



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING

THE NATIONAL ASSEMBLY	
DATE: 16 NOV 2022	DAY: Wednesday
TABLED BY:	L-O-M - Kimani Ichung'wa
	Maina Hanjiku

Telegraphic Address: 22921
FAX NO. 310833
Telephone: 2252299

THE NATIONAL TREASURY
P O BOX 30007 - 00100
NAIROBI

When Replying Please Quote:

Ref: BFEA/GEN/02 (18)

Date: 16th November 2022

Hon. Kimani Ichung'wa, CBS, MP

Leader of the Majority Party
The National Assembly
Parliament Buildings

NAIROBI

PARLIAMENT
OF KENYA
LIBRARY

Dear

Bw. Ichung'wa,

Statement on the Status of Disbursement of the National Government Constituency Development Fund (NG-CDF) for the Financial Year 2022/23

This is in reference to the above subject matter.

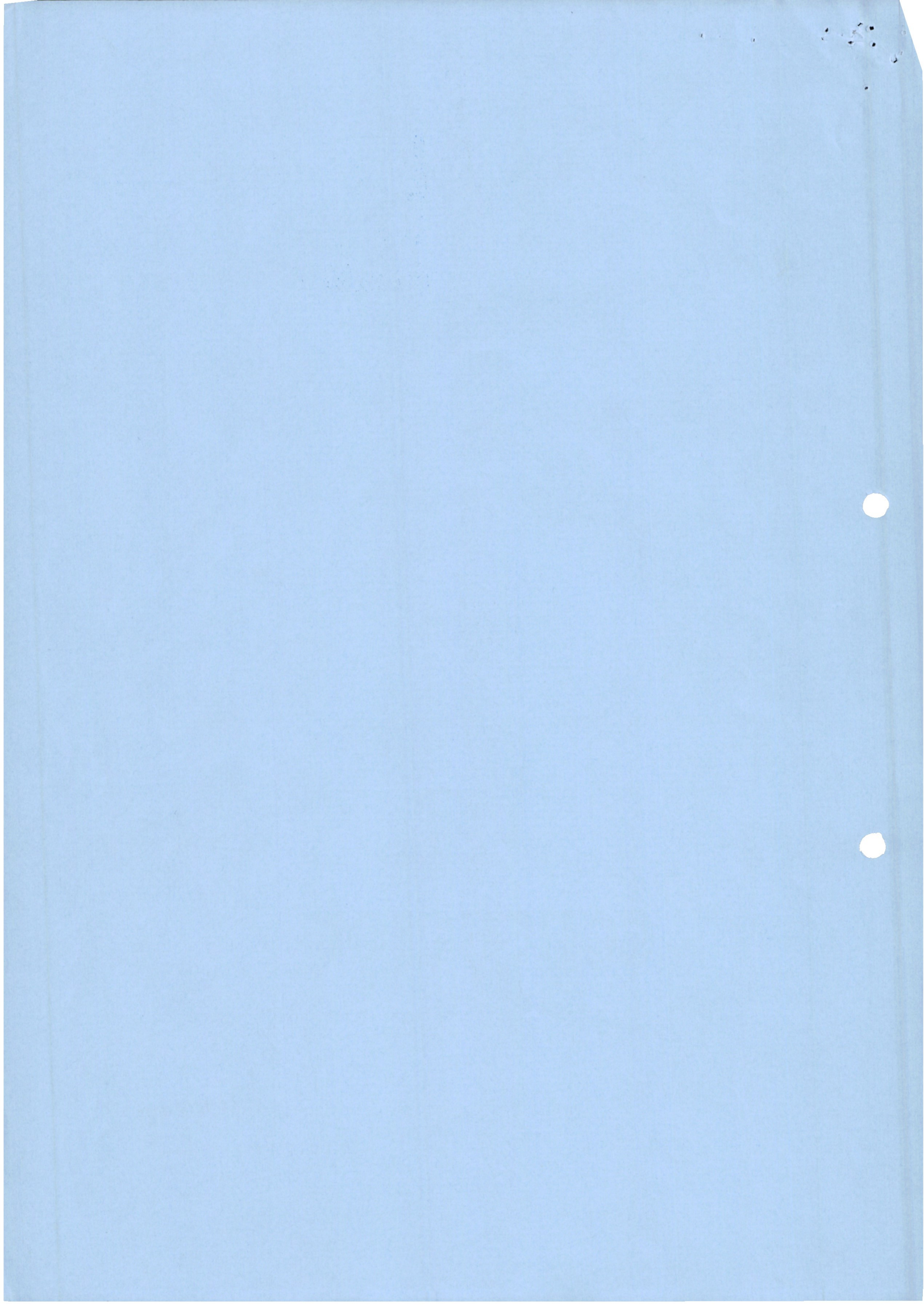
Please find attached a statement on the status of disbursement of the National Government Constituency Development Fund (NG-CDF) in the financial year 2022/23.

Yours

Sincerely,
[Signature]

Njuguna Ndung'u, CBS
Cabinet Secretary







REPUBLIC OF KENYA

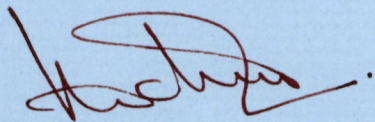
THE NATIONAL TREASURY AND ECONOMIC PLANNING

THE NATIONAL ASSEMBLY	
DATE: 16 NOV 2022	
DAY: _____	
TABLED BY _____	_____
Clerk-AT _____	_____

Statement on the Status of Disbursement of the National Government Constituency Development Fund (NG-CDF) for the Financial Year 2022/23

1. The National Government Constituencies Development Fund (NG-CDF) is established under the NG-CDF Act of 2015 which requires that every year not less than 2.5 percent of the national government's share of revenue, allocated in accordance with Article 218 of the Constitution, is set aside for the Fund. Consistent with this legal requirement, the NG-CDF has been allocated **Ksh. 44.3 billion** in the National Budget for the financial year (FY) 2022/23.
2. The National Treasury has, however, not disbursed any amounts of the voted provision for FY 2022/23 due to a number of factors.
3. First, we have experienced delays due to the transition to the new Government following the general elections held on 9th August 2022.
4. Second, despite the good revenue performance in FY 2021/22, the Russian-Ukraine conflict, exerted pressure on fuel and commodity prices prompting the government to increase spending to cushion citizens. In addition, the war in Ukraine worsened the international financial market conditions and as a result, we were unable to raise the expected resources from international markets. This, coupled with the delayed disbursement of the funds from the IMF and shortfalls in domestic financing, meant that financing for FY 2021/22 budget was lower by Ksh 241.2 billion. As a result, the Government **carried over huge pending bills estimated at over Ksh. 90 billion**, payment of which has been prioritized in FY 2022/23.
5. Third, the Government is facing expenditure pressures from **fuel subsidy, drought mitigation interventions and salary budget shortfalls** as well as new priority program for the in-coming Government, such as, the **establishment of the 'Hustler Fund', fertilizer subsidy and pensions**. The additional expenditure pressures are estimated at about **Ksh. 117 billion**.

6. The National Treasury has, however, taken measures aimed at unlocking financing from both external and domestic markets and there have been notable improvements. Going forward, therefore, the National Treasury will be able to reduce the outstanding unfunded exchequer requests.
7. The National Treasury has also taken note of the Supreme Court decision on Petition No. 1 of 2018 delivered on 8th August 2022 in which a declaration was made that the CDF Act of 2013 was unconstitutional. It is not clear what the implication of this court decision is on application of NG-CDF Act of 2015. The National Treasury has therefore requested for the legal opinion of the Attorney General on this matter and in particular the implication of the Supreme Court decision on the utilization of the NG-CDF budget for FY 2022/23. The National Treasury has, however, not received feedback from the office of the Attorney General.
8. The National Treasury commits to disburse **Ksh. 2 billion** to the NG-CDF every week effective the week starting 21st November 2022, subject to legal advise from the office of the Attorney General.



Njuguna Ndung'u, CBS
CABINET SECRETARY

16th November 2022