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THE NATIONAL ASSEMBLY

COMMITTEE ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT
FUND

SCHEDULE OF BUDGET CEILINGS FOR CONSTITUENCIES FOR THE
FINANCIAL YEAR 2023/2024

 THE NATIONAL ASSEMBLY	
DATE:	03 AUG 2023
	THURSDAY
TABLED BY:	HON. MUSA C. GIRMA, MP CHAIRPERSON
CLERK-AT-THE-TABLE:	Anne Shubuto



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD

**PROPOSED BUDGET CEILING FOR EACH CONSTITUENCY FOR THE 2023/2024
FINANCIAL YEAR**

AUGUST 2023

1. Introduction

The National Government Constituencies Development Fund (NG-CDF) is established under Section 4(1) of the NG-CDF Act, 2015 as amended in 2022, as a National Fund consisting of monies of an amount not less than 2.5% (two and half per centum) of all National Government's share of revenue as divided by the annual Division of Revenue Act enacted pursuant to Article 218 of the Constitution; and additionally comprises any monies accruing to or received by the Board from any other source.

As per 2023/2024 Budget the National Government Constituencies Development Fund was allocated **KSh. 53,531,500.000**. This was confirmed by the State Department for Economic Planning vide its letter Ref. No. TNTEP/SDEP/3/41 (7) dated 6th July 2023.

2. Legal Framework for determining the Budget Ceilings for each Constituency

2.1 Section 6 (1) of the NG-CDF Act 2015 as amended in 2022 requires that the Board shall, with the approval of the relevant Committee of the National Assembly, allocate funds for every constituency in each financial year in accordance with Section 34 (1).

Section 34 on the other hand states that:

- (1) *"The budget ceiling for each constituency shall be-*
 - a) three quarters of the amount specified in section 4(1) divided equally among all constituencies;*
 - b) an amount equal to a quarter of the amount specified in section 4(1) divided among all constituencies taking into account the number of wards in each constituency; and*
 - c) subject to the provisions of section 8(1) and 23(1)".*
- (2) *The Chairperson of the National Assembly Committee shall table in the National Assembly a schedule showing the ceiling for each constituency, which shall be determined in accordance with subsection (1)*

Section 8(1) on Emergency Reserve states:

"A portion of the fund equivalent to five percent (referred to as "Emergency Reserve") shall remain unallocated and shall be available for emergencies that may occur within the constituency"

Section 23(1) states that:

"The expenditure for running the Board and related purposes shall be set aside at the beginning of the financial year and not more than five (5) percent of the total allocation to the fund in the financial year may

be used for this purpose, the annual budget of which shall be approved by the Cabinet Secretary with the concurrence of the National Assembly Committee”.

2.2 Appropriations in Aid (A-I-A) - The Public Finance Management (PFM) Act 2012 defines A-I-A as follows:

“Appropriation-in-Aid” means any revenue which a national government entity receives and is approved by Parliament for application by that entity to finance its activities”.

Regulation 43 of the PFM Act Regulations, 2015 states that an Accounting Officer shall:

“(c) Ensure all appropriation-in-aid due to national government entity are collected and properly accounted for in accordance with the relevant laws, rules and regulations”.

Section 12(9) of the NG-CDF Act on the other hand states that:

“Any accruing revenues, interest and liability from any constituency account shall be declared to the Board together with annual returns”.

In line with the provisions of Section 12(9) read together with Section 4(1) of the NG-CDF Act, the monies received by Constituencies as Appropriation in Aid (A-I-A) form part of the Fund.

In this regard, the Management requested all Fund Account Managers to submit information on A-I-A collected in each constituency as at 30th June, 2023. Twenty-Eight (28) Constituencies submitted the required information; hence the amounts have been incorporated in the Budget ceilings of the respective constituencies.

3. Proposed allocation of funds to the Board and the 290 Constituencies

As provided for in Section 6(1) of the NG-CDF Act, the Board with the approval of the relevant Committee of the National Assembly is required to allocate funds for every constituency in each financial year in accordance with Section 34.

Further section 23(1) provides for Board expenditures which are drawn from the Fund.

The proposed allocation is as follows:

- i. The total allocation to the Fund for the 2023/2024 Financial Year is **KSh. 53,531,500,000.00**.
- ii. Allocation to NG-CDF Board is **KSh. 2,676,575,000.00**
- iii. Constituencies' shareable allocation is therefore **KSh. 50,854,925,000.00**

This is calculated by deducting the expenditure for running the Board and related purposes from the amount allocated to the Fund.

This allocation is subjected to the criteria for determining the Budget ceilings for each constituency as outlined in section 34 of the NG-CDF Act.

The shareable allocation is subjected to the above criteria as follows;

- Equal share (75% of **KSh. 50,854,925,000.00**) = **KSh. 38,141,193,750.00**

- This amount is then divided equally to all constituencies as follows:

$$38,141,193,750 \div 290 = 131,521,358 \text{ per constituency}$$

- The amount to be allocated based on the number of wards per constituency is equivalent to (25% of **50,854,925,000.00**) = **KSh. 12,713,731,250.00**

Based on 2023/2024 NG-CDF allocation of **KSh. 53,531,500,000.00** the budget ceiling for each Constituency from the shareable allocation **inclusive of the emergency funds** will be as follows;

No. of Wards Per Constituency	Equal Share per constituency (Ksh.)	Allocation per constituency based on number of Wards (Ksh.)	Grand allocation (Ksh.)	No. of Constituencies per each category
3	131,521,358	26,304,271	157,825,629	21
4	131,521,358	35,072,362	166,593,720	79
5	131,521,358	43,840,452	175,361,810	106
6	131,521,358	52,608,543	184,129,901	54
7	131,521,358	61,376,633	192,897,991	23
8	131,521,358	70,144,724	201,666,082	7

Table 1

As illustrated in the Table 2 above, seven (7) Constituencies will receive the highest allocation **Ksh. 201,666,082** while 21 will receive the lowest at **Ksh. 157,825,629** from the Constituencies shareable allocation.

- iv. Emergency allocation (This is equivalent to 5% of the total Fund of (KSh. 53,531,500,000.00) = KSh. 2,676,575,000.00

Constituencies shall leave the Emergency portion unallocated in conformity with Section 8(1) and demarcate it from the amount available to each constituency for allocation to projects prioritised by the NG-CDF Committee.

The allocation for each Constituency for emergency purposes has been calculated by subjecting the Fund's allocation for emergency to the sharing criteria as provided in Section 34 of the Act.

The emergency allocation is subjected to the above criteria as follows:

- Equal share (75% of KSh. 2,676,575,000) = KSh. 2,007,431,250
- This amount is then divided equally to all constituencies as follows:

 $2,007,431,250 \div 290 = 6,922,177$ per constituency
- The amount to be allocated based on the number of wards per constituency is equivalent to (25% of 2,676,575,000) = KSh. 669,143,750

No. of Wards Per Constituency	Equal Share per constituency (Ksh.)	Allocation per constituency based on number of Wards (Ksh.)	Total allocation (Ksh.)	No. of Constituencies per each category
3	6,922,177	1,384,435	8,306,612	21
4	6,922,177	1,845,914	8,768,091	79
5	6,922,177	2,307,392	9,229,569	106
6	6,922,177	2,768,870	9,691,047	54
7	6,922,177	3,230,349	10,152,526	23
8	6,922,177	3,691,827	10,614,004	7

Table 2

In summary the allocation of funds to projects and the emergency reserve is as shown in Table 3

No. of Wards Per Constituency	Grand allocation (Ksh.)	Emergency Reserve (Ksh.)	Amount to be allocated to projects (Ksh.)	No. of Constituencies per each category
3	157,825,629	8,306,612	149,519,017	21
4	166,593,720	8,768,091	157,825,629	79
5	175,361,810	9,229,569	166,132,241	106
6	184,129,901	9,691,047	174,438,854	54
7	192,897,991	10,152,526	182,745,465	23
8	201,666,082	10,614,004	191,052,078	7

Table 3

Further analysis indicates that the proposed budget ceilings for each constituency will result in significant increase in allocation per constituency in 2023/2024 Financial Year compared to the allocation in 2022/2023 Financial Year for all Constituencies. The difference between what constituencies will receive in 2023/2024 Financial Year and 2022/2023 Financial Year ranges from KSh. 26,483,167 to KSh. 35,960,766 as shown Table 4:

No. of Wards Per Constituency	Amount allocated in 2023/2024 Financial Year (KShs.)	Amount allocated in 2022/2023 Financial Year (KShs.)	Increase in allocation per Constituency (KShs)	Percentage Increase
3	157,825,629	131,342,462	26,483,167	20.2%
4	166,593,720	138,215,033	28,378,687	20.5%
5	175,361,810	145,087,603	30,274,207	20.9%
6	184,129,901	151,960,174	32,169,727	21.2%
7	192,897,991	158,832,745	34,065,246	21.4%
8	201,666,082	165,705,316	35,960,766	21.7%

Table 4

4. Appropriation in aid (A-I-A) from constituencies

Section 12(9) and 36(6) of the NG-CDF Act 2015 as amended in 2022 provides that NG-CDF Committee shall declare any accruing revenue from any constituency account through their annual returns and shall be considered and reflected as part of the constituency Fund for that Financial Year.

Pursuant to the above provisions, twenty-eight (28) constituencies declared their A-I-A amounting to a total of **KShs. 4,135,030**. The relevant supporting documents were provided. Mathioya constituency declared the highest at Kshs. 694,000 followed by Ndia at Kshs. 603,000 and Kirinyaga Central at Kshs. 577,300. Most of the revenue was generated from sale of tender documents and rent of offices.

A detailed tabulation of the budget ceiling per constituency is annexed herewith.