at 10.53 a.m. Next meeting shall be by notice.

SIGNATURE: .... **DATE:** ....27.03.25.......

for **SEN.(CAPT.) ALI IBRAHIM ROBA, EGH, MP**

(CHAIRPERSON)

Annex 2: Proposed Committee amendments

27th March, 2025

The Clerk of the Senate
Parliament Buildings
NAIROBI

RE: COMMITTEE STAGE AMENDMENTS TO THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2025 (SENATE BILLS NO. 1 OF 2025)

NOTICE is given that Sen. (Dr.) Boni Khalwale, CBS, MP intends to move the following amendments to the County Governments Additional Allocations Bill, 2025 Senate Bills No.1 of 2025, at the Committee Stage—

CLAUSE 5
THAT clause 5 of the Bill be amended—

(a) in subclause (1) by deleting paragraph (e);

(b) deleting subclause (2).

(c) by deleting subclause (4) and substituting therefor the following new subclause—

(a) conditional allocations from a grant by DANIDA to finance Primary Healthcare in Devolved Context as set out in Column B;

(b) conditional allocations financed by proceeds from an IDA (World Bank) loan to finance the Kenya Informal Settlement Improvement Project (KISIP II) as set out in Column C;

(c) conditional allocations financed by proceeds from an AFD (French Development Agency) loan to finance the Kenya Informal Settlement Improvement Project (KISIP II) as set out in Column D;

(d) conditional allocations financed by proceeds from an IDA (World Bank) loan to finance Emergency Locust Response Project (ELRP) as set out in Column E;

(e) conditional allocations financed by proceeds from a KfW (German Development Bank) loan for co- financing of FLLoCA – County Climate Resilience Investment (CCRI) Grant amounting to Kenya shillings one billion, two hundred million as set out in Column F;

(f) conditional allocations financed by proceeds from an IDA (World Bank) loan for the FLLoCA - County Climate Resilience Investment (CCRI) Grant amounting to Kenya shillings three billion, seven hundred and twelve million as set out in Column G;

(g) conditional allocations financed by proceeds from an IDA (World Bank) loan for the Food Systems Resilience Project - FSRP) as set out in Column H;

(h) conditional allocations financed by proceeds from an IDA (World Bank) loan for the National Agricultural Value Chain Development Project (NAVCDP) as set out in Column I;

(i) conditional allocations from an IDA (World Bank) loan to finance Water and Sanitation Development Project (WSDP) as set out in Column J;

(j) conditional allocations financed by proceeds from an IDA (World Bank) loan for the Kenya Devolution Support Programme (KDSP II) as set out in Column K;

(k) conditional allocations financed by proceeds from an IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG) as set out in Column L;

(l) conditional allocations financed by proceeds from an IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG) as set out in Column M;

(m) conditional allocations financed by proceeds from an International Fund for Agricultural Development (IFAD) loan for the Kenya Livestock Commercialization Project (KeLCoP) as set out in Column N;

(n) conditional allocations financed by proceeds from a KfW (German Development Bank) Loan for the Drought Resilience Programme in Northern Kenya (DRPNK) as set out in Column P;

(o) conditional allocations financed by proceeds from an International Fund for Agricultural Development (IFAD) loan for the Aquaculture Business Development Programme (ABDP) as set out in Column Q;

(p) conditional allocations financed by proceeds from a grant financed by the United Nations Fund for Population Activities (UNFPA) for the tenth Country Program as set out in Column R; and

(q) conditional allocations financed by proceeds from a grant financed by the SWEDEN - Kenya Agricultural Business Development Project (KABDP) as set out in Column S.

FIRST SCHEDULE

THAT the Bill be amended by deleting the First Schedule and substituting therefor the following new Schedule—

FIRST SCHEDULE

(s. 5(1))

	Conditional Additional Allocations to County Governments from National Government's Share of Revenue in FY 2024/25 (Kenya Shillings)						
		FY 2023/24	FY 2024/25				
SN	COUNTY	Total Conditional Additional Allocations	Supplement Construction of County Headquarter	County Aggregation and Industrial Parks (CAIP) Programme	Community Health Promoters (CHPs) Project	Basic Salary Arrears for County Government Health Workers.	Total Conditional Additional Allocations
		Column A	Column B	Column C	Column D	Column E	Column G
1	Baringo	92,926,764			63,810,000	19,263,318	**83,073,318**
2	Bomet	132,634,641			74,070,000	21,261,693	**95,331,693**
3	Bungoma	492,962,800		186,000,000	107,400,000	39,854,059	**333,254,059**
4	Busia	376,591,665		186,000,000	66,390,000	23,691,627	**276,081,627**
5	Elgeyo/Marakwet	64,400,155			37,200,000	15,685,017	**52,885,017**
6	Embu	363,131,838		186,000,000	60,300,000	32,801,231	**279,101,231**
7	Garissa	264,807,925		186,000,000	74,520,000	32,981,339	**293,501,339**
8	Homa Bay	415,917,803		186,000,000	88,620,000	26,419,251	**301,039,251**
9	Isiolo	64,333,234	115,350,161		21,630,000	12,147,883	**149,128,044**
10	Kajiado	41,355,485			50,070,000	43,495,118	**93,565,118**
11	Kakamega	294,386,469			127,500,000	44,529,977	**172,029,977**
12	Kericho	140,552,947			45,690,000	43,439,856	**89,129,856**

	Conditional Additional Allocations to County Governments from National Government's Share of Revenue in FY 2024/25 (Kenya Shillings)						
		FY 2023/24	FY 2024/25				
SN	COUNTY	Total Conditional Additional Allocations	Supplement Construction of County Headquarter	County Aggregation and Industrial Parks (CAIP) Programme	Community Health Promoters (CHPs) Project	Basic Salary Arrears for County Government Health Workers.	Total Conditional Additional Allocations
		Column A	Column B	Column C	Column D	Column E	Column G
13	Kiambu	409,665,074		52,631,579	94,680,000	119,957,202	**267,268,781**
14	Kilifi	138,924,099			116,100,000	58,281,743	**174,381,743**
15	Kirinyaga	367,510,449		186,000,000	36,660,000	19,389,816	**242,049,816**
16	Kisii	186,645,942		184,473,684	88,200,000	72,428,277	**345,101,961**
17	Kisumu	130,537,637			89,940,000	75,399,627	**165,339,627**
18	Kitui	179,499,580			74,100,000	43,756,694	**117,856,694**
19	Kwale	90,011,220		250,000,000	52,140,000	28,773,123	**330,913,123**
20	Laikipia	76,547,852			25,230,000	40,454,974	**65,684,974**
21	Lamu	62,515,370	264,732,161		14,520,000	11,301,830	**290,553,991**
22	Machakos	445,350,986		186,000,000	83,250,000	58,646,293	**327,896,293**
23	Makueni	173,836,213			113,700,000	30,568,273	**144,268,273**
24	Mandera	13,777,962			18,540,000	19,809,159	**38,349,159**
25	Marsabit	2,389,320			60,090,000	15,028,763	**75,118,763**
26	Meru	488,329,627		186,000,000	111,480,000	43,915,785	**341,395,785**
27	Migori	394,621,807		186,000,000	88,380,000	27,687,815	**302,067,815**
28	Mombasa	262,131,098		52,631,579	71,610,000	108,971,914	**233,213,493**
29	Murang'a	452,896,800		52,631,579	46,050,000	56,993,611	**155,675,190**

	Conditional Additional Allocations to County Governments from National Government's Share of Revenue in FY 2024/25 (Kenya Shillings)						
		FY 2023/24	FY 2024/25				
SN	COUNTY	Total Conditional Additional Allocations	Supplement Construction of County Headquarter	County Aggregation and Industrial Parks (CAIP) Programme	Community Health Promoters (CHPs) Project	Basic Salary Arrears for County Government Health Workers.	Total Conditional Additional Allocations
		Column A	Column B	Column C	Column D	Column E	Column G
30	Nairobi	14,721,991			224,010,000	112,268,649	**336,278,649**
31	Nakuru	484,883,209		52,631,579	99,390,000	90,404,261	**242,425,840**
32	Nandi	378,705,606		52,631,579	96,660,000	26,764,781	**176,056,360**
33	Narok	139,655,079			49,800,000	21,496,514	**71,296,514**
34	Nyamira	342,563,428		52,631,579	44,370,000	19,979,711	**116,981,290**
35	Nyandarua	242,624,039			41,610,000	16,043,981	**57,653,981**
36	Nyeri	156,487,648			74,250,000	55,172,326	**129,422,326**
37	Samburu	12,431,664			46,140,000	13,079,798	**59,219,798**
38	Siaya	423,929,548		52,631,579	63,810,000	22,723,820	**139,165,399**
39	Taita Taveta	50,418,729			41,070,000	32,591,911	**73,661,911**
40	Tana River	136,049,566	95,045,250		28,890,000	6,982,057	**130,917,307**
41	Tharaka Nithi	174,459,830	47,981,059		37,950,000	24,597,481	**110,528,540**
42	Trans Nzoia	366,941,692		52,631,579	67,200,000	46,626,677	**166,458,256**
43	Turkana	12,815,035			74,250,000	24,986,518	**99,236,518**
44	Uasin Gishu	379,487,557		186,000,000	61,980,000	9,600,471	**257,580,471**

	Conditional Additional Allocations to County Governments from National Government's Share of Revenue in FY 2024/25 (Kenya Shillings)						
		FY 2023/24	FY 2024/25				
SN	**COUNTY**	**Total Conditional Additional Allocations**	**Supplement Construction of County Headquarter**	**County Aggregation and Industrial Parks (CAIP) Programme**	**Community Health Promoters (CHPs) Project**	**Basic Salary Arrears for County Government Health Workers.**	**Total Conditional Additional Allocations**
		Column A	**Column B**	**Column C**	**Column D**	**Column E**	**Column G**
45	Vihiga	97,662,444			43,380,000	15,044,112	**58,424,112**
46	Wajir	11,656,907		184,473,684	60,810,000	19,869,801	**265,153,485**
47	West Pokot	72,161,965			77,490,000	13,933,594	**91,423,594**
	GRAND TOTAL	**10,116,848,690**	**523,108,631**	**2,900,000,000**	**3,234,930,000**	**1,759,101,729**	**8,417,140,360**

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SECOND SCHEDULE

THAT the Bill be amended by deleting the Second Schedule.

FOURTH SCHEDULE

THAT the Bill be amended by deleting the Fourth Schedule and substituting therefor the following new Schedule——

FOURTH SCHEDULE

(s.5(4))

Conditional Additional Allocations from proceeds of loans or grants from Development Partners for Financial Year 2024/25 (Kenya Shillings)

SN	County	Total Loans and Grants for FY 2023/24	FY 2024/25 DANIDA Grant to finance Primary Health Care in Devolved Context	IDA(World Bank) - Kenya Informal Settlement Improvement Project-II (KISIP II)	AFD- Kenya Informal Settlement Improvement Project-II (KISIP II)	IDA(World Bank)- Emergency Locust Response Project(ELRP)	KfW(Germany Development Bank) loan for Co-Financing of FLLoCA -County Climate Resilience Investment(CCRI)Grant	IDA (World Bank)-loan for the Financing of FLLoCA -County Climate Resilience Investment(CCRI)Grant	IDA (World Bank) Loan for the Food Sytems Resilience Project (FSRP)	IDA World Bank Loan for the National Agricultural Value Chain Development Project(NAVCDP)	IDA (World Bank) loan for the Water & Sanitation Development Project (WSDP)	IDA (World Bank)-Kenya Devolution Support Program-II (KDSP II)	IDA (World Bank)Credit: Kenya Urban Support Project(KUSP)-Urban Institutional Grant(UIG)	IDA (World Bank Credit: Kenya Urban Support Project(KUSP)- Urban Development Grant (UDG)	International Fund for Agricultural Development(IFAD)-loan for Kenya Livestock Commercialization Project (KeLCoP)	KfW (German Development Bank) loan for Drought Resilience Programme in Northern Kenya (DRPNK)	International Fund for Agricultural Development(IFAD) for the Aquaculture Business Development Project (ABDP)	United Nations Fund For Population Activities(UNFPA) Grant - 10th Country Grant	SWEDEN - Kenya Agricultural Business Development Project (KABDP)	Total Loans and Grants for FY 2024/25
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column P	Column Q	Column R	Column S	Column T
1	Baringo	315,951,823	7,848,750			121,025,000			173,076,923.08			37,500,000	35,000,000	18,190,995	40,150,000			9,620,000	10,918,919	453,330,587
2	Bomet	416,348,367	8,482,500							151,515,152		37,500,000	35,000,000	18,278,289					10,918,919	261,694,859
3	Bungoma	725,703,372	13,698,750	297,400,170						151,515,152		37,500,000	35,000,000	100,434,139	37,950,000			7,400,000	10,918,919	691,817,130
4	Busia	494,609,948	9,262,500							151,515,152		37,500,000	35,000,000	76,464,543	33,550,000		22,585,560		10,918,919	376,796,673
5	Elgeyo/Marakwet	438,967,355	5,947,500	261,751,540	239,000,000	121,025,000			173,076,923.08			37,500,000	35,000,000	18,278,289	40,150,000				10,918,919	942,648,171
6	Embu	432,399,863	6,630,000			104,600,000				151,515,152		37,500,000	35,000,000	52,595,562			10,237,551		10,918,919	408,997,184
7	Garissa	969,813,544	10,822,500			142,500,000			173,076,923.08		450,000,000	37,500,000	105,000,000	342,462,888				9,620,000	10,918,919	1,281,901,230
8	Homa Bay	925,853,896	10,383,750	500,000,000	487,020,992					151,515,152		37,500,000	35,000,000	54,661,088			12,909,422		10,918,919	1,299,909,323
9	Isiolo	311,037,485	6,532,500			142,500,000			173,076,923.08			37,500,000	35,000,000	63,661,198				9,620,000	10,918,919	478,809,540
10	Kajiado	471,830,160	9,896,250		180,626,011					151,515,152		37,500,000	35,000,000	227,801,862			10,509,643		10,918,919	663,767,837
11	Kakamega	718,303,924	16,038,750		110,000,000					151,515,152		37,500,000	35,000,000	120,740,969	33,550,000		24,417,125		10,918,919	539,680,914
12	Kericho	425,238,177	8,287,500							151,515,152		37,500,000	35,000,000	43,550,249					10,918,919	286,771,819

Conditional Additional Allocations from proceeds of loans or grants from Development Partners for Financial Year 2024/25 (Kenya Shillings)

FY 2024/25

SN	County	Total Loans and Grants for FY 2023/24	DANIDA Grant to finance Primary Health Care in Devolved Context	IDA(World Bank) - Kenya Informal Settlement Improvement Project-II (KISIP II)	AFD- Kenya Informal Settlement Improvement Project-II (KISIP II)	IDA(World Bank)- Emergency Locust Response Project(ELRP)	KfW(Germany Development Bank) loan for Co-Financing of FLLoCA -County Climate Resilience Investment(CCRI)Grant	IDA (World Bank)-loan for the Financing of FLLoCA -County Climate Resilience Investment(CCRI)Grant	IDA (World Bank) Loan for the Food Sytems Resilience Project (FSRP)	IDA World Bank Loan for the National Agricultural Value Chain Development Project(NAVCDP)	IDA (World Bank) loan for the Water & Sanitation Development Project (WSDP)	IDA (World Bank)-Kenya Devolution Support Program-II (KDSP II)	IDA (World Bank)Credit: Kenya Urban Support Project(KUSP)-Urban Institutional Grant(UIG)	IDA (World Bank Credit: Kenya Urban Support Project(KUSP)- Urban Development Grant (UDG)	International Fund for Agricultural Development(IFAD)-loan for Kenya Livestock Commercialization Project (KeLCoP)	KfW (German Development Bank) loan for Drought Resilience Programme in Northern Kenya (DRPNK)	International Fund for Agricultural Development(IFAD) for the Aquaculture Business Development Project (ABDP)	United Nations Fund For Population Activities(UNFPA) Grant - 10th Country Grant	SWEDEN - Kenya Agricultural Business Development Project (KABDP)	Total Loans and Grants for FY 2024/25
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column P	Column Q	Column R	Column S	Column T
13	Kiambu	619,767,708	14,527,500		464,543,092					151,515,152		37,500,000	35,000,000	1,331,483,863			19,395,531		10,918,919	**2,064,884,057**
14	Kilifi	1,933,698,769	16,087,500	417,190,432	343,080,069					151,515,152	1,700,000,000	37,500,000	35,000,000	157,132,672					10,918,919	**2,868,424,743**
15	Kirinyaga	321,850,768	6,532,500							151,515,152		37,500,000	35,000,000	31,719,708			13,779,259		10,918,919	**286,965,537**
16	Kisii	497,975,162	11,992,500							151,515,152		37,500,000	35,000,000	90,993,018			21,486,575		10,918,919	**359,406,163**
17	Kisumu	712,753,681	10,530,000	655,000,000	195,000,000					151,515,152		37,500,000	35,000,000	340,394,236			15,407,244		10,918,919	**1,451,265,550**
18	Kitui	572,895,523	13,601,250			121,025,000				151,515,152		37,500,000	35,000,000	41,801,769					10,918,919	**411,362,090**
19	Kwale	1,360,841,563	11,992,500		120,188,971					151,515,152	1,000,000,000	37,500,000	35,000,000	81,159,202				6,660,000	10,918,919	**1,454,934,743**
20	Laikipia	113,806,027	6,435,000						173,076,923.08			37,500,000	35,000,000	77,214,879					10,918,919	**340,145,721**
21	Lamu	226,554,314	3,997,500	28,128,530	282,000,000				173,076,923.08			37,500,000	35,000,000	20,547,228					10,918,919	**591,169,100**
22	Machakos	497,315,830	11,943,750			104,600,000				151,515,152		37,500,000	35,000,000	90,174,566			12,262,438		10,918,919	**453,914,825**
23	Makueni	427,861,686	11,407,500							151,515,152		37,500,000	35,000,000	40,167,542					10,918,919	**286,509,113**
24	Mandera	394,543,782	15,746,250			142,500,000			173,076,923.08			37,500,000	35,000,000	142,013,441					10,918,919	**556,755,533**
25	Marsabit	752,548,603	10,432,500			142,500,000			173,076,923.08			37,500,000	35,000,000	29,373,188	41,250,000	462,435,270			10,918,919	**942,486,800**

Conditional Additional Allocations from proceeds of loans or grants from Development Partners for Financial Year 2024/25 (Kenya Shillings)

SN	County	Total Loans and Grants for FY 2023/24	DANIDA Grant to finance Primary Health Care in Devolved Context	IDA(World Bank) - Kenya Informal Settlement Improvement Project-II (KISIP II)	AFD- Kenya Informal Settlement Improvement Project-II (KISIP II)	IDA(World Bank)-Emergency Locust Response Project(ELRP)	KfW(Germany Development Bank) loan for Co-Financing of FLLoCA -County Climate Resilience Investment(CCRI)Grant	IDA (World Bank)-loan for the Financing of FLLoCA -County Climate Resilience Investment(CCRI)Grant	IDA (World Bank) Loan for the Food Sytems Resilience Project (FSRP)	IDA World Bank Loan for the National Agricultural Value Chain Development Project(NAVCDP)	IDA (World Bank) loan for the Water & Sanitation Development Project (WSDP)	IDA (World Bank)-Kenya Devolution Support Program-II (KDSP II)	IDA (World Bank)Credit: Kenya Urban Support Project(KUSP)-Urban Institutional Grant(UIG)	IDA (World Bank Credit: Kenya Urban Support Project(KUSP)- Urban Development Grant (UDG)	International Fund for Agricultural Development(IFAD)-loan for Kenya Livestock Commercialization Project (KeLCoP)	KfW (German Development Bank) loan for Drought Resilience Programme in Northern Kenya (DRPNK)	International Fund for Agricultural Development(IFAD) for the Aquaculture Business Development Project (ABDP)	United Nations Fund For Population Activities(UNFPA) Grant - 10th Country Grant	SWEDEN - Kenya Agricultural Business Development Project (KABDP)	Total Loans and Grants for FY 2024/25
			FY 2024/25																	
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column P	Column Q	Column R	Column S	Column T
26	Meru	632,068,340	12,382,500	193,506,111		104,600,000				151,515,152		37,500,000	35,000,000	106,048,304			23,306,984		10,918,919	674,777,970
27	Migori	476,656,818	10,432,500							151,515,152		37,500,000	35,000,000	112,844,666			13,617,785		10,918,919	371,829,021
28	Mombasa	1,344,390,789	10,871,250	860,000,000							1,000,000,000	37,500,000							10,918,919	1,919,290,169
29	Murang'a	340,120,990	9,701,250							151,515,152		37,500,000	35,000,000	70,743,658					10,918,919	315,378,978
30	Nairobi	443,556,020	24,521,250	60,000,000	690,000,000							37,500,000						8,950,000	10,918,919	831,890,169
31	Nakuru	708,709,964	16,136,250	128,000,000	422,000,000					151,515,152		37,500,000	35,000,000	671,683,509	38,280,000				10,918,919	1,511,033,829
32	Nandi	548,601,906	8,238,750	208,354,058						151,515,152		37,500,000	35,000,000	33,993,380					10,918,919	485,520,258
33	Narok	429,841,625	12,382,500							151,515,152		37,500,000	35,000,000	71,238,901				7,400,000	10,918,919	325,955,472
34	Nyamira	594,601,640	7,410,000	148,123,322						151,515,152		37,500,000	35,000,000	19,817,128					10,918,919	410,284,526
35	Nyandarua	442,239,423	7,507,500	288,462,533						151,515,152		37,500,000	35,000,000	36,556,578					10,918,919	567,460,681
36	Nyeri	476,036,010	8,336,250		360,603,076					151,515,152		37,500,000	35,000,000	64,819,483			19,315,146		10,918,919	688,008,026
37	Samburu	371,327,699	7,117,500			142,500,000			173,076,923.08			37,500,000	35,000,000	25,375,442	41,250,000				10,918,919	472,738,784
38	Siaya	435,499,920	8,921,250							151,515,152		37,500,000	35,000,000	45,218,472	33,550,000		13,838,473		10,918,919	336,462,265
39	Taita Taveta	1,314,783,304	6,532,500		190,626,011					151,515,152	850,000,000	37,500,000	35,000,000	18,278,289					10,918,919	1,300,370,870
40	Tana River	345,479,159	9,018,750						173,076,923.08	151,515,152		37,500,000	35,000,000	18,278,289					10,918,919	435,308,032

Conditional Additional Allocations from proceeds of loans or grants from Development Partners for Financial Year 2024/25 (Kenya Shillings)

SN	County	Total Loans and Grants for FY 2023/24	DANIDA Grant to finance Primary Health Care in Devolved Context	IDA(World Bank) - Kenya Informal Settlement Improvement Project-II (KISIP II)	AFD- Kenya Informal Settlement Improvement Project-II (KISIP II)	IDA(World Bank)-Emergency Locust Response Project(ELRP)	KfW(Germany Development Bank) loan for Co-Financing of FLLoCA -County Climate Resilience Investment(CCRI)Grant	IDA (World Bank)-loan for the Financing of FLLoCA -County Climate Resilience Investment(CCRI)Grant	IDA (World Bank) Loan for the Food Sytems Resilience Project (FSRP)	IDA World Bank Loan for the National Agricultural Value Chain Development Project(NAVCDP)	IDA (World Bank) loan for the Water & Sanitation Development Project (WSDP)	IDA (World Bank)-Kenya Devolution Support Program-II (KDSP II)	IDA (World Bank)Credit: Kenya Urban Support Project(KUSP)-Urban Institutional Grant(UIG)	IDA (World Bank Credit: Kenya Urban Support Project(KUSP)- Urban Development Grant (UDG)	International Fund for Agricultural Development(IFAD)-loan for Kenya Livestock Commercialization Project (KeLCoP)	KfW (German Development Bank) loan for Drought Resilience Programme in Northern Kenya (DRPNK)	International Fund for Agricultural Development(IFAD) for the Aquaculture Business Development Project (ABDP)	United Nations Fund For Population Activities(UNFPA) Grant - 10th Country Grant	SWEDEN - Kenya Agricultural Business Development Project (KABDP)	Total Loans and Grants for FY 2024/25
			FY 2024/25																	
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column P	Column Q	Column R	Column S	Column T
41	Tharaka Nithi	525,182,222	6,045,000	168,945,347		104,600,000				151,515,152		37,500,000	35,000,000	66,362,245			12,810,384		10,918,919	**593,697,047**
42	Trans Nzoia	797,444,171	8,872,500	621,834,073						151,515,152		37,500,000	35,000,000	131,267,528	39,050,000				10,918,919	**1,035,958,171**
43	Turkana	987,506,777	16,233,750			142,500,000			173,076,923.08			37,500,000	105,000,000	286,858,966		319,534,140		5,920,000	10,918,919	**1,097,542,698**
44	Uasin Gishu	926,935,857	9,750,000	320,000,000	670,000,000					151,515,152		37,500,000	35,000,000	385,055,948					10,918,919	**1,619,740,018**
45	Vihiga	392,745,156	7,166,250							151,515,152		37,500,000	35,000,000	18,278,289					10,918,919	**260,378,609**
46	Wajir	1,173,364,095	13,162,500		488,615,663	142,500,000			173,076,923.08		700,000,000.00	37,500,000	35,000,000	72,942,053					10,918,919	**1,673,716,058**
47	West Pokot	287,043,448	7,702,500			121,025,000			173,076,923.08			37,500,000	35,000,000	23,043,492					10,918,919	**408,266,834**
	GRAND TOTAL	**29,072,606,661**	**487,500,000**	**5,156,696,115**	**5,243,303,885**	**1,900,000,000**	**1,200,000,000**	**3,712,000,000**	**2,250,000,000**	**5,000,000,000**	**5,700,000,000**	**1,762,500,000**	**1,715,000,000**	**5,890,000,000**	**378,730,000**	**781,969,410**	**245,879,120**	**65,190,000**	**513,189,193**	**42,001,957,723**

* Both IDA (World Bank) Loan for the FLLoCA – County Climate Resilience Investment (CCRI) and KfW (Germany Development Bank) Loan for Co-Fiancing of FLLoCA - County Climate Resilience Investment (CCRI) Grants are to be allocated among County Governments on the basis of the Criteria in section 5(5).

Dated 27/03/25, 2025.

Sen. (Dr.) Boni Khalwale,
Standing Committee on Finance and Budget.

Annex 3: Copies of submissions

REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING

Telegraphic Address: 22921
FINANCE– NAIROBI
Fax No.: 310833
Telephone: 2252299
When Replying Please Quote

THE NATIONAL TREASURY
P O BOX 30007 - 00100
NAIROBI
KENYA

REF: IGFR/CG/01/K (28)

24th March 2025

J.M. Nyegenye, CBS
Clerk of the Senate
Parliament Buildings
NAIROBI

Dear Clerk

RE: SUBMISSION OF VIEWS ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATION BILL, (CGAAB) 2025 (SENATE BILLS NO. 1 OF 2025) TO SENATE

We are in receipt of your letter Ref. **SEN/DSEC/F&B/2025/015(C)** dated **17th March 2025.**

The letter highlights that **County Governments Additional Allocation Bill, 2025 (CGAAB) 2025 (Senate Bills No. 1 of 2025)** for FY 2024/2025 was read for a First Time in the Senate on Wednesday 12th February 2025 and thereafter the Bill stood committed to the Standing committee on Finance and Budget for consideration.

You have invited the National Treasury to submit any representations it may have on the Bill by way of memoranda. We have reviewed the Bill against the approved supplementary II Budget Estimates for financial year 2024/25 and note the Additional Allocations to county governments have reduced significantly from the proposed Ksh. 53,844,398,302 to Ksh. 21,772,712,243. This is informed by reduction of allocations in the National Government Budget estimates as follows: -

i Conditional Additional Allocations from the National Government's Share of Revenue for Financial Year 2024/2025, contained in the First Schedule of the Bill, has increased from the proposed Ksh. 7,547,325,197 to Ksh. 8,417,140,360.00;

ii The Conditional Additional Allocations from Road Maintenance Levy Fund (RMLF) for Financial Year 2024/2025, as contained in the Second Schedule of the Bill, has been reduced significantly from the proposed Ksh. 10,522,211,853 to Nil;

iii Unconditional Additional Allocations from Court fines for Financial Year 2024/2025, as contained in Third Schedule of the Bill, has been retained at Ksh. 116,092,724; and

iv Conditional Additional Allocations Financed from Proceeds of Loans and Grants from Development Partners for Financial Year 2024/2025, as contained in the

Fourth Schedule have significantly reduced from the proposed Ksh. 35,658,768,530 to Ksh. 13,760,189,519.

In this regard, the National Treasury proposes that the Bill be revised as follows: -

i Conditional Additional Allocations from the National Government's Share of Revenue for Financial Year 2024/2025, contained in the First Schedule of the Bill, be revised to Ksh. 8,417,140,360.00. The National Treasury shall provide for the difference of Ksh. 9,101,729.00 attributed to payment of Basic Salary Arrears for County Government Health Workers in Supplementary III Budget Estimates for Financial Year 2024/2025;

ii The Conditional Additional Allocations from Road Maintenance Levy Fund (RMLF) for Financial Year 2024/2025, as contained in the Second Schedule of the Bill, be revised to Nil and thus the Schedule be deleted from the Bill;

iii Unconditional Additional Allocations from Court fines for Financial Year 2024/2025, as contained in Third Schedule of the Bill, be retained at Ksh. 116,092,724; and

iv Conditional Additional Allocations Financed from Proceeds of Loans and Grants from Development Partners for Financial Year 2024/2025, as contained in the Fourth Schedule be revised from the proposed Ksh. 35,658,768,530 to Ksh. 42,001,957,723, as per the attached Revised Fourth Schedule. The National Treasury shall provide for the difference of Ksh 28,241,768,204 in Supplementary III Budget Estimates for Financial Year 2024/2025.

The National Treasury will submit a revised First Schedule once the State Department for Industry submits allocations to respective county governments for the proposed Ksh. 2,900,000,000.00 for County Aggregated Industrial Parks (CAIP) Programme.

Attached is a table on summary of the proposed allocations to additional allocations to county in financial year 2024/25.

The purpose of this letter, therefore, is to submit our comments on the Bill mentioned above for your consideration and adjustment according to our proposal.

Yours Sincerely

HON. FCPA JOHN MBADI NG'ONGO, EGH
CABINET SECRETARY

Copy to: **Mr. Samuel Njoroge, CBS,**
Clerk of the National Assembly
Parliament Buildings
NAIROBI

Ecls.

Table: Proposed revised additional allocations to County Governments in the FY 2024/2025

Table : Proposed revised additional allocations to County Governments in the FY 2024/2025					
S/NO	**Project Description**	**CGAAB Submitted by NT to Parliament (Original Printed Estimates) (KSh.)**	**Allocations in Senate CGAAB 2025 (Senate Bills No. 1 of 2025 (Kshs.)**	**Allocations in Approved Supp' II Estimates for FY 2024/25 (KSh.)**	**Proposed Allocations by National Treasury for FY 2024/25 (KSh.)**
I. Unconditional Additional Allocations from the National Government's Share of Revenue for Financial Year 2024/2025					
1.00	Unconditional allocation financed from court fees and fines emanating from contravention of County Legislation	7,431,745.00	116,092,724.00	116,092,724.00	116,092,724.00
2.00	Unconditional allocation financed from the 20% Share of Mineral Royalties (due for the FY 2021/22)	1,055,205,814.07	-	-	-
	Sub Total I	**1,062,637,559.07**	**116,092,724.00**	**116,092,724.00**	**116,092,724.00**
II. Conditional Additional Allocations from the National Government's Share of Revenue for Financial Year 2024/2025					
1.00	Conditional allocation for the Construction of County Headquarters	445,000,000.00	523,108,631.00	-	523,108,631.00
2.00	Conditional Allocation for County Aggregated Industrial Parks (CAIP) Programme	4,500,000,000.00	2,000,000,000.00	2,900,000,000.00	2,900,000,000.00
3.00	Conditional Allocation for Community Health Promoters (CHPs)	2,500,000,000.00	3,234,930,000.00	3,246,430,000.00	3,234,930,000.00
4.00	Conditional Allocation for the Transferred Museum Function	30,184,835.00	30,184,835.00	-	-
5.00	Conditional Allocation for Basic Salary Arrears for County Government Health Workers	-	1,759,101,729.00	1,750,000,000.00	1,759,101,729.00
	Sub Total II	7,475,184,835.00	**7,547,325,195.00**	7,896,430,000.00	8,417,140,360.00

III. Conditional Additional Allocations from Road Maintenance Levy Fund (RMLF) for Financial Year 2024/2025						
1.00	Conditional Additional Allocations from Road Maintenance Levy Fund (RMLF)	10,522,211,853.00	10,522,211,853.00	-	-	
	Sub Total III	10,522,211,853.00	10,522,211,853.00	-	-	
IV. Conditional Additional Allocations Financed from Proceeds of Loans and Grants from Development Partners for Financial Year 2024/2025						
1.00	IDA (World Bank) Credit - National Agricultural Value Chain Development Project (NAVCDP)	5,000,000,000.00	5,000,000,000.00	600,000,000.00	5,000,000,000.00	
2.00	IDA (World Bank) Credit - Food Systems Resilience Project (FSRP)	2,250,000,000.00	2,250,000,000.00	824,999,994.00	2,250,000,000.00	
3.00	IDA (World Bank) Credit - Water & Sanitation Development Project (WSDP)	5,700,000,000.00	5,700,000,000.00	3,000,000,000.00	5,700,000,000.00	
4.00	DANIDA Grant - Primary Health Care in Devolved Context (PHDC) Programme	487,500,000.00	487,500,000.00	487,500,000.00	487,500,000.00	
5.00	IDA (World Bank) Credit - Second Kenya Devolution Support Program (KDSP II)	1,762,500,000.00	1,762,500,000.00	674,750,000.00	1,762,500,000.00	
6.00	IDA (World Bank) Credit - Financing Locally - Led Climate Action (FLLoCA) Program – County Climate Resilience Investment (CCRI) Grants	3,712,000,000.00	3,712,000,000.00	1,000,000,000.00	3,712,000,000.00	
8.00	KfW (German Financial Cooperation) Credit - Co-Financing Locally- Led Climate Action (FLLoCA) Program – County Climate Resilience Investment (CCRI) Grant	1,200,000,000.00	1,200,000,000.00	450,000,000.00	1,200,000,000.00	
9.00	KfW (German Financial Cooperation) Credit - Drought Resilience Programme in	781,969,410.00	781,969,410.00	390,984,705.00	781,969,410.00	

	Northern Kenya (DRPNK) Project					
11.00	IDA (World Bank) Credit - Emergency Locust Response Project (ELRP)	1,900,000,000.00	1,900,000,000.00	1,200,000,000.00	1,900,000,000.00	
12.00	IFAD - Kenya Livestock Commercialization Project (KeLCoP)	378,730,000.00	378,730,000.00	378,730,000.00	378,730,000.00	
13.00	IFAD - Aquaculture Business Development Project (ABDP)	245,879,120.00	245,879,120.00	245,879,120.00	245,879,120.00	
14.00	IDA (World Bank) Credit – Kenya Urban Support Project Phase Two (KUSP II) – Urban Institutional Grant (UIG)	1,575,000,000.00	1,575,000,000.00	1,583,155,700.00	1,715,000,000.00	
15.00	IDA (World Bank) Credit – Kenya Urban Support Project Phase Two (KUSP II) – Urban Development Grant (UDG)	-	-	-	5,890,000,000.00	
16.00	IDA (World Bank) Credit - Kenya Informal Settlement Improvement Project (KISIP II)	10,600,000,000.00	10,600,000,000.00	1,515,696,115.00	5,156,696,115.00	
17.00	AfD (French Development Agency) Credit - Kenya Informal Settlement Improvement Project (KISIP II)	-	-	1,343,303,885.00	5,243,303,885.00	
18.00	UNFPA Grant - 10th Country Kenya Programme	65,190,000.00	65,190,000.00	65,190,000.00	65,190,000.00	
19.00	Sweden – Kenya Agricultural Business Development Programme (KABDP)	513,189,193.00	-	-	513,189,193.00	
	Sub Total IV	**36,171,957,723**	**35,658,768,530**	**13,760,189,519**	**42,001,957,723**	
	Grand Total (=Sub Totals I+II+III+IV)	**55,231,991,970**	**53,844,398,302**	**21,772,712,243**	**50,535,190,807**	

SN	County	Total Loans and Grants for FY 2023/24	DANIDA Grant to finance Primary Health Care in Devolved Context	IDA(World Bank) - Kenya Informal Settlement Improvement Project-II (KISIP II)	AFD- Kenya Informal Settlement Improvement Project-II (KISIP II)	IDA(World Bank)-Emergency Locust Response Project(ELRP)	KfW(German Development Bank) loan for Co-Financing of FLLoCA -County Climate Resilience Investment(CCRI)Grant	IDA (World Bank) loan for the Financing of FLLoCA -County Climate Resilience Investment(CCRI)Grant	IDA (World Bank) Loan for the Food Systems Resilience Project (FSRP)	IDA World Bank Loan for the National Agricultural Value Chain Development Project(NAVCDP)	IDA (World Bank) loan for the Water & Sanitation Development Project (WSDP)	IDA (World Bank)-Kenya Devolution Support Program II (KDSP II)	IDA (World Bank)Credit Kenya Urban Support Project(KUSP)-Urban Institutional Grant(UIG)	IDA (World Bank) Credit Kenya Urban Support Project(KUSP)- Urban Development Grant (UDG)	International Fund for Agricultural Development(IFAD)-loan for Kenya Livestock Commercialization Project (KeLCoP)	KfW (German Development Bank) loan for Drought Resilience Programme in Northern Kenya (DRPNK)	International Fund for Agricultural Development(IFAD) for the Aquaculture Business Development Project (ABDP)	United Nations Fund for Population Activities(UNFPA) Grant - 10th Country Grant	SWEDEN - Kenya Agricultural Business Development Project (KABDP)	Total Loans and Grants for FY 2024/25
Conditional Additional Allocations from proceeds of loans or grants from Development Partners for Financial Year 2024/25 (Kenya Shillings)																				
		FY 2024/25																		
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Colun N	Column P	Column Q	Column R	Column S	Column T
1	Baringo	315,951,823	7,848,750			121,025,000			173,076,923.08			37,500,000	35,000,000	18,190,995	40,150,000			9,620,000	10,918,919	453,330,587
2	Bomet	416,348,367	8,482,500							151,515,152		37,500,000	35,000,000	18,278,289					10,918,919	261,694,859
3	Bungoma	725,703,372	13,698,750	297,400,170						151,515,152		37,500,000	35,000,000	100,434,132	37,950,000			7,400,000	10,918,919	691,817,130
4	Busia	494,609,948	9,262,500							151,515,152		37,500,000	35,000,000	76,464,543	33,550,000		22,585,560		10,918,919	376,796,673
5	Elgeyo/Ma	438,967,355	5,947,500	261,751,540	239,000,000	121,025,000			173,076,923.08			37,500,000	35,000,000	18,278,289	40,150,000				10,918,919	942,648,171
6	Embu	432,399,863	6,630,000			104,600,000				151,515,152		37,500,000	35,000,000	52,595,562			10,237,551		10,918,919	408,997,184
7	Garissa	969,813,544	10,822,500			142,500,000			173,076,923.08		450,000,000	37,500,000	105,000,000	342,462,888				9,620,000	10,918,919	1,281,901,230
8	Homa Bay	925,853,896	10,383,750	500,000,000	487,020,592					151,515,152		37,500,000	35,000,000	54,661,088			12,909,422		10,918,919	1,299,909,323
9	Isiolo	311,037,485	6,532,500			142,500,000			173,076,923.08			37,500,000	35,000,000	63,661,198				9,620,000	10,918,919	478,809,540
10	Kajiado	471,830,160	9,896,250		180,626,011					151,515,152		37,500,000	35,000,000	227,801,862			10,509,643		10,918,919	663,767,837
11	Kakamega	718,303,924	16,038,750		110,000,000					151,515,152		37,500,000	35,000,000	120,740,969	33,550,000		24,417,125		10,918,919	539,680,914
12	Kericho	425,238,177	8,287,500							151,515,152		37,500,000	35,000,000	43,550,249					10,918,919	286,771,819
13	Kiambu	619,767,708	14,527,500		464,543,092					151,515,152		37,500,000	35,000,000	1,331,483,853			19,395,531		10,918,919	2,064,884,057
14	Kilifi	1,933,698,769	16,087,500	417,190,432	343,080,069					151,515,152	1,700,000,000	37,500,000	35,000,000	157,132,672					10,918,919	2,868,424,743
15	Kirinyaga	321,850,768	6,532,500							151,515,152		37,500,000	35,000,000	31,719,708			13,779,259		10,918,919	286,965,537
16	Kisii	497,975,162	11,992,500							151,515,152		37,500,000	35,000,000	90,993,018			21,486,575		10,918,919	359,406,163
17	Kisumu	712,753,681	10,530,000	655,000,000	195,000,000					151,515,152		37,500,000	35,000,000	340,394,236			15,407,244		10,918,919	1,451,265,550
18	Kitui	572,895,523	13,601,250			121,025,000				151,515,152		37,500,000	35,000,000	41,801,769					10,918,919	411,362,090
19	Kwale	1,360,841,563	11,992,500		120,188,971					151,515,152	1,000,000,000	37,500,000	35,000,000	81,159,202				6,660,000	10,918,919	1,454,934,743
20	Laikipia	113,806,027	6,435,000						173,076,923.08			37,500,000	35,000,000	77,214,879					10,918,919	340,145,721
21	Lamu	226,554,314	3,997,500	28,128,530	282,000,000				173,076,923.08			37,500,000	35,000,000	20,547,228					10,918,919	591,169,100
22	Machakos	497,315,830	11,943,750			104,600,000				151,515,152		37,500,000	35,000,000	90,174,566			12,262,438		10,918,919	453,914,825
23	Makueni	427,861,686	11,407,500							151,515,152		37,500,000	35,000,000	40,167,542					10,918,919	286,509,113
24	Mandera	394,543,782	15,746,250			142,500,000			173,076,923.08			37,500,000	35,000,000	142,013,441					10,918,919	556,755,533
25	Marsabit	752,548,603	10,432,500			142,500,000			173,076,923.08			37,500,000	35,000,000	29,373,188	41,250,000	462,435,270			10,918,919	942,486,800
26	Meru	632,068,340	12,382,500	193,506,111		104,600,000				151,515,152		37,500,000	35,000,000	106,048,304			23,306,984		10,918,919	674,777,970
27	Migori	476,656,818	10,432,500							151,515,152		37,500,000	35,000,000	112,844,666			13,617,785		10,918,919	371,829,021
28	Mombasa	1,344,390,789	10,871,250	860,000,000							1,000,000,000	37,500,000							10,918,919	1,919,290,169
29	Murang'a	340,120,990	9,701,250							151,515,152		37,500,000	35,000,000	70,743,658					10,918,919	315,378,978
30	Nairobi	443,556,020	24,521,250	60,000,000	690,000,000							37,500,000						8,950,000	10,918,919	831,890,169
31	Nakuru	708,709,964	16,136,250	128,000,000	422,000,000					151,515,152		37,500,000	35,000,000	671,683,509	38,280,000				10,918,919	1,511,033,829
32	Nandi	548,601,906	8,238,750	208,354,058						151,515,152		37,500,000	35,000,000	33,993,380					10,918,919	485,520,258
33	Narok	429,841,625	12,382,500							151,515,152		37,500,000	35,000,000	71,238,901				7,400,000	10,918,919	325,955,472
34	Nyamira	594,601,640	7,410,000	148,123,322						151,515,152		37,500,000	35,000,000	19,817,128					10,918,919	410,284,520
35	Nyandarua	442,239,423	7,507,500	288,462,533						151,515,152		37,500,000	35,000,000	36,556,578					10,918,919	567,460,681
36	Nyeri	476,036,010	8,336,250		360,603,076					151,515,152		37,500,000	35,000,000	64,819,483			19,315,146		10,918,919	688,008,026
37	Samburu	371,327,699	7,117,500			142,500,000			173,076,923.08			37,500,000	35,000,000	25,375,442	41,250,000				10,918,919	472,738,784
38	Siaya	435,499,920	8,921,250							151,515,152		37,500,000	35,000,000	45,218,472	33,550,000		13,838,473		10,918,919	336,462,265
39	Taita Taveta	1,314,783,304	6,532,500		190,626,011					151,515,152	850,000,000	37,500,000	35,000,000	18,278,289					10,918,919	1,308,370,870
40	Tana River	345,479,159	9,018,750						173,076,923.08	151,515,152		37,500,000	35,000,000	18,278,289					10,918,919	435,308,032
41	Tharaka N	525,182,222	6,045,000	168,945,347		104,600,000				151,515,152		37,500,000	35,000,000	66,362,245			12,810,384		10,918,919	593,697,047
42	Trans Nzoia	797,444,171	8,872,500	621,834,073						151,515,152		37,500,000	35,000,000	131,267,528	39,050,000				10,918,919	1,035,958,171
43	Turkana	987,506,777	16,233,750			142,500,000			173,076,923.08			37,500,000	105,000,000	286,858,966		319,534,140		5,920,000	10,918,919	1,097,542,698
44	Uasin Gishu	926,935,857	9,750,000	320,000,000	670,000,000					151,515,152		37,500,000	35,000,000	385,055,948					10,918,919	1,619,740,018
45	Vihiga	392,745,156	7,166,250							151,515,152		37,500,000	35,000,000	18,278,289					10,918,919	260,378,609
46	Wajir	1,173,364,095	13,162,500		488,615,663	142,500,000			173,076,923.08		700,000,000.00	37,500,000	35,000,000	72,942,053					10,918,919	1,673,716,058
47	West Pokot	287,043,448	7,702,500			121,025,000			173,076,923.08			37,500,000	35,000,000	23,043,492					10,918,919	408,266,834
	GRAND TOTAL	29,072,606,661	487,500,000	5,156,696,115	5,243,303,885	1,900,000,000	1,200,000,000	3,712,000,000	2,250,000,000	5,000,000,000	5,700,000,000	1,762,500,000	1,715,000,000	5,890,000,000	378,730,000	781,969,410	245,879,120	65,190,000	513,189,193	42,001,957,723

SIGNATURE .... DATE: 26·03·2025

HON. FCPA JOHN MBADI NGÓNGO, EGH

COUNCIL OF GOVERNORS

Westlands Delta House 2nd Floor, Waiyaki Way.
P.O. BOX 40401-00100,
Nairobi.

Tel: (020) 2403314, 2403313
E-mail: info@cog.go.ke

Ref: COG/8/5A Vol.13 (5)

21st March 2025

J.M Nyegenye, CBS
Clerk of the Senate
Senate of Kenya
Main Parliament Building
NAIROBI

Dear Mr. Nyegenye,

SUBMISSION OF VIEWS ON BILLS REFERRED TO THE STANDING COMMITTEE ON FINANCE AND BUDGET

We acknowledge receipt of your letter **Ref: SEN/DSEC/F&B/2025/015 (d)** dated **17th March 2025** requesting views on Bills referred to the Standing Committee on Finance and Budget.

The Council of Governors (the Council) appreciates the need for consultation and cooperation in realizing the objects of Devolution as stipulated under Articles 6(2) and 189 of the Constitution. Further, the Council appreciates the strengthened cooperation with the Senate in ensuring the Counties are able to perform the functions assigned to them.

Having reviewed the Bills, the Council submits memoranda as attached herein.

Please accept assurance of our highest esteem and consideration.

Yours sincerely,

DSEC
Kindly deal.

Mary Mwiti, EBS
Chief Executive Officer

Mr. Gitonga
Kindly deal
Kobati
24/03/2025

24/03/2025

COUNCIL OF GOVERNORS

LEGISLATIVE MEMORANDUM ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2025

TO

THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET

FROM

THE COUNCIL OF GOVERNORS

COUNCIL OF GOVERNORS

LEGISLATIVE MEMORANDUM ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2025

TO

THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET

FROM

THE COUNCIL OF GOVERNORS

COUNCIL OF GOVERNORS

THE COUNCIL OF GOVERNORS,

In recognition of the fact that sovereign power of the state is exercised at two levels of government, that is, the National Government and the County Governments, whose distinctness is recognized by Article 6 (2);

In further recognition of the need to ensure that all legislation is cognizant of devolved governments; and

Aware of the need for coordinated action between the National and County Governments to ensure that legislation properly respond to the key issues, and further reflects the spirit and purpose of devolution.

Having reviewed the County Governments Additional Allocations Bill, 2025, the Council of Governors, on behalf of the 47 County Governments, submits the proposals highlighted herein below for consideration:

A. GENERAL COMMENTS

1. The Council of Governors appreciates the Senate's commitment to ensuring that County governments are adequately resourced to perform their functions.

2. Regarding the County Governments Additional Allocations Bill, 2025, the Council notes with concern that in the recently enacted Supplementary Appropriation Act, 2025, additional allocations to Counties have significantly been reduced in the various national government Ministries, Departments and Agencies (MDAs) budgets. This will adversely affect the implementation of county budgets if not reversed. As you are aware, Counties had made commitments based on the initial allocations that informed their budgets and cash flow projections. The effects of such cuts, therefore, are dire and threaten the continuity of service delivery in the Counties. Some of the direct effects to the Counties include:

- Continued stalling of development projects such as the Construction of 5 County Headquarters (Isiolo, Lamu, Nyandarua, Tana River and Tharaka Nithi) and other projects such as in KISIP II and KUSP II projects.
- Disruption of delivery of critical services to the citizens.
- Accumulation of pending bills due to commitments already made by Counties. (Commitments had been made against the initial allocations which also formed part of the Counties 2024/25 FY budgets.)
- Increased litigation from disgruntled contractors/suppliers over unmet obligations.
- Loss of subsequent donor funds/support due to unfulfilled minimum access conditions.
- Unwarranted, lengthy and costly revision of all 47 Counties' budgets which will become necessary if the amounts are not reinstated. This will further complicate and negatively affect the absorption rate of the funds.

We therefore call upon the Senate to reinstate the allocation as budgeted for by County governments and cause the National Treasury to take appropriate action to ensure compliance with the Act. This may include disbursements under Article 223 of the Constitution or preparation of Supplementary Budget III.

3. We note that the National Treasury has been making numerous in-year revisions of budgets that affect County governments' allocations without due regard to their effects on Counties budget implementation.

   The Council proposes that the Senate makes appropriate amendments to existing finance laws to ensure that Counties' Additional Allocations are only amended through the County Governments Additional Allocation Act (CGAAA) and not the National Government's Appropriation Bill. That is, only amendments to the CGAAA should inform amendments to the Appropriation Bill and not vice versa. This will deter the National Treasury from making in-year revisions to the Counties' additional allocations through the Supplementary Budgets without any justification or consultation with other MDAs, Counties or the Senate.

B. SPECIFIC CONCERNS

The Council proposes the following specific amendment to the County Governments Additional Allocations Bill, 2025:

Clause/Section	Provision	CoG's Proposal	Rationale/Justification
Clause **Conditional allocations to county governments.**	5 (2). (2) Conditional allocations financed by proceeds from the Road Maintenance Fuel Levy (RMLF) Fund shall be as set out in the Second Schedule.	The Bill is amended by deleting Clause 5 (2).	The matter of RMLF is active in court and there are orders freezing the Kshs.10,522,211,553 until the case is heard and determined. This implies that the funds will not be disbursed even if the Act is passed until the Court determines.
	5 (4) Unconditional allocations to the respective county government being proceeds from court fines collected from the enforcement of county legislation as set out in Column B for the financial year 2024/25 shall be as set	The Bill is amended by inserting new subsections under 5 (4) to read as follows: AFD (French Development Agency) loan to finance the Kenya Informal Settlement Improvement Project (KISIP II) as set out in Column D	The KISIP II conditional grant has 2 components and they all ought to be separated. The State Department for Housing and Urban Development has already written to the Senate and the National Treasury on the need to include both components as per the attached letter.

	out in the Third Schedule.		The IDA (World Bank) loan amounts to Kshs.5,156,696,115 and the AFD loan amounts to Kshs.5,243,303,885.
		IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG) as set out in Column M	The KUSP II has a second component on Urban Investment Grant which has been omitted. The amount previously allocated was Kshs.5,890,000,000.
		Swedish International Development Cooperation Agency (SIDA) grant for the Kenya Agricultural Business Development Project (KABDP) as set out in Column O.	The initial allocation was Kshs.513,189,193

Tel: 254 (20) 4298000
Email: info@cra.go.ke
Website: www.crakenya.org

Prism Towers
3rd Ngong Avenue
28th Floor
P.O. BOX 1310 – 00200
NAIROBI

COMMISSION ON REVENUE ALLOCATION

REF: CRA/ADM/SEN/BILLS/02 Vol.III (114) **DATE:** 21st March 2025

J.M. Nyegenye, CBS
Clerk of the Senate
Parliament Buildings
P.O Box 41842-00100
NAIROBI

Dear Mr. Nyegenye

INVITATION TO SUBMIT VIEWS ON BILLS REFERRED TO THE STANDING COMMITTEE ON FINANCE AND BUDGET

The Commission acknowledges receipt of your letter Reference Number SEN/DSEC/F&B/2025/015(e) dated 17th March, 2025 inviting the Commission to submit any representations we may have on 4 Bills committed to the Standing Committee on Finance and Budget from the National Assembly. The Bills are:

i. County Governments Additional Allocations Bill (Senate Bills No. 1 of 2025);
ii. The Public Finance Management (Amendment) (No. 3) Bill (National Assembly Bills No.44 of 2024);
iii. The Public Finance Management (Amendment) (No. 4) Bill (National Assembly Bills No. 45 of 2024); and
iv. The Public Procurement and Asset Disposal (Amendment) Bill (National Assembly Bills No. 48 of 2024).

The Commission has reviewed the Bills and wishes to submit a memorandum attached herein as **Appendix I.**

Thank you for your continued cooperation.

Yours Sincerely

for CPA. Roble Said Nuno
Ag. Commission Secretary/CEO
Encl.

(1) DSEC
DLY

(2) DDSEC (BL)
Kindly deal
25/03/2025

(3) Mr. Gitonga
Kindly deal.
25/03/2025

Kindly deal
25/03/2025

3. COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL (SENATE BILLS NO. 1 OF 2025)

This Bill provides for the additional allocations to county governments for the 2024/2025 financial year; the responsibilities of National Government and county governments pursuant to such allocations; and for connected purposes.

Serial No.	Clause	Recommendations	Justification for CRA position
1.	**Clause 3** **Object of the Act** The object of this Act is to- (a) provide, pursuant to Article 202(2) of the Constitution, for additional allocations for the financial year 2024/25; (b) provide for additional allocations from proceeds of loans and grants from development partners; and	Add two new paragraphs after paragraph (c) to provide for- i. *additional allocations to county governments from the conditional allocations financed by proceeds from the Road Maintenance Levy Fund; and* ii. *the unconditional allocations to the respective county governments being proceeds from court fines collected from*	a) Introduction of the additional two clauses will ensure there is harmony between clauses 3 and 5 of the Bill. b) The new clauses are important since additional allocations to county governments emanating from proceeds from the Road Maintenance Levey Fund and the unconditional

	(c) facilitate the transfer of conditional and unconditional allocations made to counties under this Act from the Consolidated Fund to the respective County Revenue Funds and special purpose accounts.	*the enforcement of county legislation.*	allocations from proceeds from court fines do not constitute additional allocations under Article 202(2) as stipulated in Section 3(a) of the draft Bill.
2.	**Clause 5** Conditional allocations to county governments	**Sub clause 5(2) provides for** Conditional allocations financed by proceeds from the Road Maintenance Fuel Levy (RMLF) Fund shall be as set out in the Second Schedule. ***Recommendation:* Delete the second schedule** which sets out the share of the conditional allocations financed by proceeds from the Road Maintenance Levy Fund among county governments for the financial year 2024/25.	There is a pending court case on RMLF hence to avoid further delay in the enactment of this Bill. The Commission nonetheless seeks the Senate's intervention in having the issue of RMLF amicably and urgently resolved so as to unlock the funds for maintenance of roads in the counties.
		Sub clause 5(5) provides for provides the criteria for allocating conditional grants financed by proceeds from a KfW (German Development Bank) loan for co-financing of FLLoCA–County climate	For clarity and to foster equity among counties.

		Resilience Investment (CCRI) Grant and conditional allocations financed by proceeds from an IDA (World Bank) loan for the FLLoCA-County Climate Resilience Investment (CCRI) Grant. Clause 5(b) provides for a criterion for sharing of the first fifty per cent of the allocation. The criterion provide for four variables with weights as follows: fixed share at 33.3 percent, rural population at 30 percent, rural area at 13.3 percent, and poverty at 23.3 percent. ***Recommendations:*** *i.* On the phrase "*.... variables of a fixed share at 33.3 percent, rural population at 30 percent, rural area at 13.3 percent, and poverty at 23.3 percent, whereby the weights* ***are based on the formula for allocating the share of the national revenue among counties***", *it is unclear which formula for allocating the share of the national revenue among counties the variables are based upon.*	

		ii. *Secondly, the use of a measure on rural population and rural area disadvantages the Counties of Nairobi and Mombasa which are exclusively City Counties and therefore do not have rural population nor rural area.* Review clause to address these gaps.	
3.	**Fourth Schedule of the Bill:** Conditional Additional Allocations from proceeds of loans and grants from development partners	Column Q of the Fourth Schedule of the Bill provides the summation of the total loans and grants for the financial year 2024/25 by County with the exclusion of the conditional grants financed by proceeds from a KfW (German Development Bank) loan for co-financing of FLLoCA–County climate Resilience Investment (CCRI) and conditional allocations financed by proceeds from an IDA (World Bank) loan for the FLLoCA-County Climate Resilience Investment (CCRI). ***Recommendation:*** *Review schedule to include the two grants.*	The exclusion of the 2 grants makes it difficult to monitor the quantum of total loans and grants received by each county in the financial year 2024/25.

4. THE PUBLIC PROCUREMENT AND ASSET DISPOSAL (AMENDMENT) BILL, 2024

A. Introduction
1. This Bill seeks to amend the Public Procurement and Asset Disposal Act, 2015

B. Clause by Clause Analysis
The following issues emanate from review of the Bill-

Serial No.	Clause	Recommendations	Justification for CRA position
1.	**Clause 3** **Section 4** of the principal Act is amended by inserting the following new subsection immediately after subsection (3)-	"(4) For the avoidance of doubt, except where a bilateral or multilateral agreement between the Government of Kenya and any other foreign government, agency, entity or multilateral agency provides for use of foreign or international financing procurement procedures and guidelines, this Act shall apply to foreign funded procurement for goods, works and services by Government of Kenya." **Recommendation:** Add a proviso as follows "Where there is no specific mention by the foreign government"	Sometimes foreign governments require that they do the procurement using there own procurement rules

2.	**Clause 5** **Section 10 (1)** of the principal Act is amended by	deleting paragraph (b) and substituting therefor the following new paragraph- "(b) three members who shall be appointed by the Cabinet Secretary **Recommendation:** Add member	Adhere to corporate governance requirement of odd numbers for members of a Board
3.	**Clause 6** **Section 33** of the principal Act is amended in subsection (2) by inserting the following new paragraph immediately after paragraph (g)-	"(ga) ensure that goods and services manufactured in the respective county are prioritized in the procurement process;" **Recommendation:** Provide threshold of % of local content	Threshold or percentage will enable the mechanism to ensure adherence
4.	**Clause 7** **Section 44** of the principal Act is amended in subsection (2) by inserting the following new paragraphs immediately after paragraph (h)	"(ha) ensure that locally produced products or services are prioritized in the procurement and asset disposal process; (hb) ensure, where applicable, technology, knowledge and skills transfer plans from foreign firms are prioritized in the procurement and asset disposal process;" **Recommendation:** Provide mechanism to ensure this by providing a threshold	DITTO

5.	**Clause 9** **The principal Act is amended in section 41-**	(a) by deleting subsection (4) and substituting therefor the following new subsection - "(4) A debarment under this section shall be for a specified period of time of not less than three years and not exceeding six years." What is the basis of 6 yrs **Recommendation:** To expand to 10 years	What is the basis of 6yrs
6.	**Clause 1 1** **Section 53** of the principal Act is amended	(a) by inserting the following new subsections immediately after subsection (6)- "(6A) Any procurement of up to one billion shillings shall be awarded to a local firm. (6B) A foreign firm shall be eligible for procurement of contracts of more than one billion shillings where the foreign firm has entered into joint venture procurement with a local firm for not less than thirty percent of the value of the procurement. " **Recommendation:** Delete amendment	Against economic liberation. Kenya is a liberated economy

7.	**Clause 12** **Section 70** of the principal Act is amended by inserting the following new subsection immediately after subsection (6)- Amendment of Article 114	. "(6A) Where a procurement is of a value exceeding one billion shillings, in addition to the requirements set out in subsection (6), a procuring entity shall set out specific goods, works and services to be undertaken entity shall set out specific goods, works and services to be undertaken by a local firm under joint venture procurement." **Recommendation** Delete	This claws back the strides Kenya has taken towards a liberalized economy to make Kenya an Investment destination
8.	**Clause 16** **Section 89** of the principal Act is amended by (b) inserting the following new subsection immediately after subsection (1)-	""(2) Where a foreign tenderer participates in the competition for procurement, the respective procuring entity shall obtain an advisory from the Attorney General on the propriety of the funding of the foreign tenderer. " **Recommendation:** Delete	Bureaucratic. Not necessary if source of funds are declared at the Bank. Not suitable for investment environment or doing business in Kenya
9.	**Clause 27** The principal Act is amended by	repealing section 177 and replacing it with the following new section General penalty and sanctions. 177. (1) A person convicted of an offence under this Act for which no penalty is provided shall be liable upon conviction to (a) if the person is a natural person-	Procurement offences occasion economic loses of over one million shillings and this will deter the practise

		(i) a fine not exceeding one million shillings,. or to imprisonment for a term of not exceeding ten years, or to both. Recommendation: Delete amendment and lease section at 4Million	

COUNTY ASSEMBLIES FORUM (CAF)

Flamingo Towers, 5th Floor Wing B, Mara Road, Upper Hill P.o Box 73552- 00200 Nairobi Kenya Tel: 0701 046 933
Email:communication@countyassembliesforum.org www.countyassembliesforum.org

CAF MEMORANDUM ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2025

TO: The Clerk of the Senate,
Parliament of Kenya.

FROM: **The County Assemblies Forum.**

DATE: **21st March 2025**

SUBJECT: CAF Memorandum on the County Governments Additional Allocations Bill, 2025

1.0 INTRODUCTION

1. The County Assemblies Forum (CAF) is the coordinating body of the 47 County Assemblies in Kenya. The primary mandate of CAF is to promote networking and synergy among the 47 County Assemblies, coordinate intergovernmental relations and enhance good practice in legislative development. Our Mission is to provide effective leadership and coordination of the 47 County Assemblies and through policy and legislative action, promote a conducive working environment for all its members, and in that way deliver quality services to the people.

2. As one of the pillars of the devolved government system, CAF is committed to engage in processes that lead to the further strengthening of funding mechanisms to County Governments.

2.0. BACKGROUND

2.1. The principal object of this Bill is to operationalize additional allocations from the National Government's share of revenue to county governments under Article 202(2) of the Constitution, as well as allocations in the form of loans and grants from development partners. It further sets out conditions for these allocations, the mechanisms for transfer to counties, reporting requirements, and other related matters.

2.2. The Bill concerns the County Governments within the meaning of Article 110 and of the Fourth Schedule of the Constitution.

3.0. GENERAL COMMENTS.

3.1. CAF is concerned that, notwithstanding the Bill's positive intention to channel more resources to the counties, there are insufficient safeguards to prevent mid-year adjustments or unilateral reductions of these funds. Predictability is essential for planning county-level initiatives, and any abrupt alterations to allocations threaten the viability of projects that are already underway.

3.2. The Bill provides for reporting obligations but does not expressly penalize delays or unilateral diversions of disbursed resources. County Assemblies, which are constitutionally mandated to oversee the use of funds, have limited recourse if allocations are modified without timely consultations and approvals.

3.3. Another area of concern is the handling of donor-supported funds. Where development partners have reached agreements with the National Government for the benefit of county governments, any unilateral adjustments may jeopardize not just county projects but also donors' confidence in Kenya's intergovernmental fiscal framework.

3.4. Equally critical is the absence of robust mechanisms to resolve disagreements arising from funding shortfalls, late disbursements, or cutbacks. Cooperative governance, which the Constitution envisions, demands clear processes for mediation and dispute settlement.

3.5. Finally, CAF is concerned that Kshs. 38.4 Billion comprising Kshs. 24 Billion in donor funded projects and Kshs. 13 Billion from National Government grants has apparently been diverted or reduced in the Budget process. Many counties had already planned and approved commitments on the basis of receiving these allocations, and any withdrawal poses serious risks to local budgets and developmental initiatives. Such reductions frustrate the Constitution's aspirations for a devolved, equitable distribution of national resources and threaten to undermine vital services in agriculture, health, fisheries, and infrastructure sectors.

3.6. On basis of the foregoing the forum proposes the following amendments: -

4.0 SUMMARY MATRIX OF THE PROPOSED AMENDMENTS.

NO.	CLAUSE	PROPOSED AMENDMENT	JUSTIFICATION
1.	**Clause 5 :** "5. *(1) Conditional allocations to each county government from the National Government share of revenue for the financial year 2024/25 shall be as set out in Column E of the First Schedule, comprising –* *(a) conditional allocations for the County Aggregation and Industrial Parks (CAIP) programme as set out in Column B;* *(b) conditional allocations for the Community Health Promoters (CHP) project as set out in Column C;* *(c) conditional allocations for payment salary arrears for county government healthcare workers in county governmement as part of the 2017-2021Collective **Bargaining Agreement***	Amend by adding the following subclauses - *"(1) Conditional allocations to each county government from the National Government share of revenue for the financial year 2024/25 shall be as set out in Column G of the First Schedule, comprising –* *(a) conditional allocations for the construction of county headquarters as set out in Column B;* *(b) conditional allocations for the County Aggregation and Industrial Parks (CAIP) programme as set out in Column C;* *(c) conditional allocations for the Community Health Promoters (CHP) project as set out in Column D;*	➢ The proposed amendment clarifies and expands the categories of conditional allocations from the National Government share of revenue for the financial year 2024/25. By explicitly introducing allocations for construction of **county headquarters,** transfer of the museum function, and proceeds from the Road Maintenance Fuel Levy (RMLF) Fund, the amendment ensures that all key county-level priorities are both recognized and funded under the law.

	(CBA) set out in column D "	*(d) conditional allocations for basic salary arrears for county government health workers as set out in Column E; and* *(e) conditional allocations for the Transfer of Museum function as set out in Column F. Conditional allocations to county governments. (2) Conditional allocations financed by proceeds from the Road Maintenance Fuel Levy (RMLF) Fund shall be as set out in the Second Schedule"*	

ADDITIONAL RECCOMENDATIONS

1. The Senate should reverse any decision to divert or reduce the Kshs. 38.4 Billion in donor-funded and other additional allocations. Restoring these allocations without delay will safeguard ongoing county projects in healthcare, agriculture, fisheries, water, roads, and infrastructure, as well as the industrial parks program.
2. Introduce amendments to the bill stipulating that no allocations, whether from donors or the National Governmentmay be reduced or diverted without prior consultation and approval by the Senate and the affected counties. This measure will protect counties against future unilateral budget cuts.
3. The National Treasury should routinely engage county governments and relevant development partners to address emerging financing issues collaboratively. Open channels of communication, clear planning timelines, and formal consultation on any proposed changes to county finances will mitigate mistrust and ensure decisions align with devolved service delivery needs.
4. Both levels of government should respect Article 203 of the Constitution regarding equitable sharing of resources. Particular care is needed for donor funds, which are often subject to specific agreements; unilateral changes may erode donor trust and jeopardize critical programs meant to benefit citizens.

Yours sincerely,

HON. CHEGE MWUARA

SECRETARY GENERAL CAF

Society of Clerks-At-The-Table in Kenyan Legislatures
1st Floor,Room 104,Transnational Plaza,Mama Ngina Street, P.O. Box 12654-00100,Nairobi,Kenya
Telephone : 0726428903 Email: info@socattkenya.org website :www.socattkenya.org

REF: SOCATT/SENATE/VOL 1(55)

March 13th 2025

THE SENATE CLERK'S OFFICE
RECEIVED
14 MAR 2025
P.O. Box 41842 - 00100, NAIROBI

To: The Chairperson,
Senate Standing Committee on Finance and Budget.

Through: Jeremiah Nyegenye, CBS
The Clerk of the Senate, and
Secretary to the Parliamentary Service Commission,
Parliament Buildings,
NAIROBI.

RE: **MEMORANDUM ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL (SENATE BILLS NO. 1 OF 2025)**

The above subject refers.

In line with our Constitution and Strategic Approach 4, the Society of Clerks at the Table in Kenyan County Legislatures - SOCATT(K) has a mandate to undertake advocacy for national policy and legislation which enhances the functions and effective management of the County Assemblies. We implement this mandate through engagement with Parliamentary Committees on behalf of our membership being the Technical Services across the 47 County Assemblies in Kenya.

We make reference to your invitation to submit view on the County Governments Additional Allocations Bill (Senate Bills No.1 of 2025); and have consulted our membership to consider the Bill and input into a memorandum which we hereby submit for your consideration.

Further, kindly note that SOCATT(K) leadership is keen to engage with the Senate Standing Committee on Finance and Budget when it sits to consider this memorandum, and on subsequent matters touching on allocation of resources to county governments.

Thank you for your continuous consideration and support to County Assemblies.

Regina Mutheu,
EXECUTIVE DIRECTOR.

THE SENATE
RECEIVED
17 MAR 2025
DIRECTOR COMMITTEE SERVICES
(DSEC)

(1) DSEC
DLG

(2) DDSEC (BL)
Kindly deal
17/03/2025

Kindly deal
17/03/2025

(3) Mr. Githinji
Kindly deal
17/03/25

THE SENATE
RECEIVED
17 MAR 2025
DEPUTY CLERK

Introduction & Background

The Society of Clerks at the Table in Kenyan County Legislatures - SOCATT (K) is a membership organization of all the County Assembly Services (CAS) across the 47 County Assemblies in Kenya. Our objective is to facilitate the harmonization of procedure and practice while creating platforms that enhance experience sharing, collaboration and networking for the County Assembly Service.

The County Assembly Services appreciate the continuous successful engagements with the Senate, and specifically the Standing Committee on Finance and Budget which is mandated among other matters related to protecting the interests of county governments, consider and lead review and/or amendment of laws related to public finance management.

General Comments

The principal object of County Governments Additional Allocations Bill, 2025, provides for additional financial resources to county governments in Kenya for the 2024/2025 fiscal year, including funds from the National Government's share of revenue and loans and grants from development partners. The Bill aims to transfer these funds to county revenue accounts for functions transferred from the National Government and supports specific projects like county headquarters construction, community health, and agricultural initiatives. It sets guidelines for distributing, monitoring, and reporting the allocations, with criteria based on performance and population. Counties must comply with the conditions outlined in intergovernmental agreements, and the Cabinet Secretary is responsible for ensuring the proper transfer and reporting of funds in line with national financial management law

SOCATT(K) appreciates the opportunity to contribute to this Bill and looks forward to the impact of the on the governance and management of County Assemblies by the additional grants allocation.

SOCATT(K) concurs with various clauses of the Bill and notes the need for amendment to strengthen the County Assembly Service to support Legislators in a similar manner with the national level. This will be in further implementation of the Senate's mandate in line with the Fourth Schedule of the Constitution of Kenya on Capacity building and technical assistance to the counties. Overall, SOCATT(K) commends this initiative of the Senate in fulfilment of its mandate Article 96 of the Constitution of Kenya; and hereby submit our views as expounded below

NO.	ISSUE	PROPOSAL	RECOMMENDATION
1	Approval Timelines	The late approval of the bill eight months into the financial year the leads to poor implementation of the projects.	The Bill should be approved before 28th February every year to enable Counties include the allocations in the Resource Envelope
2	Aggregate Industrial Park – *(First Schedule)*	Lack of clarity on whether the aggregate industrial park grant is a 2nd Phase allocation or allocation carried forward from the FY 2023/2024	Clarification required
3	KDSP II-Omission- *(First Schedule)*	The Bill has not indicated KDSP II-Development Grant despite notifications from the State Department for Devolution to Counties on the same.	Include the KDSP II – Development Grant
4	Role of County Assemblies in KDSP II	The Kenya Devolution Support Program II (KDSP II) is designed to enhance county governance through five Key Result Areas (KRAs): Public Financial Management, Planning and Monitoring and Evaluation, Human Resources and Performance Management, Devolution and Inter-Governmental Relations, and Civic Education and Public Participation. However, the current grant framework focuses heavily on County Executives, with no clear allocation for County Assemblies. This creates a gap in funding for critical functions such as public participation, oversight, financial management, and human resource development within County Assemblies. 1. <u>Public Participation and Civic Education</u> Public participation (KRA 5) is a fundamental responsibility of County Assemblies; ensuring citizens are actively engaged in governance, legislative processes, and budget making. Without direct funding from KDSP II, County Assemblies may struggle to facilitate public forums, conduct civic education, and promote transparency and accountability. To address this, the grant framework should include a clear provision for County	For KDSP II to be fully effective, it must recognize the complementary roles of both County Executives and County Assemblies. Providing direct funding to County Assemblies will enhance public participation, strengthen financial oversight, improve performance management, and ensure the successful transition to accrual accounting. A more inclusive funding framework will contribute to the overall success of devolution in Kenya by promoting accountability, efficiency, and citizen engagement

			Assemblies to support their role in enhancing public participation. 2. <u>Strengthening Oversight and Public Financial Management</u> KDSP II prioritizes Public Financial Management (KRA 1), but its focus on County Executives overlooks the oversight role of County Assemblies. A major ongoing reform in Kenya is the transition from cash-based to accrual-based accounting, which requires County Assemblies to adapt to new financial reporting standards. To ensure effective oversight, Members of County Assemblies (MCAs) and staff should receive training in International Public Sector Accounting Standards (IPSAS), auditing, compliance, and financial risk management. Additionally, financial scrutiny committees need capacity-building programs to enhance their ability to monitor county expenditures and assess *project implementation effectively.* 3. <u>Human Resources and Performance Management in County Assemblies</u> Under KRA 3, KDSP II emphasizes Human Resources and Performance Management but largely focuses on County Executives. County Assemblies also require structured workforce planning, capacity building, and performance management systems. There is a need for targeted training on legislative analysis, fiscal oversight, and governance best practices to improve efficiency and ensure that County Assemblies effectively execute their mandates.	

PRINCIPAL SECRETARY
THE NATIONAL TREASURY
18 MAR 2025
RECEIVED
P. O. Box 30007 - 00100, NAIROBI

18 MAR 2025

MINISTRY OF LANDS, PUBLIC WORKS, HOUSING AND URBAN DEVELOPMENT

State Department for Housing and Urban Development

RECEIVED
19 MAR 2025
CABINET SECRETARY'S OFFICE

6th Floor,
Ardhi Building
1st Ngong Avenue
Email.ps@housingandurban.go.ke

OFFICE OF THE PRINCIPAL SECRETARY
P.O. Box 30119 – 00100
Tel: +254 (0) 20 2734886
NAIROBI

REF: MLPWHUD/HUD/KISIP2/1/Vol.IV(9)

DATE: 18th March, 2025

J. M. Nyegenye, CBS
Clerk of the Senate
Parliament Buildings
NAIROBI

Dr. Chris K. Kiptoo, CBS
Principal Secretary
The National Treasury
P. O. Box 30007-00100
NAIROBI

COUNCIL OF GOVERNORS
RECORDS MANAGEMENT OFFICE
18 MAR 2025
RECEIVED
P. O. Box 40401-00100. NAIROBI

Dear *Clerk and PS,*

REQUEST FOR RECONSIDERATION OF SECOND KENYA INFORMAL SETTLEMENT IMPROVEMENT PROJECT (KISIP II) FRAMEWORK FOR COUNTY GOVERNMENT ADDITIONAL ALLOCATION BILL FOR FINANCIAL YEAR 2024/2025

The Second Kenya Informal Settlements Improvement Project is a project funded by the Government of Kenya and International Development Association (loan) and French Development Agency (loan and grant). Part of the funding is being disbursed to 23 participating Counties as conditional grants.

The project has been under implementation since 2021 and the IDA funding is due to close on 30th July, 2025 in the event an extension is not granted. The funds (both IDA and AFD) have been committed through various ongoing contracts amounting to Kshs. 10,776,278,934 and Kshs. 4,084,637,317 under IDA and AFD respectively. These contracts were signed on diverse dates between November 2023 and June 2024 amongst the 23 participating Counties.

Out of the committed funds above, only Kshs. 5,790,735,172 has been disbursed from the IDA portion while no funds have been transferred from AFD. This leaves the Counties with unprecedented liquidity problems and therefore limiting their abilities to effectively implement the Project.

In Financial Year 2024/2025, the Project had been allocated Kshs. 10,400,000,000 as conditional grants to 23 participating Counties. The funds are from the two financiers IDA (World Bank) Kshs. 5,156,696,115 and Kshs. 5,243,303,885 under the French Development Agency (AFD).

Upon scrutinizing the County Government Additional Allocation Bill (Senate Bill No 1 of 2025) the figures were all captured as IDA (World Bank). We are therefore requesting the Senate Committee to consider a revision of this version of the bill to capture the separation between the two financiers.

Further, the Supplementary Estimates No. II reduced the budget for the project from Kshs. 11,200M (against a requirement of Kshs. 14,100M) to a total of Kshs. 2,900M. The budget for the Counties was therefore severely impacted.

If the CGAAB is passed with adjusted figures (National Assembly Bill No. 2 of 2025) as per the Supplementary Bill, 2025, the whole project is at risk. Some Counties have already received notices from the Contractors on delayed payments and we expect that there will be significant requests for interest on delayed payments. Further, delay in contract administration due to non-payment of contractors will lead to more price escalations. These costs will be borne by the Counties from their counterpart funding which already are scarce to perform even basic functions.

From the foregoing, it is our humble request that the CGAAB amount for the project be retained as was or to at least grant enough amount to cover the undisbursed amounts for the ongoing contracts that is Kshs. 4,985,543,762 and for IDA and Kshs 4,084,637,317. On the same note, we request the National Treasury to give concurrence to our submission. This will help in successful implementation of the project and save the taxpayers additional costs related to delayed payments.

Yours *Sincerely,*

Charles M. Hinga, CBS CA(SA)
PRINCIPAL SECRETARY

Copy to:

Hon. Alice Wahome, EGH
Cabinet Secretary
Ministry of Lands, Public Works, Housing and Urban Development
NAIROBI

Samuel Njoroge, CBS
Clerk of the National Assembly,
Parliament Building
NAIROBI

H.E. FCPA Ahmed Abdullahi, EGH
Chairperson Council of Governors
Council of Governors
NAIROBI

Ms. Mary Mwiti, EBS
Chief Executive Officer
Council of Governors
NAIROBI

QS Said Athman, EBS
Housing Secretary
State Department for Housing and Urban Development
NAIROBI

MINISTRY OF LANDS, PUBLIC WORKS, HOUSING & URBAN DEVELOPMENT
STATE DEPT. FOR HOUSING & URBAN DEVELOPMENT
RECEIVED
18 MAR 2025
SECRETARY HOUSING
★ NAIROBI ★

REF NO: TS0031

THE SENATE RECEIVED 25 MAR 2025 DEPUTY CLERK

THE SENATE RECEIVED 26 MAR 2025 12:45 pm DIRECTOR COMMITTEE SERVICES (DSEC)

Number 10, Wendy Court
2 David Osieli Rd, Off Waiyaki Way
P.O. Box 48353- 00100 Nairobi
Tel:+254 20 444 3676
Cell: +254 757 129 700
Email: info@tisa.or.ke
www.tisa.or.ke

TISA The Institute for Social Accountability

THE SENATE RECEIVED 26 MAR 2025 DIRECTOR COMMITTEE SERVICES (DGAC)

Mr. Jeremiah M. Nyegenye
Clerk of The Senate,
The Senate,
Parliament Buildings
P. O. Box 41482-00100 Nairobi

(1) DSEC
Kindly deal
26/03/2025

THE SENATE RECEIVED 25 MAR 2025 CLERK'S OFFICE

21st March 2025

Dear Sir,

RE: SUBMISSIONS ON THE BILLS REFERRED TO THE STANDING COMMITTEE ON FINANCE AND BUDGET

(2) DDSEC (BL)
Kindly deal
26/03/2025

We refer to the letter Ref. SEN/DSEC/F&B/2025/015(a).

TISA is a civil society organization founded in 2008, committed to achieving sound policy and good governance by supporting a culture of active citizenship and accountable governments. Our initiatives are geared toward institutionalizing a sustainable culture of social inclusion in Kenyan society through inclusive policy frameworks and budgetary decisions and building formidable people movements for the realization of inclusive governance (voice), accountable and equitable distribution of resources, and improved quality of life for all and especially the marginalized and vulnerable groups.

In light of your invitation to contribute to the legislative process, we wish to present our recommendations on the following bills currently under consideration:

i. Public Procurement and Asset Disposal (Amendment) Bill (National Assembly Bills No. 48 of 2024)
ii. Public Finance Management (Amendment) (No. 3) Bill (National Assembly Bills No. 44 of 2024)
iii. Public Finance Management (Amendment) (No. 4) Bill (National Assembly Bills No. 45 of 2024)
iv. County Governments Additional Allocations Bill (Senate Bills No. 1 of 2025)

The submission highlights the proposed amendment to the law, supported by a statement on the issues to be addressed and a justification for the proposed amendments. We are available to highlight our submissions to the Finance and National Planning Departmental Committee.

We look forward to hearing from you and engaging in this important national exercise that will shape the fiscal landscape of Kenya.

Yours sincerely,

THE INSTITUTE FOR SOCIAL ACCOUNTABILITY
24 MAR 2025
P.O. Box 48353 - 00100 NAIROBI

Diana Gichengo,
Executive Director TISA

IV. THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL (SENATE BILLS NO. 1 OF 2025).

The County governments Additional Allocation Bill, 2025, is a bill in Parliament seeking to provide for the additional allocations to county governments for the 2024/2025 financial year; the responsibilities of National Government and county governments pursuant to such allocation; and for connected purposes. Article 202(2) underscores the principle that County governments may be given additional allocations from the national government's share of the revenue, either conditionally or unconditionally. Additionally, Article 219 requires that the county's share of revenue raised by the national government shall be transferred to the county without undue delay and without deduction, except when the transfer has been stopped under Article 225. Moreover Article 203 (2) states that for every financial year, the equitable share of the revenue raised nationally that is allocated to county governments shall not be less than fifteen per cent of all revenue collected by the national government.

Considering this, TISA hereby submits its views as follows the County Governments Additional Allocation Bill, 2025:

Allocations by Schedule (FY 2024/25):

Schedule	Description	Key Allocations	Comments / Recommendations
First schedule	**Conditional allocation to County Governments from National Government Revenue**	CAIP (Ksh 2M) CHP Project- Kshs. 3, 234, 930, 000 Basic Salary Arrears for County Government Health Workers- Kshs. 6,994, 031, 729 Total allocation: Ksh 1,759,101,729	For the construction of industrial parks, the meager allotment could be insufficient, requiring counties to seek additional funding or private partnerships. Addresses **county government salary backlogs (2017-2021 CBA)**, easing labor disputes and improving service morale but may not fully resolve pending salary issues. A positive step in the allocations set for the payment of health care salary arrears, however we urge the government to collaborate with county governments to fully resolve the outstanding salaries arrears and benefits as well as creating measures to prevent future salary backlogs through improved fiscal planning. Addresses **county government salary backlogs (2017-2021 CBA)**, easing labor disputes and improving service morale but may not fully resolve pending salary issues. Further, all devolved functions should be released to the County Governments

			together with the corresponding resources especially in health and agriculture.
Second Schedule	Unconditional allocations to County governments from court fines in column C	Total allocation FY 2024/25: Kshs. 7, 431, 745 Cumulative total allocation: Kshs. 116, 092, 724	These funds have a relatively low portion of the overall budget. The Court system produces low revenue to support county budgets. Transparency and efficiency in the collection system to ensure all court fines are properly accounted for and remitted. This will lead to an increase in revenue for the counties and reduced dependence on national transfers.
Third Schedule	Conditional Additional Allocation from proceeds of Loans or grants from development partners.	Total allocation Kshs. 42, 001, 957, 724	This would support major development projects, but it raises the concerns on debt levels and sustainability.

County administrations have repeatedly relied too heavily on national transfers, which calls into question the sustainability of the allocation. TISA recommends that in order to improve county fiscal autonomy, the government should implement administration measures that will enhance own source revenue enhancements for County governments without burdening citizens and businesses with additional levies and taxes. Further, the Bill should indicate how mineral loyalties are shared between the national and county governments.

THE SENATE RECEIVED 24 MAR 2025 IPF DIRECTOR COMMITTEE SERVICES (DSEC)

THE SENATE CLERK'S OFFICE RECEIVED 24 MAR 2025 P.O. Box 41842 - 00100, NAIROBI

Rosami Court, Muringa Road,
P.O. Box 21753-00100,
Nairobi Kenya.
Tel: +254 758 728 882
Email: info@ipfglobal.or.ke
|www.ipfglobal.or.ke

THE SENATE RECEIVED 24 MAR 2025 DEPUTY CLERK

IPF/CEO/SBM/09/-03-2025 21st March 2025

MR. J.M NYEGENYE, CBS
Clerk of the Senate
Parliament Building
P.O Box 41842-00200
NAIROBI, KENYA.

DSFC
DLG
Kindly deal
24/03/2025

Mr. Gitonga
Kindly deal
24/03/2025

Dear Sir,

RE: INSTITUTE OF PUBLIC FINANCE MEMORANDA ON THREE BILLS REFERRED TO THE STANDING COMMITTEE ON FINANCE AND BUDGET

Greetings from the Institute of Public Finance (IPF).

The Institute of Public Finance (IPF) is an independent, non-political, and non-religious think tank based in Nairobi, which aspires to further the ideas of open Public Finance Management systems through research, training, and technical assistance.

In this note, and according to the invitation by the Standing Committee on Finance and Budget, as communicated through the letter dated **17th March 2025**, the Institute of Public Finance submits its views on the following Bills: **The Public Finance Management (Amendment) (No. 3) Bill (National Assembly Bills No. 44 of 2024), The Public Finance Management (Amendment) (No. 4) Bill (National Assembly Bills No. 45 of 2024),** and **The County Governments Additional Allocations Bill (Senate Bills No. 1 of 2025).**
We applaud the Committee on Finance and Budget for allowing us to present our insights on the aforementioned Bills under Article 10 of the Constitution.

The submissions herein analyze the potential impact of the proposed amendments, highlight key concerns, and provide recommendations to enhance the effectiveness of the legislative framework. Regarding the debt ceiling threshold, we propose backdating the effective date for compliance to the commencement date of the amended Section 2(A)(B). Concerning the transition period of adopting

IPF

Rosami Court, Muringa Road,
P.O. Box 21753-00100,
Nairobi Kenya.
Tel: +254 758 728 882
Email: info@ipfglobal.or.ke
|www.ipfglobal.or.ke

the accrual accounting framework, we foresee the need for tightened oversight to ensure the shift to accrual accounting is not delayed further. On the financing and funding of transferred functions, we urge the Senate to work with IGRTC to ensure the speedy transfer of pending functions that have been costed.
In executing its mandate, the Intergovernmental Relations Technical Committee (IGRTC) has played an important role in ensuring a smooth transfer of functions between the two levels of government. Further, while the increased allocation for Community Health Promoters (CHPs) is noted, this program has already faced challenges with delayed disbursements, raising questions about whether counties will receive these funds promptly and predictably.

In reviewing the proposed Bill against the Budget Policy Statement (BPS), we note commendable increases in allocations for the Construction of County Headquarters (from Ksh. 445 million to Ksh. 523 million) and Community Health Promoters (CHPs) (from Ksh. 2.5 billion to Ksh. 3.23 billion). However, the significant reduction in funding for the County Aggregated Industrial Parks (from Ksh. 4.5 billion to Ksh. 2 billion) raises concerns, particularly given the strategic importance of these parks in fostering local economic growth. These discrepancies between the BPS and the Bill warrant clarification to ensure budget consistency and effective service delivery.

We hope that the issues and any proposed interventions will be considered to enrich the Bills referred to the Standing Committee on Finance and Budget to entrench efficiency and effectiveness of Kenya's Public Finance Management system.

We are available to provide further information and discuss our recommendations on the proposed measures.

Sincerely,

James Muraguri
Chief Executive Officer
Institute of Public Finance
jmuraguri@ipfglobal.or.ke

1st Floor-Rosami Court, Muringa Road,
P.O. Box 21753-00100, Nairobi Kenya
Tel: +254 758 728 882
Email: info@ipfglobal.or.ke | www.ipfglobal.or.ke

Annex Table:

Item	Issue of concern	Impact/ Implication of the proposed change	IPF's Observation and Recommendation
Public Finance Management (Amendment) (No. 4) Bill (National Assembly Bills No. 45 of 2024)			
Clause 2- **Extension of timeline for review and publication of the Budget Policy Statement (BPS)**	Section 25 (7) Public Finance Management Act requires Parliament to not later than fourteen days after the Budget Policy Statement is submitted to Parliament, table and discuss reports containing its recommendations and pass a resolution to adopt it with or without amendments.	Extending the timeline for review of the BPS by Parliament will create more time for public participation and more detailed review of the BPS.	Adopt the proposal
	Section 25 (9) requires The National Treasury to publish and publicize the Budget Policy Statement no later than fifteen days after submission of the Statement to Parliament.	This will increase the waiting time for the public to access the final BPS.	Adopt the proposal and require the National Treasury to incorporate Parliament's recommendations before publishing and publicizing the BPS.
Clause 3 **Compliance with the debt ceiling**	Section 50(2C) (2CA) of the Public Finance Management Act imposes a statutory obligation on the Cabinet Secretary responsible for the National Treasury and Economic Planning to ensure that within a period not exceeding five years after the national government surpasses its prescribed borrowing limit, compliance is restored to the statutory threshold of fifty-five percent of GDP in present value terms. Clause 2 of the Bill proposes an amendment to Section 50 of	If the effective date for the enforcement of the debt threshold requirement becomes the commencement date of the Bill, there will be clarity. However, this will lengthen the current delay in enforcing the debt threshold requirement.	We propose backdating the effective date to the commencement date of the amended Section 2(A)(B) to ensure timely compliance of the debt threshold requirement.

	the Principal Act to provide that the commencement date of the Bill be the effective date for the enforcement of the debt threshold requirement.		
Clause 3 (a) - Prescription of Accrual Accounting and Risk Management Frameworks	Section 194 of the Public Finance Management Act delineates the functions of the Public Sector Accounting Standards Board. Clause 3(a) of the Bill proposes an expansion of the Board's mandate by increasing the number of frameworks it is required to develop under this section. Specifically, the proposed amendments would introduce Section 194(1)(h), obligating the Board to prescribe a framework for the implementation of accrual accounting by the Government, and Section 194(1)(i), requiring the Board to establish a risk management framework	Delineating the accrual accounting and risk management frameworks in blackletter will ensure a smooth transition into the accounting basis and a reference point for the management of risk in MDAs.	Adopt the proposal
Clause 3 (b) - Transition period for Accrual Accounting Framework	Building upon the 'Accrual Accounting Framework' to be established by the Board, the Bill stipulates a transition period of three years, commencing from the date of its possible enactment.	The transition period of three years is long. Trimming the bottlenecks propelled by the cash basis of accounting should be expedited.	Adopt the proposal, however, there will be need for tightened oversight to ensure the shift to accrual accounting is not delayed further.
The Public Finance Management (Amendment) (No. 3) Bill (National Assembly Bills No. 44 of 2024),			
Clause 2 – Not remitting statutory deductions	The proposal to amend Section 94 (1a) strengthens accountability by explicitly recognizing failure to remit statutory deductions as a material breach. However, it raises concerns about potential financial penalties,	Adopt the proposal, on condition that counties will be assured of timely disbursement of equitable share.	

1st Floor-Rosami Court, Muringa Road,
P.O. Box 21753-00100, Nairobi Kenya
Tel: +254 758 728 882
Email: info@ipfglobal.or.ke | www.ipfglobal.or.ke

included as material breach.	including the withholding of the equitable share by the National Treasury	
Clause 4(a) - Change of deadline for submission of CFSP	The Bill proposes to amend Section 117(1) by changing the submission deadline from 28th February to 7th March. This will provide additional time for the County Treasury to finalize and refine the Fiscal Strategy Paper, potentially improving quality and accuracy. However, it shortens the time available for subsequent budget processes.	Adopt the proposal to allow counties to align their CFSP's with the BPS. This also aligns with the proposal to extend the period for review and approval of the BPS by Parliament. This extension, however, should not disrupt the budget process.
Clause 4(b)- Extension of county assembly review period	The Bill proposes to amend Section 117(6) by extending the review period of the CFSP from 14 to 21 days. This allows the respective county assemblies more time to scrutinize and make informed amendments, enhancing legislative oversight. However, it may also delay subsequent budget approvals.	Adopt the proposal with the understanding that the extension will allow for more meaningful public participation and thorough review of executive's budget proposals.
Clause 186C - Funds for Transferred Functions	The provision proposes that transferred functions continue to be funded from the original budgets of the transferring government, subject to constitutional and statutory approval. If additional funding is needed, both levels of government must consult and agree on the necessity, with the transferring government bearing the financial obligation. The process for approving and disbursing these funds should be captured in the transfer agreement entered into by both governments.	Adopt all these proposals. The increased body of law makes provision for a proper financing framework for transferred functions between the two levels of government. The Intergovernmental Relations Technical Committee (**IGRTC**) in executing its mandate has played an important role in ensuring a smooth transfer of functions between the two levels of government. We urge the Senate to work with IGRTC to ensure speedy transfer of pending functions that have been costed.
Clause 186D- Costing Framework for	The provision intends to ensure that the cost of transferred functions is determined using the costing framework outlined in the national and county	

Transferred Functions	government budget manuals. This determined cost will then serve as the basis for allocating any additional financial resources required for the effective implementation of the transferred functions.		
Clause 186 E – Assets and Liabilities transferred in respect of transferred functions	The proposal is that a transfer agreement between the two levels of government shall include a provision on acquisition, disposal, and transfer of assets and liabilities. When a function is transferred, the receiving government must maintain an updated register of acquired assets and incurred liabilities and ensure their return to the transferring government at the end of the transfer period.		
Clause 186 E – Cash Flow Projections for Transferred Functions	The transferring government must prepare cash flow projections based on revenue estimates from various sources for the transferred functions. These projections must be published and publicized within fifteen days of the transfer period's commencement.		
The County Governments Additional Allocations Bill (Senate Bills No. 1 of 2025)			
Clause 4 – Scope of Financing Transferred Functions	The previous County Government Additional Allocation Act (2022) limited additional funding to "grants" from development partners, restricting the financial support available for counties. The Bill uses "additional allocations," a broader term to include grants and conditional transfers from the National Government. The previous Act states that funding for transferred functions under Article 187 of the	The proposed change broadens the scope of county funding, in law, by replacing "grants" with "additional allocations", effectively providing a legal framework for additional allocations from the National Government.	Adopt the proposal.

1st Floor-Rosami Court, Muringa Road,
P.O. Box 21753-00100, Nairobi Kenya
Tel: +254 758 728 882
Email: info@ipfglobal.or.ke | www.ipfglobal.or.ke

	Constitution shall come only from development partners, making counties dependent on external sources, while the Bill expands this to include both the National Government and development partners.		
Clause 5(5) - Basis for Conditional Allocation of FLLoCA programs	For Financing Locally Led Climate Action (FLLoCA) program, the conditional allocations for counties will be based on: 1. Performance Assessment: County's performance score determines eligibility for the County Climate Resilience Investment Grant (CCRI) grant. 2. Expenditure Needs: 50% allocated based on rural population, area, and poverty. 3. Performance-Based Allocation: 50% allocated using county performance scores and revenue formula.	The criteria used here ensure fiscal responsibility. Counties cannot receive additional allocation if they do not meet these criteria.	Adopt the proposal. However, these same criteria may be used in other programs as a basis for additional allocation respecting this Bill.

End

Annex4: Advertisement as published in the media

REPUBLIC OF KENYA

THIRTEENTH PARLIAMENT | FOURTH SESSION

THE SENATE

INVITATION FOR SUBMISSION OF MEMORANDA

THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL (SENATE BILLS NO. 1 OF 2025)

The County Governments Additional Allocations Bill (Senate Bills No. 1 of 2025) was read a First Time in the Senate on Tuesday, 4th March, 2025, and thereafter stood committed to the Standing Committee on Finance and Budget for consideration. The Committee is required, under standing order 145(5) of the Senate Standing Orders, to facilitate public participation on the Bill and to take into account the views and recommendations of the public when the Committee makes its report to the Senate.

The Bill seeks to make provision for the transfer of conditional and unconditional allocations from the National Government's share of revenue and from development partners to the county governments for Financial Year 2024/2025. The Bill further seeks to facilitate the transfer of conditional and unconditional allocations made to counties from the Consolidated Fund to the respective county revenue funds and special purpose accounts.

In accordance with the provisions of Article 118(1)(b) of the Constitution and standing order 145(5) of the Senate Standing Orders, the Standing Committee on Finance and Budget now invites interested members of the public to submit any representations that they may have on the Bill by way of written memoranda.

The memoranda may be submitted to the Clerk of the Senate, P. O. Box 41842-00100, Nairobi, hand-delivered to the Office of the Clerk of the Senate, Main Parliament Buildings, Nairobi or emailed to clerk.senate@parliament.go.ke and copied to financebudgetcomm.senate@parliament.go.ke to be received on or before **Friday, 14th March, 2025 at 5.00 p.m**.

The Bill and a digest that summarizes the contents and context of the Bill may be accessed on the Parliament website at http://www.parliament.go.ke/the-senate/house-business/bills.

J. M. NYEGENYE, CBS,
CLERK OF THE SENATE.