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THIRTEENTH PARLIAMENT – THIRD SESSION -2024

REPORT OF THE MEDIATION COMMITTEE ON THE COUNTY
GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2023 (NATIONAL
ASSEMBLY BILL NO.23 OF 2023)

Joint Clerks Chambers
Parliament Buildings
NAIROBI

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 20 FEB 2024	DAY: TUESDAY
TABLED BY:	Hon. Ndindi Nyoro, CBS, MP CO-Chairperson, Mediation Committee
CLERK-AT-THE-TABLE:	Inzofu Mwale

February, 2024



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1.0 Introduction

1.1 Establishment of the Committee

1. The Mediation Committee on the County Government Additional Allocation (National Assembly Bill No. 23 of 2023) was constituted by the Speaker of the National Assembly and Speaker of the Senate on November 29, 2023, and 28th October 2023, respectively, pursuant to standing order 149 of the National Assembly Standing Orders and standing order 166 of the Senate Standing Orders.

The Committee membership was constituted as follows-

NO	NAME	DESIGNATION
1	Hon. Ndindi Nyoro, CBS, MP	Co-Chairperson
2	Sen. (Dr.) Boni Khalwale, CBS, MP	Co-Chairperson
3	Hon. GK Kariuki, MP	Member
4	Hon. Mary Emaase, MP	Member
5	Sen. Shakila Abdallah Mohamed, MP	Member
6	Hon. Anthony Oluoch, MP	Member
7	Sen. Veronica Waheti Maina, MP	Member
8	Hon. Catherine Omanyoo, MP	Member
9	Sen. Esther Anyieni Okenyuri, MP	Member
10	Hon. Joshua Kimilu, MP	Member
11	Sen. Lenku Ole Kanar Seki, MP	Member
12	Sen. Eddy Gicheru Oketch, MP	Member
13	Hon. Kipchumba Toroitich, MP	Member
14	Sen. Betty Batuli Montet, MP	Member

1.2 Mandate of the Mediation Committee

2. The mandate of the Mediation Committee was as set out in Articles 112 and 113 of the Constitution of Kenya, standing order 149 of the National Assembly Standing Orders and standing order 166 of the Senate Standing Orders. The scope of the committee's mandate is outlined as follows.

- i. To consider Bills where the Houses do not agree on all or any of the amendments made by either Houses;*
- ii. To consider Bills where either House rejects a Motion that a Bill which originated in the other House be read a Second or Third time; and*
- iii. To attempt to develop a version of the Bill that both Houses will pass.*

3. The Committee was established to develop an agreed version of the County Governments Additional Allocations Bill (National Assembly Bill No. 23 of 2023). The version was then presented to both Houses for approval pursuant to Standing Order 149(6) of the Standing Orders of the National Assembly and standing order 161 (1) of the Standing Orders of the Senate.

1.3 Committee Meetings and Methodology

4. The Committee held a total of two (2) sittings to deliberate on the Bill in accordance with the Constitution and relevant provisions of the Standing Orders of the Senate and the National Assembly.
5. During the first sitting, the Committee appointed Sen. (Dr.) Boni Khalwale, CBS, MP and Hon. Ndindi Nyoro, CBS, MP as the co-chairs of the Committee pursuant to Standing Order 166 (4) of Standing Orders of the Senate and Standing Order 149(4) of Standing Orders of the National Assembly. However, during the first meeting Hon. Ndindi Nyoro, CBS, MP was absent with an apology and it was resolved that Hon. GK Kariuki, MP, will be co-Chair on his behalf.


6. During its deliberations, the Committee received submissions from the National Treasury and Planning. This report includes a version of the Bill developed by the Committee for consideration by both Houses.

1.4 Acknowledgements

7. The Mediation Committee appreciates the offices of the Speakers and the Clerks of both Houses of Parliament for the support extended in the execution of its mandate. In particular, the Co-Chairpersons extend their appreciation to all Members of the Committee for their patience, sacrifice, endurance, and commitment to completing the assignment under a tight schedule.

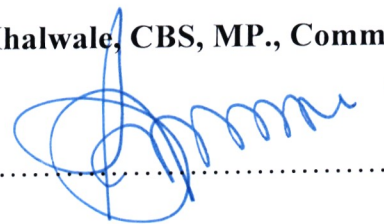
8. Finally, it is now my pleasant duty and privilege, on behalf of the Mediation Committee, to table the Report on the County Governments Additional Allocations (National Assembly Bill No. 23 of 2023) and to recommend the adoption of the agreed version of the Bill to the Houses, pursuant to Article 113(2) of the Constitution and Standing Order 167(3) of the Standing Orders of the Senate, and standing order 150(3) of the Standing Order of the National Assembly.

Hon. Ndindi Nyoro, CBS, MP., Committee Co-Chairperson

SIGNED 

DATE: 20/02/2024




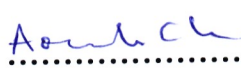
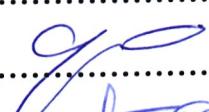
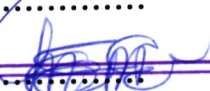
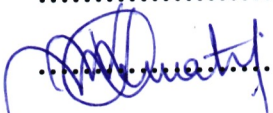
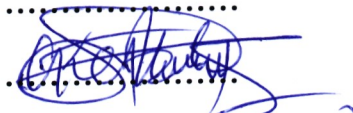
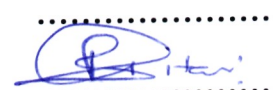

Sen. (Dr.) Boni Khalwale, CBS, MP., Committee Co-Chairperson

SIGNED 

DATE: 20.02.2024

1.5 Adoption of the Committee Report

9. Pursuant to Standing Order 223(2) of the Senate Standing Orders and Standing Order 199(4) of the National Assembly Standing Orders, the Mediation Committee adopted the report on the County Governments Additional Allocations Bill (National Assembly Bill No. 23 of 2023). The Members of the Committee hereby affix their signatures to this Report to affirm adoption the Report –

NO	NAME	DESIGNATION	SIGNATURE
1)	Hon. Ndindi Nyoro, CBS, MP	Co-Chairperson	
2)	Sen. (Dr.) Boni Khalwale, CBS, MP	Co-Chairperson	
3)	Hon. GK Kariuki, MP	Member	
4)	Hon. Kipchumba Toroitich, MP	Member
5)	Hon. Anthony Oluoch, MP	Member	
6)	Hon. Joshua Kimilu, MP	Member
7)	Hon. Catherine Omayo, MP <i>Omanyo</i>	Member	
8)	Hon. Kirwa Abraham Kipsang, MP	Member	
9)	Sen. Esther Anyieni Okenyuri, MP	Member
10)	Sen. Veronica Waheti Maina, MP	Member	
11)	Sen. Lenku Ole Kanar Seki, MP	Member
12)	Sen. Eddy Gicheru Oketch, MP	Member	
13)	Sen. Shakila Abdallah Mohamed, MP	Member
14)	Sen. Betty Batuli Montet, MP	Member	
15)	<i>Hon. Mary Enase mp</i>	<i>Member</i>	

2.0 Background

10. The County Government Additional Allocation Bill (National Assembly Bill No. 23 of 2023) was published on 24th May, 2023. The overall objective of the Bill is to provide additional allocations to counties from the National Government's share of revenue pursuant to Article 190 and Article 202(2) of the Constitution.
11. The County Governments Additional Allocations Bill, (National Assembly Bill No. 23 of 2023) was considered and passed by the National Assembly on June 27, 2023. Consequently, in accordance with Article 110(4) of the Constitution and the provisions of Standing Order 142 of the National Assembly Standing Orders, the Bill was referred to the Senate for concurrence.
12. The Senate reviewed the Bill and passed it with various amendments that were communicated back to the National Assembly on October 26, 2023. The National Assembly considered the Senate amendments to the Bill and rejected them. In this regard, the Bill was committed to a Mediation Committee established in accordance with Article 113 of the Constitution.
13. The County Government Additional Allocations Bill for the Financial Year 2023/2024 comprises the following:
 - (a) Allocations to counties from the national government's share of revenue;
 - (b) unconditional allocations to County Governments from Court fines and Mineral Royalties;
 - (c) Conditional allocations from proceeds of loans and grants from development partners; and
 - (d) the National Government's expenditures on devolved functions to be converted to Additional Conditional Grants to the County Governments.

3.0 The Bill as approved by the National Assembly

14. The National Assembly considered and approved the County Governments Additional Allocations Bill (National Assembly Bill No. 23, of 2023) with a total of Kshs. **56,180,983,514** as the additional allocations to counties for FY 2023/24. This allocation was divided into four schedules as follows:

A. First Schedule: additional allocations from the national government's share of revenue amounting to Kshs. **15,816,000,000**.

	Project description	Allocation Kshs.
1	Supplement for County Headquarters Construction	454,000,000
2	Leasing of Medical Equipment	5,862,000,000
3	Aggregated Industrial Parks Programme for 18 counties -each Ksh.250 million.	4,500,000,000
4	Fertilizer Subsidy Program	5,000,000,000
	Total	15,816,000,000

B. Second Schedule: unconditional allocations to county governments from Court fines and Mineral Royalties of Kshs. **3,043,584,126**.

SN	Allocation descriptions	Allocation amount Kshs.
5	Court Fines	108,660,979
6	Mineral Royalties	2,934,923,147
	Total	3,043,584,126

C. Third Schedule: conditional allocations from proceeds of loans and grants from development partners amounting to Kshs. **33,192,137,406**

SN	Donor project name	Amount (Kshs.)
7	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	3,150,000,000

SN	Donor project name	Amount (Kshs.)
8	IDA (World Bank) credit National Agricultural Value Chain Development Project (NAVCDP)	8,250,000,000
9	IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)	2,160,000,000
10	IDA (World Bank) credit: Water & Sanitation Development Project	5,350,000,000
11	DANIDA Grant - Primary Health Care in Devolved Context	577,500,000
12	IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant	517,000,000
13	Sweden- Agricultural Sector Development Support Programme (ASDSP) II	72,797,253
14	German Development Bank (KfW)- Drought Resilience Programme in Northern Kenya (DRPNK)	765,000,000
15	World Bank - Emergency Locust Response Project (ELRP)	2,302,630,288
16	World bank - Kenya Informal Settlement Improvement Project (KISIP II)	3,269,530,746
17	Kenya Livestock Commercialization Project (KELCLOP)	344,300,000
18	Aquaculture Business Development Project (ABDP)	245,879,120
19	IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program, County Climate Resilience Investment (CCRI)Grant	6,187,500,000
	Total	33,192,137,407

D. Fourth Schedule: National government expenditures on devolved functions converted to additional conditional grants, totalling **Kshs.4,129,261,981**

SN	Project Name	Amount (Kshs.)
20	Livestock Value Chain Support Project	1,642,868,400
21	De-Risking and Value Enhancement	2,165,507,080
22	Kenya Marine Fisheries and Socio-Economic Development (KEMFSED) project	320,886,501
	Total	4,129,261,981

4.0 Amendments by the Senate

15. The Senate considered the County Governments Additional Allocations Bill, (National Assembly Bill No. 23 of 2023) as approved by the National Assembly and passed it with the following **amendments**.

- a. Insertion of a new paragraph (e) under Clause 5(5) to provide for **conditional allocations for the transfer of library services**. Consequently, the First Schedule was amended to include column F–, which sets out the allocation of **Kshs. 424.6 million** for the transfer of library services.
 - i. In the 2023 Budget Policy Statement (BPS), the government proposed that the attendant payroll of approximately Ksh.425 million be disbursed to County Governments to meet the costs of the transfer of the library service function to county governments. These funds were included in the county governments share of nationally raised revenue as provided for in the Division of Revenue Act 2023. Consequently, during the passage of the County Allocation of Revenue Bill, 2023 these funds were shared among all 47 counties using the Third Basis criteria.
 - ii. It is notable that library staff working in 33 counties have since been transferred to the respective county governments at the beginning of the Financial Year 2023/24. As such, the payroll cost is expected to be met by particular county governments.
- b. Insertion of a new paragraph (n) in sub-clause (6) immediately after paragraph (m) to include **conditional allocations financed by a grant from the German Development Bank (KfW) to finance the Locally-Led Climate Action Program (FLLoCA) (County Climate Resilience Grant)**. Subsequently, the Third Schedule was amended to include column P setting out an allocation of Kshs.1.2 billion to sixteen counties.

- i. The Germany Development Bank (KfW) Loan for Financing Locally Led Climate Action (FLLoCA) Program County Climate Change Resilience Grant - CCRIG) of Kshs.1.2 billion was proposed by the National Treasury during its engagement with the Senate Standing Committee on Finance and Budget.
 - ii. The Beneficiary sixteen (16) Counties include Trans-Nzoia, Uasin-Gishu, Elgeyo-Marakwet, Nandi, Kericho, Bomet, Kakamega, Vihiga, Bungoma, Busia, Siaya, Kisumu, Homa Bay, Migori, Kisii and Nyamira. The criteria for allocation of Kshs.1.2 billion shall be set out in section 5(6)(n) of the County Government Additional Allocations Act, 2023.
- c. Amendment to clause 5, sub clause (9) of the Bill to ensure that all additional allocations are disbursed by the National Treasury directly to the respective County Revenue Funds rather than through the respective MDAs. The other amendments were minimal changes to the text of the Bill meant to clarify the wording and flow of the Bill and as such, were not contested.

5.0 Consideration of Senate Amendments by the National Assembly.

16. Following the amendments by the Senate, the Bill was then referred back to the National Assembly for concurrence on the schedule of Amendments, pursuant to Article 112(1) (b) of the Constitution and Standing Orders 46(1) and 164(c) of the Senate Standing Orders.
17. The National Assembly considered the Senate amendments to the County Governments Additional Allocations Bill (National Assembly Bill No.23 of 2023) on 23rd November 2023, pursuant to Standing Orders 145, 146, and 147 of the National Assembly Standing Orders and rejected the Bill as amended by the Senate. Rejection of the Bill was primarily due to the following concerns-
- i. **Allocation of an additional Ksh. 424.6 million for the transfer of library services.** Given the tight fiscal space and that this item does not have a financing provision in the budget for FY 2023/24, there was concern about how this allocation would be funded.

- ii. **Amendment to clause 5, sub clause (9) of the Bill to ensure that all additional allocations are disbursed by the National Treasury directly to the counties.** The concern is with regard to the conditional allocations that are typically disbursed through the implementing agencies/MDAs subject to the fulfilment of stipulated conditions. Channelling these funds directly to County Governments will adversely affect National Government oversight of these funds.

6.0 Other Emerging Concerns

18. The Supplementary Estimates I for FY 2023/2024 implemented some changes in the budget outlay of the National Government that have substantially altered the resources to be disbursed to counties as additional allocations. The affected items included the following:

- i. **Conditional allocation towards the Leasing of Medical Equipment:** This was revised to zero from the initial allocation of Kshs.5.862 billion.
- ii. **Conditional allocation for Aggregated Industrial parks:** This was reduced by Kshs.200 million, from Kshs. 4.7 billion to Kshs. 4.5 billion.
- iii. **Conditional allocation from the proceeds of loans and grants from development partners:** Downward and upward revisions in the Supplementary Estimates of individual donor projects. *(Annex 1 details the changes)*

19. The total proposed allocation for Financing Locally led Climate Action (FLLoCA)-County Climate Resilience Grant (CCRI), as submitted by the National Treasury, amounts to Ksh.9.29 billion. However, the approved amount in the supplementary estimates I for FY 2023/24 is Ksh.4.89 billion. This implies that the amounts allocated to FLLoCA are not fully reflected in the approved Supplementary Estimates.

20. In their submission to the National Assembly, giving their views on the Senate amendments, the National Treasury gave some proposals to the National Assembly, which may require further interrogation. These are as follows:

- i. **Unconditional allocations for Mineral Royalties:** The National Treasury observed that these amounts are not captured in the FY 2023/24 Supplementary estimates for the National Treasury and the State Department for Mining, and should therefore not be transferred to the beneficiary Counties in the FY 2023/24. Further, the framework for disbursement of these funds was not in place.
- ii. On the Senate Amendments to the Bill, the National Treasury proposed that Clause 4 of the Bill be amended in sub-clause (1) by inserting the words “additional allocations in the form of” immediately before the words “loans and grants” in paragraph (c). The rationale is that the phrase “in the form of” has been omitted in the Senate amendments.

5.0 Observations and Resolutions by the Mediation Committee

21. In its sitting held on Wednesday, 14th February 2024, the Committee considered the contentious issues as follows-

i. Insertion of paragraph (e) under clause 5(5) to provide for conditional allocations for the library services of Kshs. 425 million.

The Committee observed that the 424.6 million was shared as equitable share among all 47 Counties, 21 of the 33 counties with the library function had a shortfall amounting to **Ksh.162.85** million. The Committee agreed that this amount be included in the Bill and subsequently be factored in the Supplementary II budget of FY 2023/24 to offset the shortfall.

Committee Resolution:

The Committee resolved to amend the Bill to include an additional allocation for conditional allocations for library services to cover the shortfall amounting to **Kshs. 162.85 million.**

ii. Deletion of Clauses and Columns on Mineral Royalties Allocations.

The Committee noted that the Mineral Royalties are an unconditional allocation and, thus, an entitlement to the Beneficiary Counties under Section 183(5)(b) of the Mining Act 2016.

Committee Resolution:

The Committee rejected the deletion of clauses and columns that contain the Mineral Royalties allocation and agreed that they should be reinstated in the bill.

iii. Deletion of clauses and Columns on Leasing of Medical Equipment (MES)

The Committee observed that there are challenges in implementing this project, such as a lack of specialized personnel and the necessary infrastructure to absorb the equipment in some counties. Therefore, there was a need to delete clauses and

columns that contain conditional grants for leasing of medical equipment (MES) amounting to Kshs. 5.862 billion

Committee Resolution:

The Committee accepted the deletion of clauses and columns that contain conditional grants for leasing of medical equipment (MES).

iv. Variations in Loans and Grants from Development Partners.

The Committee sought further clarification from the National Treasury on the current status of loans and grants from development partners especially the allocation under FLLoCA whereby the amounts allocated are not fully reflected in the approved Supplementary Estimates I of FY 2023/24. The National Treasury committed to increasing the budget allocation for FLLoCA from the Kshs. 4.9 billion, as contained in Supplementary Estimates I to Kshs. 9.3 billion during Supplementary Estimate II. This will enable transfer to counties of a total of Kshs. 7.9 billion under the programme. The balance is for administration purposes within the state department.

Committee Resolution

The Committee resolved that the Bill be amended to reflect the additional resources broken down as follows-

- a) FLLoCA (CCIS component in column F of the Third schedule)- Kshs. 517 million;
- b) FLLoCA (CCRI component in the column M of the Third Schedule)- Kshs. 6.2 billion; and
- c) FLLoCA (KfW component in column N of the Third Schedule)- Kshs. 1.2 billion.

v. Amendment on Clause 5(9) to provide for the direct disbursement of all Additional Allocations to Counties by National Treasury rather than through the implementing MDAs.

The Committee noted that some of the additional allocations cannot be disbursed directly, as there are conditions that must be met for disbursement to be made. The

implementing MDAs are best suited to ensure that such conditionalities are met before disbursements are made. The National Treasury can only directly disburse unconditional allocations.

Committee Resolution:

The Committee resolved that all additional allocations to county governments, except the unconditional allocations from Court fines and fees under clause 5(2) of the Bill, shall be transferred to the respective County Revenue Fund Accounts by the implementing Ministries, Departments and Agencies (MDAs). The National Treasury shall disburse allocations from court fines and fees directly to the counties.

vi. In accordance with Sections 191A–191E of the PFMA, 2012.

The Committee observed the National Treasury and the Council of Governors had severally requested for exception from the requirements of section 191A -191E of the PFM Act, 2012 on the Intergovernmental Agreements. The Committee noted that there were efforts to finalize the model agreements but more time would be required to complete the process. In this regard, the Committee agreed to suspend this requirement for FY 2023-24 and FY 2024-25 to allow both levels of government time to finalize the model agreements.

Committee Resolution:

The Committee resolved to extend the moratorium on the requirements for FY 2023/2024 and FY 2024/2025. This will allow the National Treasury and respective County Governments adequate time to finalize the model agreements.

vii. Agreed Schedules to the Bill

The Committee adopted the revised first, second, third and fourth schedules annexed to the report to be the basis for the mediated version of the Bill.

6.0 Annexes

1: Minutes

2: Agreed Schedules to the Bill

3: Agreed Version of the Bill

4: Submission from the National Treasury



REPUBLIC OF KENYA

13TH PARLIAMENT – (THIRD SESSION)

MINUTES OF THE FIRST (1ST) SITTING OF THE MEDIATION COMMITTEE
ON COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2023
(NATIONAL ASSEMBLY BILL NO.23 OF 2023) HELD ON WEDNESDAY, 14TH
FEBRUARY, 2024 AT COUNTY HALL IN GROUND FLOOR BOARDROOM,
PARLIAMENT BUILDINGS FROM 1:00 P.M

MEMBERS OF THE NATIONAL ASSEMBLY PRESENT

- | | | |
|--------------------------------------|---|---------------------------------|
| 1. Sen. (Dr.) Boni Khalwale, CBS, MP | - | Co-Chairperson |
| 2. Hon. GK Kariuki, MP | - | Temporary Co-Chairperson |
| 3. Hon. Mary Emaase, MP | - | Member |
| 4. Hon. Kipchumba Toroitich, MP | - | Member |
| 5. Hon. Anthony Oluoch, MP | - | Member |
| 6. Hon. Joshua Kimilu, MP | - | Member |
| 7. Sen. Esther Anyieni Okenyuri, MP | - | Member |
| 8. Sen. Eddy Gicheru Oketch, MP | - | Member |
| 9. Sen. Betty Batuli Montet, MP | - | Member |
| 10. Hon. Catherine Omanyoo, MP | - | Member |

ABSENT WITH APOLOGY.

- | | | |
|--------------------------------------|---|------------------------|
| 1. Hon. Ndindi Nyoro, MP | - | Co- Chairperson |
| 2. Sen. Veronica Waheti Maina, MP | - | Member |
| 1. Sen. Lenku Ole Kanar Seki, MP | - | Member |
| 2. Sen. Shakila Abdallah Mohamed, MP | - | Member |

SECRETARIAT

- | | | |
|----------------------------|---|---------------------------------|
| 1. Dr. Martin Masinde | - | Director, PBO |
| 2. Mr. Robber Nyaga | - | Deputy Director, PBO |
| 3. Ms. Lucy Makara | - | Deputy Director, PBO |
| 4. Mr. Christopher Gitonga | - | Clerk Assistant |
| 5. Mr. Danson Kachumbo | - | Fiscal Analyst/ Clerk Assistant |
| 6. Ms. Beverlyne Chivadika | - | Clerk Assistant |
| 7. Ms. Jemimah Waigwa | - | Senior Legal Counsel |

- | | | |
|-------------------------|---|------------------|
| 8. Ms. Lucy Radoli | - | Legal Counsel |
| 9. Ms. Millicent Makina | - | Fiscal Analyst |
| 10. Mr. Moses Mwariri | - | Legal Counsel |
| 11. Mr. Ringine Mutwiri | - | Fiscal Analyst |
| 12. Ms. Joan Mahinda | - | Researcher |
| 13. Mr. Elijah Ichwara | - | Audio Officer |
| 14. Mr. Daniel Kirwa | - | Searjant-At-Arms |

MIN/NA/SEN/CGAAB/01/2024

PRELIMINARIES

The meeting was called to order at 1:30 p.m. This was followed by a word of prayer by Sen. (Dr.) Boni Khalwale, CBS, MP.

MIN/NA/SEN/CGAAB/02/2024

ADPOTION OF THE AGENDA

The agenda was adopted after it was proposed by Sen. Eddy Gicheru Oketch, MP, and seconded by Hon. Mary Emaase, MP as listed below-

1. Prayer;
2. Introductions;
3. Adoption of the Agenda;
4. Election of the Chairperson and Vice Chairperson;
5. Mediation on the County Governments Additional Allocations Bill, (National Assembly Bills No. 23 of 2023);
6. Any Other Business;
7. Date of Next Meeting; and
8. Adjournment.

MIN/NA/SEN/CGAAB/03/2024

ELECTION OF THE CHAIRPERSON AND VICE CHAIRPERSON

The Presiding Officer called for proposal of the Chairperson and Vice-Chairperson. However, after deliberation, the Committee unanimously agreed that Sen. (Dr.) Boni Khalwale, CBS, MP, and Hon. Ndindi Nyoro, MP, be Co-Chairpersons after being proposed by Sen. Eddy Gicheru Oketch, MP and seconded by Hon. Kipchumba Toroitich, MP. However, since Hon. Ndindi Nyoro was not present, the Committee unanimously agreed that Hon. GK Kariuki, MP, would be the temporary Co-Chairperson.

MIN/NA/SEN/CGAAB/04/2024

MEDIATION ON COUNTY GOVERNMENTS ADDITIONAL

ALLOCATIONS BILL, (NATIONAL ASSEMBLY BILLS NO. 23 OF 2023)

Brief from PBO

Upon invitation, the Parliamentary Budget Office briefed the Committee on the following-

- a) Contents of the Bill as approved by the National Assembly- the National Assembly approved Kshs.56,180,983,514 as the total additional allocations to counties for the FY 2023/24:
 - additional allocations from the national government's share of revenue amounting to Kshs.15,816,000,000;
 - unconditional allocations to county governments from Court fines and Mineral Royalties of Kshs.3,043,584,126;
 - conditional allocations from proceeds of loans and grants from development partners amounting to Kshs.33,192,137,406; and
 - National government expenditures on devolved functions converted to additional conditional grants, totalling Kshs.4,129,261,981.
- b) Key amendments by the Senate to the Bill:
 - Insertion of a new paragraph (c) under Clause 5(5) to provide for conditional allocations for the transfer of library services. Consequently, the first schedule was amended to include column F- which set out the allocation of Kshs.424.6 million towards the transfer of the library services.
 - Insertion of a new paragraph(n) in subclause (6) immediately after paragraph (m)- to include conditional allocations financed by a grant from the German Development Bank (KfW) to finance Locally-Led Climate Action Program (FLLoCA) – (County Climate Resilience Grant). Subsequently, the Third Schedule was amended to include column P setting out an allocation of Kshs.1.2 billion to sixteen counties. This proposed by the National Treasury during its engagement with the Senate Standing Committee on Finance and Budget.
 - Amendment to clause 5, subclause (9) of the Bill to ensure that all additional allocations are disbursed by the National Treasury directly to counties.
- c) The National Assembly rejected the Senate amendments to the Bill citing the following reasons-
 - tight fiscal space and that the allocation of Kshs.424.6 million towards transfer of library services does not have a financing provision in the budget for FY2023/24; and

- Channelling additional allocations directly to counties will adversely affect national government oversight of the funds.

d) Other Emerging Issues

- The Supplementary I Estimates for FY 2023/2024 undertook a number of budgetary revisions which substantially altered the amount money available to be disbursed to counties as additional allocations. The affected items were follows:
 - i. Conditional allocation towards the Leasing of Medical Equipment was revised to zero from an initial allocation of Kshs.5.862 billion.
 - ii. Conditional allocation for Aggregated Industrial parks was reduced by Kshs.200 million, from Ksh. 4.7 million to Ksh. 4.5 million.
 - iii. Conditional allocation from proceeds of loans and grants from the development partners was revised downward and upward on individual donor projects.
- the total proposed allocation for FLLoCA as submitted by the National Treasury amounts to Ksh.9.29 billion. However, the approved amount in the supplementary I budget for FY 2023/24 is Ksh.4.89 billion. The implication is that the amounts allocated for FLLoCA are not fully reflected in the approved supplementary estimates.
- the amount of the mineral royalties are not captured in the FY 2023/24 Supplementary estimates for the National Treasury and the State Department for Mining, and should therefore not be transferred to the beneficiary Counties in the FY 2023/24.

Issues for determination by the Committee

- a) Provision for conditional allocations for the library services of Ksh.425 million:

Observation

The Committee noted that out of the 424.6 million shared as equitable share among all Counties, 21 counties have a shortfall amounting to Kshs.162.85 million.

Resolution

The Committee resolved to include in the bill Kshs.162.85 million to be allocated to counties which got a shortfall, subsequently, this will be factored in the Supplementary II budget of FY 2023/24.

- b) Deletion of Clauses and the Columns that contain the Mineral Royalties allocations:

Observation

The Committee noted that there is no clear framework to facilitate the disbursement of these to beneficiary counties. Furthermore, the Intergovernmental Budget and Economic Council (IBEC) had formed a taskforce to prepare or develop the framework.

Resolution

Following deliberation, the Committee resolved to pass the Bill with allocation on mineral royalties. Consequently, a legal framework on disbursement of these funds would be developed.

- c) Allocation on Conditional Grants for leasing of medical equipment (MES)-5.862 million:

Observation

The Committee noted that implementation of the project has faced several challenges such as lack of specialized personnel and requisite infrastructure to absorb the equipment in some counties.

Resolution

The Committee agreed that the allocation should be deleted.

- d) Variations of the amounts on the Loans and grants from development partners:

Observation

The Committee noted that through Supplementary I Estimates for FY 2023/2024 a number of additional allocation provided under loans and grants from development partners were revised. For instance, proposed allocation for FLLoCA as submitted by the National Treasury amounts to Ksh.9.29 billion. However, the approved amount in the supplementary I budget for FY 2023/24 is Ksh.4.89 billion.

Resolution

Following deliberation, the Committee resolved to seek clarification from National Treasury and Economic Planning regarding the amounts apportioned to each conditional allocation to county governments for FY 2023/2024. This includes FLLoCA whose amounts allocated are not fully reflected in the approved Supplementary Estimates I of FY 2023/24.

- e) The amendment on clause 5(9) to provide that conditional additional allocations shall be disbursed by the National Treasury directly to Counties, as opposed to through implementing MDAs:

Observation

The Committee noted that the funds are usually disbursed to counties through MDAs upon fulfilment of certain requirements. The Committee accepted the amendment except for funds under the First Schedule which sets out Additional allocations from the National Government's Share of Revenue.

Resolution

Since this will affect oversight of these funds and monitoring of implementation of projects by National Government, the Committee resolved to seek further clarification from National Treasury and Economic Planning on which conditional allocations should be disbursed through the implementing MDAs.

- f) Exemption on implementation of the requirements under sections 191A to 191E of the PFMA, 2012

Observation

The Committee observed that there were efforts to finalise the model intergovernmental agreements required in section 191A- 191E of PFMA. However, more time would be required to complete the process.

Resolution

The Committee resolved that an exemption to this requirement should be granted in the FY 2023/2024 and FY 2024/2025. This will allow the National Treasury and respective county governments adequate time to prepare and finalize the draft model intergovernmental agreements on transfer of additional allocations and subsequent approval by respective county assemblies.

MIN/NA/SEN/CGAAB/05/2024

ADJOURNMENT AND DATE OF NEXT MEETING

The meeting adjourned at 2:30 p.m. The next meeting to be held on Tuesday, 20th February, 2024 at 1:00 p.m.

Signed.....
Sen. (Dr.) Boni Khalwale, CBS, MP
Co-Chairperson

Date..... 20.02.24

Signed.....
Hon. Ndindi Nyoro, MP
Co-Chairperson

Date..... 20/02/2024



REPUBLIC OF KENYA

13TH PARLIAMENT – (THIRD SESSION)

MINUTES OF THE SECOND (2ND) SITTING OF THE MEDIATION COMMITTEE ON COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2023 (NATIONAL ASSEMBLY BILL NO.23 OF 2023) HELD ON TUESDAY, 20TH FEBRUARY 2024 AT COUNTY HALL IN GROUND FLOOR BOARDROOM, PARLIAMENT BUILDINGS FROM 1:00 P.M

MEMBERS OF PARLIAMENT PRESENT

- | | | |
|--------------------------------------|---|-----------------------|
| 1. Sen. (Dr.) Boni Khalwale, CBS, MP | - | Co-Chairperson |
| 2. Hon. Ndindi Nyoro, MP | - | Co-Chairperson |
| 3. Hon. GK Kariuki, MP | - | Member |
| 4. Hon. Anthony Oluoch, MP | - | Member |
| 5. Sen. Eddy Gicheru Oketch, MP | - | Member |
| 6. Sen. Betty Batuli Montet, MP | - | Member |
| 7. Sen. Veronica Waheti Maina, MP | - | Member |
| 8. Hon. Catherine Omanyoo, MP | - | Member |

ABSENT WITH APOLOGY.

- | | | |
|--------------------------------------|---|--------|
| 1. Hon. Mary Emaase, MP | - | Member |
| 2. Hon. Kipchumba Toroitich, MP | - | Member |
| 3. Hon. Joshua Kimilu, MP | - | Member |
| 4. Sen. Esther Anyieni Okenyuri, MP | - | Member |
| 5. Sen. Lenku Ole Kanar Seki, MP | - | Member |
| 6. Sen. Shakila Abdallah Mohamed, MP | - | Member |

SECRETARIAT

- | | | |
|----------------------------|---|---------------------------------|
| 1. Dr. Martin Masinde | - | Director, PBO |
| 2. Mr. Robber Nyaga | - | Deputy Director, PBO |
| 3. Ms. Lucy Makara | - | Deputy Director, PBO |
| 4. Mr. Christopher Gitonga | - | Clerk Assistant |
| 5. Ms. Gloria Wawira | - | Clerk Assistant |
| 6. Mr. Danson Kachumbo | - | Fiscal Analyst/ Clerk Assistant |

- | | | |
|----------------------------|---|----------------------|
| 7. Ms. Beverlyne Chivadika | - | Clerk Assistant |
| 8. Ms. Jemimah Waigwa | - | Senior Legal Counsel |
| 9. Ms. Lucy Radoli | - | Legal Counsel |
| 10. Ms. Millicent Makina | - | Fiscal Analyst |
| 11. Mr. Moses Mwariri | - | Legal Counsel |
| 12. Mr. Ringine Mutwiri | - | Fiscal Analyst |
| 13. Ms. Joan Mahinda | - | Researcher |
| 14. Mr. Elijah Ichwara | - | Audio Officer |
| 15. Mr. Daniel Kirwa | - | Searjant-At-Arms |

MIN/NA/SEN/CGAAB/06/2024

PRELIMINARIES

The meeting was called to order at 1:30 p.m. This was followed by a word of prayer by Sen. Veronica Waheti Maina, MP.

MIN/NA/SEN/CGAAB/07/2024

ADOPTION OF THE AGENDA

The agenda was adopted after it was proposed by Sen. Veronica Waheti Maina, MP and seconded by Hon. GK Kariuki, MP as listed below

1. Prayer;
2. Introduction;
3. Adoption of the Agenda;
4. Confirmation of Minutes of the First Meeting
5. Consideration of the draft report on the County Governments Additional Allocations Bill, (National Assembly Bills No. 23 of 2023);
6. Any Other Business;
7. Date of Next Meeting; and
8. Adjournment.
- 9.

MIN/NA/SEN/CGAAB/08/2024

**CONFIRMATION OF MINUTES OF THE
FIRST MEETING HELD ON 14TH
FEBRUARY 2024**

The Minutes of the First (1st) sitting held on Tuesday, 18th October, 2022 were confirmed as a true record of the proceedings of the Committee having been proposed by Hon. Catherine Omanyoo, MP, and seconded by Sen. Betty Batuli Montet, MP.

MIN/NA/SEN/CGAAB/09/2024

**CONSIDERATION OF THE DRAFT
REPORT ON THE COUNTY
GOVERNMENT ADDITIONAL**

ALLOCATIONS BILL, (NATIONAL ASSEMBLY BILLS NO. 23 OF 2023).

The Committee considered the Report of the Mediation Committee on the County Government Additional Allocations Bill, (National Assembly Bills No. 23 of 2023) and adopted it having been proposed by Sen. Veronica Waheti Maina, MP and seconded by Hon. Catherine Omanyo, MP with the following recommendation-

1. THAT Kshs.162.85 million to be allocated to counties as conditional allocations for the library services which got a shortfall, subsequently, this will be factored in the Supplementary II budget of FY 2023/24.
2. THAT the Bill be approved with allocation on mineral royalties. Consequently, a framework on disbursement of these funds to respective counties would be developed.
3. THAT the allocation on Conditional Grants for leasing of medical equipment (MES)-5.862 million be deleted.
4. THAT the allocation on Conditional Grants for FLLoCA be approved as requested by the National Treasury and Economic Planning. Thereafter, the allocation will be factored in Supplementary Estimates II of FY 2023/24.
5. On the exemption on implementation of the requirements under sections 191A to 191E of the PFMA, 2012, THAT the exemption be granted in the FY 2023/2024 and FY 2024/2025. This will allow the National Treasury and respective county governments adequate time to finalize the draft model intergovernmental agreements on transfer of additional allocations and subsequent approval by respective county assemblies.

MIN/NA/SEN/CGAAB/010/2024

ANY OTHER BUSINESS

The Co- Chairpersons thanked the Committee membership for their commitment to executing the mandate of the Committee efficiently.

MIN/NA/SEN/CGAAB/011/2024

ADJOURNMENT AND DATE OF NEXT

MEETING

The meeting adjourned at 2:12 p.m.

Signed.....
Sen. (Dr.) Boni Khalwale, CBS, MP
Co-Chairperson

Signed.....
Hon. Ndindi Nyoro, MP
Co-Chairperson

Date.....

Date.....



REPUBLIC OF KENYA

PARLIAMENT

NATIONAL ASSEMBLY BILLS
(Bill No. 23 of 2023)

**THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS
BILL, 2023**

(A version of the County Governments Additional Allocations Bill, 2023 (National Assembly Bills No. 23 of 2023) as agreed on 20th February, 2024, by a mediation committee appointed pursuant to Article 113 of the Constitution.)

N.A. /B/No. 23/2023

Two handwritten signatures in blue ink. The signature on the left is a large, stylized cursive signature. The signature on the right is a smaller, more compact cursive signature.

The County Governments Additional Allocations Bill, 2023

**THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS
BILL, 2023**

ARRANGEMENT OF CLAUSES

Clause

- 1—Short title.
- 2—Interpretation.
- 3— Object and purpose of the Act.
- 4— Additional allocations to county governments.
- 5— Conditional allocations to county governments.
- 6— Report on actual transfers.
- 7— Books of accounts to reflect national government transfers.
- 8— Reporting.

FIRST SCHEDULE

Conditional allocations to County Governments from National Government Revenue in Financial Year 2023/2024.

SECOND SCHEDULE

Unconditional allocations to County Governments from Court Fines and Minerals Royalties in Financial Year 2023/2024.

THIRD SCHEDULE

Conditional allocations to County Governments from Loans and Grants from Development Partners in Financial Year 2023/2024.

FOURTH SCHEDULE

National Government's Expenditures on Devolved Functions Converted to Additional Conditional Grants to the County Governments for Financial Year 2023/2024.

The County Governments Additional Allocations Bill, 2023

**THE COUNTY GOVERNMENTS ADDITIONAL
ALLOCATIONS BILL, 2023**

A Bill for

AN ACT of Parliament to provide for the additional allocations to County Governments for the 2023/2024 financial year; the responsibilities of National Government and county governments pursuant to such allocation; and for connected purposes.

ENACTED by Parliament of Kenya, as follows—

1. This Act may be cited as the County Governments Additional Allocations Act, 2023 and shall be deemed to have come in force on 1st July, 2023.

Short title and commencement.

2. In this Act —

Interpretation.
No. 18 of 2012.

“agreement” means an intergovernmental agreement entered into under section 191A of the Public Finance Management Act;

“authorized person” —

(a) in relation to the National Government shall be the Principal Secretary responsible for matters relating to finance or a person appointed by the Principal Secretary, in writing;

(b) in relation to a county government shall be the county executive committee member responsible for matters relating to finance or a person appointed by the county executive committee member, in writing;

“Cabinet Secretary” means the Cabinet Secretary responsible for finance;

“additional allocations” means additional resources allocated to county governments from the national government’s share of revenue or in the form of loans and grants from development partners; and

“county executive committee member” means the county executive committee member in charge of matters relating to finance.

The County Governments Additional Allocations Bill, 2023

3. The object and purpose of this Act is to—

Object and
purpose of the
Act.

- (a) provide, pursuant to Article 202(2) of the Constitution, for additional allocations for the financial year 2023/2024;
- (b) provide for additional allocations from proceeds of loans and grants from development partners; and
- (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.

4. (1) Additional grants shall be funds agreed upon by the National Assembly and the Senate during the consideration of the Budget Policy Statement and shall comprise of—

Additional
allocations to
county
governments.

- (a) additional allocations from development partners required for transfer of functions to counties from the National Government as provided for under Article 187 of the Constitution;
- (b) additional allocations provided for under Article 202(2) of the Constitution; and
- (c) loans and grants from development partners.

(2) Additional funds allocated under this section shall be included in the respective county governments' Appropriation Bills.

5. (1) Pursuant to Article 206(1) of the Constitution, court fines emanating from contravention of County Government legislation are excluded from the Consolidated Fund and shall be payable to the respective County Revenue Funds.

Conditional
allocations to
county
governments.

(2) Unconditional allocations to the beneficiary County Governments from the National Government Share of Revenue emanating from contravention of County Government legislation for the Financial Year 2023/2024 shall be as set out in Column B of the Second Schedule.

(3) Upon commencement of this Act, the National

The County Governments Additional Allocations Bill, 2023

Treasury shall gazette a framework for the collection and transfer of court fines imposed under County legislation from the National Government to the County Governments.

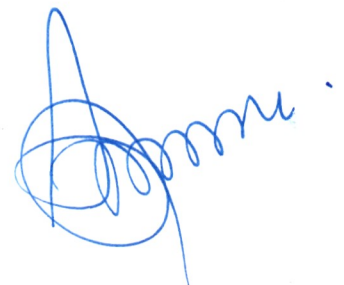
(4) Unconditional allocations to the beneficiary County Governments from the National Government Share of Revenue emanating from the 20% share of Mineral Royalties for the Financial Year 2023/2024 shall be as set out in Column C of the Second Schedule.

(5) Conditional allocations to each county government from National Government share of revenue for the financial year 2023/2024 shall be as set out in the First Schedule, comprising —

- (a) conditional allocations for the construction of county headquarters as set out in Column B of the First Schedule;
- (b) conditional allocations for the Aggregated Industrial Parks Programme as set out in Column C of the First Schedule;
- (c) conditional allocations for the Provision of Fertilizer Subsidy Programme as set out in Column D of the First Schedule; and
- (d) conditional allocations for the provision of library services among twenty-one counties as set out in Column E of the First Schedule.

(6) Conditional allocations financed by proceeds of loans or grants from development partners to each county government for the financial year 2023/2024 shall be as set out in Column P of the Third Schedule, comprising of—

- (a) conditional allocations financed by a World Bank credit to finance Agricultural and Rural Inclusive Growth Project (NARIGP) as set out in Column B of the Third Schedule;
- (b) Conditional allocations financed by IDA (World Bank) Credit to finance National Agricultural Value Chain Development Project (NAVCDP) as set out in Column C of the Third Schedule;
- (c) conditional allocations from a World Bank credit to finance Water and Sanitation Development



The County Governments Additional Allocations Bill, 2023

- Project (WSDP) as set out in Column D of the Third Schedule;
- (d) conditional allocations from a grant by DANIDA to finance Primary Healthcare in Devolved Context Program as set out in Column E of the Third Schedule;
 - (e) conditional allocations financed by a credit from the World Bank to Finance Locally-Led Climate Action Program (FLLoCA) – (County Climate Institutional Support grant) as set out in Column F of the Third Schedule which shall be allocated among county governments;
 - (f) conditional allocations financed by a loan from Government of Sweden to finance Agriculture Sector Development Support Programme II (ASDSP II) as set out in Column G of the Third Schedule;
 - (g) conditional allocations financed by both loan and grant from the German Development Bank (KfW) to finance Drought Resilience Programme in Northern Kenya (DRPNK) as set out in Column H of the Third Schedule;
 - (h) conditional allocations financed by a credit from World Bank to finance Emergency Locust Response Project (ELRP) as set out in Column I of the Third Schedule;
 - (i) conditional allocations financed by a loan from the World Bank to finance Kenya Informal Settlement Improvement Project (KISIP II) as set out in Column J of the Third Schedule;
 - (j) conditional allocations from proceeds of loans from the International Fund for Agricultural Development (IFAD) to finance Kenya Livestock Commercialization Project (KELCOP) as set out in Column K of the Third Schedule;
 - (k) conditional allocations from proceeds of loan fund for Aquaculture Business Development Project (ABDP) as set out in Column L of the

The County Governments Additional Allocations Bill, 2023

Third schedule; and

- (1) conditional allocations amounting to Kenya Shillings Six Billion, one hundred and eighty-seven million, five hundred thousand, financed by proceeds from a World Bank Loan for FLLoCA -County Climate Resilience Grant as set out in Column M of the Third Schedule shall be allocated among the County Governments on the basis of a criteria to be determined as follows—
 - (i) the accounting officer responsible for the grant, shall for each eligible County Government, carry out or cause to be carried out, in accordance with the Intergovernmental agreements between the National Government and each eligible County Government, an assessment to determine the eligible County Government's performance score for purposes of determining the Performance of County Climate Resilience Investment (CCRI) Grant allocation for the Financial Year 2023/2024;
 - (ii) half of the total envelope will be allocated on the basis of factors that reflect relative expenditure needs for climate action, including the variables of a fixed share (33.3 percent), rural population (30 percent), rural area (13.3 percent), and poverty (23.3 percent), whereby the weights are based on the formula for allocating the share of the national revenue among counties. The other 50 percent of the envelope will be allocated on the basis of the scores for the performance measures, weighted with the basic allocation, such that two counties that have same score will receive the same relative increment as compared to the base allocation; and
 - (iii) the Cabinet Secretary shall publish in the



The County Governments Additional Allocations Bill, 2023

Gazette the allocations determined under sub-paragraph (ii);

- (m) conditional allocations financed by a grant from the German Development Bank (KfW) to finance Locally- Led Climate Action Program (FLLoCA)–(County Climate Resilience Grant) as set out in Column N of the Third Schedule.

(7) The National Government's Expenditures on Devolved Functions converted to Additional Conditional Grants to each county government for the financial year 2023/2024 shall be as set out in Column E of the Fourth Schedule, comprising of—

- (a) conditional allocations under the Livestock Value Chain Support Project as set out in Column B of the Fourth Schedule;
- (b) conditional allocations under the De-Risking and Value Enhancement (DRIVE) project as set out in Column C of the Fourth Schedule; and
- (c) conditional allocations under the Kenya Marine Fisheries and Socio-Economic Development (KEMFSED) project as set out in Column D of the Fourth Schedule.

(8) Each county government's allocation under subsection (1) shall—

- (a) be transferred to the respective County Revenue Fund, in accordance with a payment schedule published in the *Gazette* by the Cabinet Secretary in accordance with section 17 of the Public Finance Management Act; and
- (b) only be accessed by each county government after meeting conditions set by the Cabinet Secretary responsible for that function at the beginning of the financial year.

No. 18 of
2012.

(9) A county governments' allocation under subsection (2) shall be transferred to the respective County Revenue Fund in accordance with a payment schedule published in the *Gazette* by the Cabinet Secretary in accordance with section 17 of the Public Finance Management Act.

No. 18 of 2012.

The County Governments Additional Allocations Bill, 2023

(10) The county governments' allocations under subsections (2), (4), (5), (6) and (7) shall, be included in the budget estimates of the National Government and shall be submitted to Parliament for approval.

(11) Allocations shall not be included in the budget estimates under subsection (10) unless—

- (a) the National Government and the respective county governments have entered into an intergovernmental agreement in accordance with this Act; or
- (b) in the case of a loan or grant by a development partner, the Cabinet Secretary and the responsible development partner have agreed in writing that the funds shall be transferred to the county government.

6. The Cabinet Secretary shall publish, by the 15th day of each subsequent month, a monthly report on actual transfers of all conditional allocations to county governments disbursed pursuant to this Act.

Report on actual transfers.

7. Each county treasury shall reflect all transfers of conditional allocations by the National Government to the respective county government in its books of accounts.

Books of accounts to reflect national government transfers.

8. A county treasury shall, as part of its consolidated quarterly and annual reports required under the Public Finance Management Act, report on—

Reporting.

No. 18 of 2012.

- (a) actual transfers received by the county government from the National Government, up to the end of that quarter or year in the format prescribed by the Public Sector Accounting Standards Board or in the absence of a format prescribed by the Board, in the format prescribed by the National Treasury;
- (b) the actual expenditure by the county government of the allocations made under section 5(2), (4), (5), (6) and (7);
- (c) the extent of compliance with the provisions of this Act and with the conditions of allocations as set out in the intergovernmental agreement

The County Governments Additional Allocations Bill, 2023

entered into by the national government, the development partner and the county government;

- (d) an explanation of any material problems in the expenditure of any allocations made under this Act or compliance with any conditions of allocations set out in an intergovernmental agreement; and
- (e) any other information that may be required by the relevant intergovernmental agreement.

9. The requirements under sections 191A to 191E of the Public Finance Management Act shall not apply to the 2023/2024 and 2024/2025 financial years. Transition.

FIRST SCHEDULE (S. 5(5))

Conditional allocations to County Governments from National Government Revenue in Financial Year 2023/24 (Kenya Shillings)							
S/No	County	FY 2022/23		FY 2023/24			
		Total Conditional Grants from the National Government Revenue Column A	Column B	Supplement for Construction of County Headquarters	Conditional Grant for Aggregated Industrial Parks Programme Column C	Conditional Grant for Provision of Fertilizer Subsidy Programme Column D	Conditional Grant for transfer Library services Column E
1	Baringo	110,638,298	-	-	75,977,677	16,949,087	92,926,764
2	Bomet	110,638,298	-	-	131,684,382	950,259	132,634,641
3	Bungoma	110,638,298	-	250,000,000	242,962,800		492,962,800
4	Busia	110,638,298	-	250,000,000	126,591,665		376,591,665
5	Elgeyo/Marakwet	110,638,298	-	-	63,970,782	429,373	64,400,155
6	Embu	110,638,298	-	250,000,000	110,930,145	2,201,693	363,131,838
7	Garissa	110,638,298	-	250,000,000	3,965,101	10,842,824	264,807,925
8	Homa Bay	110,638,298	-	250,000,000	165,917,803		415,917,803
9	Isiolo	150,638,298	60,000,000	-	2,501,812	1,831,422	64,333,234
10	Kajiado	110,638,298	-	-	41,355,485		41,355,485

The County Governments Additional Allocations Bill, 2023

Conditional allocations to County Governments from National Government Revenue in Financial Year 2023/24 (Kenya Shillings)							
S/No	County	FY 2022/23	FY 2023/24				
		Total Conditional Grants from the National Government Revenue Column A	Supplement for Construction of County Headquarters Column B	Conditional Grant for Aggregated Industrial Parks Programme Column C	Conditional Grant for Provision of Fertilizer Subsidy Programme Column D	Conditional Grant for transfer Library services Column E	Total Conditional Grants from the National Government Revenue Column F
11	Kakamega	110,638,298	-	-	289,728,678	4,657,791	294,386,469
12	Kericho	110,638,298	-	-	131,255,114	9,297,833	140,552,947
13	Kiambu	110,638,298	-	250,000,000	159,665,074		409,665,074
14	Kilifi	110,638,298	-	-	134,390,478	4,533,621	138,924,099
15	Kirinyaga	110,638,298	-	250,000,000	117,510,449		367,510,449
16	Kisii	110,638,298	-	-	186,645,942		186,645,942
17	Kisumu	110,638,298	-	-	120,042,858	10,494,779	130,537,637
18	Kitui	110,638,298	-	-	179,499,580		179,499,580
19	Kwale	110,638,298	-	-	90,011,220		90,011,220
20	Laikipia	110,638,298	-	-	66,899,161	9,648,691	76,547,852
21	Lamu	132,638,298	48,840,000	-	13,675,370		62,515,370
22	Machakos	110,638,298	-	250,000,000	195,350,986		445,350,986

The County Governments Additional Allocations Bill, 2023

Conditional allocations to County Governments from National Government Revenue in Financial Year 2023/24 (Kenya Shillings)								
S/No	County	FY 2022/23	FY 2023/24	Supplement for Construction of County Headquarters	Conditional Grant for Aggregated Industrial Parks Programme	Conditional Grant for Provision of Fertilizer Subsidy Programme	Conditional Grant for transfer Library services	Total Conditional Grants from the National Government Revenue
		Column A	Column B	Column C	Column D	Column E	Column F	Column F
23	Makueni	110,638,298	-	-	162,562,856	11,273,357	173,836,213	
24	Mandera	110,638,298	-	-	13,777,962	13,777,962	13,777,962	
25	Marsabit	110,638,298	-	-	2,389,320	2,389,320	2,389,320	
26.	Meru	110,638,298	-	250,000,000	225,426,721	12,902,906	488,329,627	
27.	Migori	110,638,298	-	250,000,000	144,621,807	394,621,807	394,621,807	
28.	Mombasa	110,638,298	-	250,000,000	6,495,711	5,635,387	262,131,098	
29.	Murang'a	110,638,298	-	250,000,000	197,960,790	4,936,010	452,896,800	
30.	Nairobi	110,638,298	-	-	14,721,991	14,721,991	14,721,991	
31.	Nakuru	110,638,298	-	250,000,000	234,883,209	484,883,209	484,883,209	
32.	Nandi	110,638,298	-	250,000,000	128,705,606	378,705,606	378,705,606	

The County Governments Additional Allocations Bill, 2023

Conditional allocations to County Governments from National Government Revenue in Financial Year 2023/24 (Kenya Shillings)								
S/No	County	FY 2022/23	FY 2023/24	Supplement for Construction of County Headquarters	Conditional Grant for Aggregated Industrial Parks Programme	Conditional Grant for Provision of Fertilizer Subsidy Programme	Conditional Grant for transfer Library services	Total Conditional Grants from the National Government Revenue
		Column A	Column B	Column C	Column D	Column E	Column F	
33.	Narok	110,638,298	-	-	135,373,204	4,281,875	139,655,079	
34.	Nyamira	110,638,298	-	250,000,000	92,563,428		342,563,428	
35.	Nyandarua	169,638,298	121,000,000	-	121,624,039		242,624,039	
36.	Nyeri	110,638,298	-	-	138,968,433	17,519,215	156,487,648	
37.	Samburu	110,638,298	-	-	12,431,664		12,431,664	
38.	Siaya	110,638,298	-	250,000,000	166,455,063	7,474,485	423,929,548	
39.	Taita Taveta	110,638,298	-	-	43,540,521	6,878,208	50,418,729	
40.	Tana River	152,638,298	121,000,000	-	15,049,566		136,049,566	
41.	Tharaka Nithi	110,638,298	103,160,000	-	71,299,830		174,459,830	
42.	Trans Nzoia	110,638,298	-	250,000,000	116,941,692		366,941,692	

The County Governments Additional Allocations Bill, 2023

Conditional allocations to County Governments from National Government Revenue in Financial Year 2023/24 (Kenya Shillings)										
S/No	County	FY 2022/23					FY 2023/24			Total Conditional Grants from the National Government Revenue Column F
		Total Conditional Grants from the National Government Revenue Column A	Supplement for Construction of County Headquarters Column B	Conditional Grant for Aggregated Industrial Parks Programme Column C	Conditional Grant for Provision of Fertilizer Subsidy Programme Column D	Conditional Grant for transfer Library services Column E	Conditional Grant for Aggregated Industrial Parks Programme Column C	Conditional Grant for Provision of Fertilizer Subsidy Programme Column D	Conditional Grant for transfer Library services Column E	
43.	Turkana	110,638,298	-	-	12,815,035	-	12,815,035	-	-	12,815,035
44.	Uasin Gishu	110,638,298	-	250,000,000	118,799,152	10,688,405	118,799,152	10,688,405	10,688,405	379,487,557
45.	Vihiga	110,638,298	-	-	97,662,444	-	97,662,444	-	-	97,662,444
46.	Wajir	110,638,298	-	-	2,235,432	-	2,235,432	9,421,475	9,421,475	11,656,907
47.	West Pokot	110,638,298	-	-	72,161,965	-	72,161,965	-	-	72,161,965
	TOTAL	5,363,000,006	454,000,000	4,500,000,000	5,000,000,000	162,848,690	5,000,000,000	162,848,690	162,848,690	10,116,848,690

The County Governments Additional Allocations Bill, 2023

SECOND SCHEDULE (s. 5(2), (4))					
Unconditional allocations to County Governments from Court Fines and Minerals Royalties in Financial Year 2023/24 (Kenya Shillings)					
		FY 2022/23		FY 2023/24	
S/No.	County	Total Unconditional Grants from the National Government Revenue Column A	Allocations for Court Fines Column B	Allocation for Mineral Royalties Column C	Total Unconditional Allocations Column D
1.	Baringo	-	-	20,355.33	20,355.33
2.	Bomet	-	-	-	-
3.	Bungoma	-	-	-	-
4.	Busia	-	-	-	-
5.	Elgeyo/Marakwet	-	-	-	-
6.	Embu	-	-	-	-
7.	Garissa	-	-	2,142.00	2,142.00
8.	Homa Bay	-	-	844,691.51	844,691.51
9.	Isiolo	-	-	-	-
10.	Kajiado	-	-	348,836.89	348,836.89
11.	Kakamega	-	-	660,242,991.11	660,242,991.11
		-	-	16,554.80	16,554.80

The County Governments Additional Allocations Bill, 2023

SECOND SCHEDULE (s. 5(2), (4))					
Unconditional allocations to County Governments from Court Fines and Minerals Royalties in Financial Year 2023/24 (Kenya Shillings)					
		FY 2022/23		FY 2023/24	
S/No.	County	Total Unconditional Grants from the National Government Revenue Column A	Allocations for Court Fines Column B	Allocation for Mineral Royalties Column C	Total Unconditional Allocations Column D
12.	Kericho	-	-	-	-
13.	Kiambu	-	5,084,684.00	10,139,863.43	15,224,547.43
14.	Kilifi	-	-	950,062,289.87	950,062,289.87
15.	Kirinyaga	-	-	100.00	100.00
16.	Kisii	-	-	682,562.10	682,562.10
17.	Kisumu	-	233,000.00	-	233,000.00
18.	Kitui	-	50,000.00	336,118.16	386,118.16
19.	Kwale	-	-	1,166,507,885.86	1,166,507,885.86
20.	Laikipia	-	1,515,334.00	-	1,515,334.00
21.	Lamu	-	-	-	-
22.	Machakos	-	14,436,324.00	99,716.30	4,536,040.30
23.	Makueni	-	-	99,856.62	99,856.62

The County Governments Additional Allocations Bill, 2023

SECOND SCHEDULE					
(s. 5(2), (4))					
Unconditional allocations to County Governments from Court Fines and Minerals Royalties in Financial Year 2023/24 (Kenya Shillings)					
		FY 2022/23	FY 2023/24		
		Total Unconditional Grants from the National Government Revenue	Allocations for Court Fines	Allocation for Mineral Royalties	Total Unconditional Allocations
S/No.	County	Column A	Column B	Column C	Column D
24.	Mandera	-	-	1,028.00	1,028.00
25.	Marsabit	-	-	1,724,590.43	1,724,590.43
26.	Meru	-	-	32,900.66	32,900.66
27.	Migori	-	974,165.00	3,125,407.99	4,099,572.99
28.	Mombasa	-	13,428,433.00	18,830.01	13,447,263.01
29.	Murang'a	-	-	-	-
30.	Nairobi	-	70,740,842.00	3,884.40	70,744,726.40
31.	Nakuru	-	1,948,197.00	82,769.16	2,030,966.16
32.	Nandi	-	-	55,110,900.60	55,110,900.60
33.	Narok	-	-	27,206,335.68	27,206,335.68
34.	Nyamira	-	-	-	-
35.	Nyandarua	-	-	-	-
36.	Nyeri	-	250,000.00	-	250,000.00

The County Governments Additional Allocations Bill, 2023

SECOND SCHEDULE (s. 5(2), (4))					
Unconditional allocations to County Governments from Court Fines and Minerals Royalties in Financial Year 2023/24 (Kenya Shillings)					
		FY 2022/23		FY 2023/24	
S/No.	County	Total Unconditional Grants from the National Government Revenue Column A	Allocations for Court Fines Column B	Allocation for Mineral Royalties Column C	Total Unconditional Allocations Column D
37.	Samburu	-	-	905,744.35	905,744.35
38.	Siaya	-	-	259,151.57	259,151.57
39.	Taita Taveta	-	-	51,756,325.95	51,756,325.95
40.	Tana River	-	-	10,623.96	10,623.96
41.	Tharaka Nithi	-	-	42,999.97	42,999.97
42.	Trans Nzoia	-	-	-	-
43.	Turkana	-	-	141,279.08	141,279.08
44.	Uasin Gishu	-	-	5,090,268.62	5,090,268.62
45.	Vihiga	-	-	-	-
46.	Wajir	-	-	4,493.00	4,493.00
47.	West Pokot	-	-	1,650.20	1,650.20
	TOTAL	-	108,660,979.00	2,934,923,147.60	3,043,584,126.60

The County Governments Additional Allocations Bill, 2023

THIRD SCHEDULE

(s. 5(6))

Conditional Allocations from proceeds of loans or grants from Development Partners for Financial Year 2023/24 (Figures in Kenya Shillings)

O N S	COUNTRY	2022/23 FY								2023/24 FY							
		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	
		Total Loans and Grants for FY 2022/23	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP))	IDA (World Bank) credit National Agricultural Value Chain Development Project (NAVCDP)	IDA (World Bank) credit: Water & Sanitation Development Project (WSDP)	DANIDA Grant - Primary Health Care in Devolved Context	IDA (World Bank) Credit (Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant)	Sweden- Agricultural Sector Development Support Programme (ASDSP) II	German Development Bank (KfW)- Drought Resilience Programme in Northern Kenya (DRPNK)	World Bank - Emergency Locust Response Project (ELRP)	World bank - Kenya Informal Settlement Improvement Project (KISIP II)	Kenya Livestock Commercialization Project (KELCLOP)	Aquaculture Business Development Project (ABDP)	IDA (World Bank) Credit (Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Resilience Grant (CCRG)*	Germany Development Bank (KfW) Loan for Financing Locally-Led Climate Change Resilience Grant - CCRIG)**	Total Loans and Grants for FY 2023/24	
1	Baringo	220,999,360	-	-	-	9,297,750	11,000,000	1,733,647	-	126,616,044	-	36,500,000	-	-	-	185,147,441	
2	Bomet	210,828,615	-	200,000,000	-	10,048,500	11,000,000	1,716,655	-	-	-	-	-	-	-	222,765,155	
3	Bungoma	256,762,319	60,000,000	200,000,000	-	16,227,750	11,000,000	593,849	-	-	82,599,830	34,500,000	-	-	-	404,921,429	
4	Busia	261,070,587	-	200,000,000	-	10,972,500	11,000,000	2,450,905	-	-	-	30,500,000	22,585,560	-	-	277,508,565	
5	Elgeyo Marakwet	215,638,157	-	-	-	7,045,500	11,000,000	1,042,262	-	138,144,044	94,224,456	36,500,000	-	-	-	287,956,262	
6	Embu	360,923,552	5,000,000	200,000,000	-	7,854,000	11,000,000	961,306	-	106,400,361	-	-	10,237,551	-	-	341,453,218	

The County Governments Additional Allocations Bill, 2023

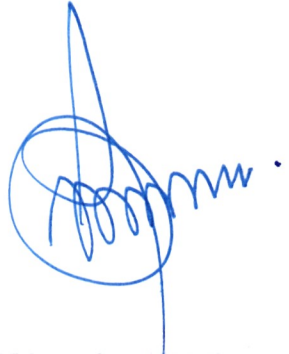
Conditional Allocations from proceeds of loans or grants from Development Partners for Financial Year 2023/24 (Figures in Kenya Shillings)

O/S	COUNTY	2023/24 FY										Total Loans and Grants for FY 2023/24						
		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	
21	Lamu	102,529,473	-	-	-	4,735,500	11,000,000	1,622,700	-	-	-	150,000,000	-	-	-	-	-	167,358,200
22	Machakos	273,245,808	-	200,000,000	-	14,148,750	11,000,000	1,761,966	-	-	-	-	-	-	-	-	-	344,268,715
23	Makueni	314,007,349	60,000,000	200,000,000	-	13,513,500	11,000,000	601,751	-	-	-	-	-	-	-	-	-	285,115,251
24	Mandera	250,006,419	-	-	-	18,653,250	11,000,000	2,257,207	-	-	-	-	-	-	-	-	-	212,192,610
25	Marsabit	398,076,912	-	-	-	12,358,500	11,000,000	1,431,190	300,000,000	195,679,753	-	-	-	-	-	-	-	557,969,443
26	Meru	421,288,012	5,000,000	200,000,000	-	14,668,500	11,000,000	1,105,100	-	-	67,546,296	-	-	-	-	-	-	443,798,441
27	Migori	315,785,957	5,000,000	200,000,000	-	12,358,500	11,000,000	1,120,452	-	-	-	-	-	-	-	-	-	243,096,737

The County Governments Additional Allocations Bill, 2023

*The FLLoCA-(CCRI) Grant is to be allocated among County Governments on the basis of the criteria in section 5(6)(l) of the County Government Additional Allocations Act, 2023.

**Germany Development Bank (KfW) Loan for Financing Locally- Led Climate Action (FLLoCA) Program County Climate Change Resilience Grant - CCRIG Loan is to be allocated among Sixteen (16) County Governments on the basis of the criteria in section 5(6)(m) of the County Government Additional Allocations Act, 2023. The Counties to be allocated the Ksh.1.2 billion include; Trans-Nzoia,Uasin-Gishu, Elgeyo-Marakwet, Nandi, Kericho, Bomet, Kakamega, Vihiga, Bungoma, Busia, Siaya, Kisumu, Homa Bay, Migori, Kisii and Nyamira .



The County Governments Additional Allocations Bill, 2023

FOURTH SCHEDULE (S. 5(7))

National Government's Expenditures on Devolved Functions to be converted to Additional Conditional Grants to the County Governments for Financial Year 2023/24 (Figures in Kenya Shillings)						
S/NO.	County	FY 2022/23	Livestock Value Chain Support Project	De-Risking and Value Enhancement (DRIVE)	Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	Totals
		Devolved Functions converted to Additional Conditional Grants to the County Governments				
1	Baringo	-	28,647,360	63,341,980		91,989,340
2	Bomet	-	57,294,720			57,294,720
3	Bungoma	-	35,809,200			35,809,200
4	Busia	-	14,323,680			14,323,680
5	Elgeyo Marakwet	-	35,809,200			35,809,200
6	Embu	-	35,809,200			35,809,200

The County Governments Additional Allocations Bill, 2023

		National Government's Expenditures on Devolved Functions to be converted to Additional Conditional Grants to the County Governments for Financial Year 2023/24 (Figures in Kenya Shillings)				
S/NO.	County	FY 2022/23	Livestock Value Chain Support Project	De-Risking and Value Enhancement (DRIVE)	Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	Totals
		Devolved Functions converted to Additional Conditional Grants to the County Governments				
7	Garissa	-	-	128,454,980		128,454,980
8	Homa Bay	-	14,323,680			14,323,680
9	Isiolo	-	-	155,341,980		155,341,980
10	Kajiado	-	28,647,360	96,691,980		125,339,340
11	Kakamega	-	57,294,720			57,294,720
12	Kericho	-	71,618,400			71,618,400
13	Kiambu	-	149,092,200			149,092,200
14	Kilifi	-	14,323,680	63,341,980	98,880,952	176,546,612
15	Kirinyaga	-	35,809,200			35,809,200

The County Governments Additional Allocations Bill, 2023

National Government's Expenditures on Devolved Functions to be converted to Additional Conditional Grants to the County Governments for Financial Year 2023/24 (Figures in Kenya Shillings)						
S/NO.	County	FY 2022/23	Livestock Value Chain Support Project	De-Risking and Value Enhancement (DRIVE)	Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	Totals
		Devolved Functions converted to Additional Conditional Grants to the County Governments				
16	Kisii	-	35,809,200			35,809,200
17	Kisumu	-	14,323,680			14,323,680
18	Kitui	-	14,323,680	63,341,980		77,665,660
19	Kwale	-	-	63,341,980	100,730,260	164,072,240
20	Laikipia	-	28,647,360	90,941,980		119,589,340
21	Lamu	-	-	63,341,980	48,764,809	112,106,789
22	Machakos	-	35,809,200			35,809,200
23	Makueni	-	21,485,520	63,341,980		84,827,500
24	Mandera	-	-	72,541,980		72,541,980

The County Governments Additional Allocations Bill, 2023

S/NO.	County	National Government's Expenditures on Devolved Functions to be converted to Additional Conditional Grants to the County Governments for Financial Year 2023/24 (Figures in Kenya Shillings)					Totals
		FY 2022/23 Devolved Functions converted to Additional Conditional Grants to the County Governments	Livestock Value Chain Support Project	De-Risking and Value Enhancement (DRIVE)	Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	Totals	
		Column A	Column B	Column C	Column D	Column E	
25	Marsabit	-	-	95,541,980		95,541,980	
26	Meru	-	99,394,800	63,341,980		162,736,780	
27	Migori	-	14,323,680			14,323,680	
28	Mombasa	-	-		39,346,299	39,346,299	
29	Murang'a	-	71,618,400		-	71,618,400	
30	Nairobi City	-	-			-	
31	Nakuru	-	121,315,800			121,315,800	
32	Nandi	-	57,294,720			57,294,720	
33	Narok	-	35,809,200	63,341,980		99,151,180	

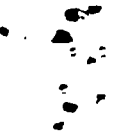
The County Governments Additional Allocations Bill, 2023

S/NO.	County	National Government's Expenditures on Devolved Functions to be converted to Additional Conditional Grants to the County Governments for Financial Year 2023/24 (Figures in Kenya Shillings)					Totals
		FY 2022/23 Devolved Functions converted to Additional Conditional Grants to the County Governments	Livestock Value Chain Support Project	De-Risking and Value Enhancement (DRIVE)	Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	Column E	
		Column A	Column B	Column C	Column D	Column E	
34	Nyamira	-	28,647,360			28,647,360	
35	Nyandarua	-	135,204,000			135,204,000	
36	Nyeri	-	71,182,920			71,182,920	
37	Samburu	-	-	207,839,480		207,839,480	
38	Siaya	-	14,323,680			14,323,680	
39	Taita Taveta	-	21,485,520	63,341,980		84,827,500	
40	Tana River	-	14,323,680	226,457,980	33,164,181	273,945,841	
41	Tharaka Nithi	-	28,647,360	63,341,980		91,989,340	
42	Trans Nzoia	-	71,618,400			71,618,400	

The County Governments Additional Allocations Bill, 2023

National Government's Expenditures on Devolved Functions to be converted to Additional Conditional Grants to the County Governments for Financial Year 2023/24 (Figures in Kenya Shillings)						
S/NO.	County	FY 2022/23 Devolved Functions converted to Additional Conditional Grants to the County Governments	Livestock Value Chain Support Project	De-Risking and Value Enhancement (DRIVE)	Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	Totals
		Column A	Column B	Column C	Column D	Column E
43	Turkana	-	-	215,141,980		215,141,980
44	Uasin Gishu	-	99,830,280			99,830,280
45	Vihiga	-	14,323,680			14,323,680
46	Wajir	-	-	179,790,980		179,790,980
47	West Pokot	-	14,323,680	63,341,980		77,665,660
	TOTAL	-	1,642,868,400	2,165,507,080	320,886,501	4,129,261,981

The County Governments Additional Allocations Bill, 2023





REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING

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Finance – Nairobi
FAX NO. 310833
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THE NATIONAL TREASURY
P O BOX 30007 – 00100
NAIROBI

When Replying Please Quote

Ref No. IGFR/CG/01/H/65

16th February, 2024

Mr. Samuel Njoroge, CBS
Clerk to the National Assembly
Clerk's Chamber
Parliament Building
NAIROBI

Mr. Jeremiah Nyegenye, C.B.S
Clerk of the Senate
Clerk's Chamber
Parliament Buildings
NAIROBI

Dear *Clerk of Parliament*

**RE: COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL (CGAAB),
2023 (NATIONAL ASSEMBLY BILL NO. 23 OF 2023)**

Reference is made to your letter Ref: NA/PBO/MED/2024 (001) dated 14th February, 2024 on the above subject matter. In the letter, you have requested the National Treasury to submit views on the County Governments Additional Allocations Bill, 2023 (National Assembly Bill No. 23 of 2023) to the Mediation Committee on CGAAB, 2023. Specifically, the letter requested the National Treasury to clarify:

- i. The amounts apportioned to each schedule of the allocations to County Governments for FY 2023/2024; and
- ii. Under clause 5(9), which conditional additional allocations should be disbursed through the implementing Ministries, Departments and Agencies (MDAs).

The National Treasury has reviewed the Senate amendments to the Bill and prepared the attached brief for your consideration.

The purpose of this letter, therefore, is to forward to you a brief on the issues requested for clarity, for your necessary action.

Yours

Sincerely

DR. CHRIS KIPTOO, C.B.S.
PRINCIPAL SECRETARY/THE NATIONAL TREASURY

Encls.



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING

VIEWS OF THE NATIONAL TREASURY ON THE COUNTY GOVERNMENTS
ADDITIONAL ALLOCATIONS BILL, 2023 (NATIONAL ASSEMBLY BILLS NO. 23
OF 2023) AND SENATE AMENDMENTS TO THE BILL

A. AMOUNTS FOR ADDITIONAL ALLOCATIONS IN FY 2023/2024

Table 1 below summarises specific amounts of proposed allocations to each additional allocation to county governments for FY 2023/2024. The proposed allocations have taken into account approved Supplementary expenditures and proposed enhanced allocation to FLLoCA in FY 2023/24.

Table 1: Additional allocations to county governments in FY 2023/2024

First Schedule: Additional allocations from the National Government's Share of Revenue		
S/No.	Project Description	Amount (Ksh.)
1.	Supplement for Construction of County Headquarters	454,000,000
2.	Leasing of Medical Equipment	0
3.	Aggregated Industrial Parks Programme for 18 counties - each Ksh.250 million.	4,500,000,000
4.	Fertilizer Subsidy Programme	5,000,000,000
Total		9,954,000,000
Second Schedule: Unconditional allocations to county governments from court fees and fines; and mineral royalties		
1.	Court Fees and Fines	108,660,979
2.	Mineral Royalties*	0
Total		108,660,979
Third Schedule: Conditional Allocations from proceeds of loans and grants from development partners		
a)	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP))	410,000,000
b)	IDA (World Bank) credit National Agricultural Value Chain Development Project (NAVCDP)	6,600,000,000
c)	IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)	0
d)	IDA (World Bank) credit: Water & Sanitation Development Project (WSDP)	5,350,000,000
e)	DANIDA Grant - Primary Health Care in Devolved Context	577,500,000
f)	IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS)Grant**	517,000,000
g)	Sweden- Agricultural Sector Development Support Programme (ASDSP) II	72,797,253
h)	German Development Bank (KfW)- Drought Resilience Programme in Northern Kenya (DRPNK)	765,000,000
i)	IDA (World Bank) - Emergency Locust Response Project (ELRP)	2,302,630,288
j)	IDA (World Bank) - Kenya Informal Settlement Improvement Project (KISIP II)	4,500,000,000
k)	Kenya Livestock Commercialization Project (KELCLOP)	344,300,000
l)	Aquaculture Business Development Project (ABDP)	245,879,120
m)	IDA (World Bank) Credit - Financing Locally- Led Climate Action (FLLoCA) Program, County Climate Resilience Grant (CCRI) Grant**	6,187,500,000

n)	KfW (German Development Bank) credit for the County Climate Resilience Grant (CCRG) Level 2- Financing Locally- Led Climate Action (FLLoCA) Program – 16 Counties**	1,200,000,000
Total		29,072,606,661

Source: Supplementary Estimates I

*The Kshs. 2,934,923,147 unconditional allocations from mineral royalties be revised to nil as the amount cannot be accommodated within the FY 2023/2024 fiscal space. Kshs 1.06 billion has been proposed for allocation in FY 2024/25 as contained in County Allocation of Revenue Bill, 2024.

**The National Treasury has committed to increase the Budget allocation for FLLoCA from Ksh. 4.9 billion, contained in Supplementary Estimates, to Kshh. 9.3 billion during the Supplementary II Budget. This will enable transfer to counties a total of Ksh. 7.9 billion broken down as follows: - a) FLLoCA (CCIS component in Column C of the Third)- Ksh. 517 million; b) FLLoCA (CCRI component of the Third Schedule)- Ksh. 6.2 billion; and c) FLLoCA (KfW component in column P of the Third Schedule)- Ksh. 1.2 billion.

B. COMMENTS ON SENATE AMENDMENTS TO CGAAB, 2023

1. Changes in the amounts apportioned to each schedule of the allocations to county governments for FY 2023/2024

The National Treasury proposes the following changes to the County Governments Additional Allocations Bill, 2023 (National Assembly Bill No. 23 of 2023), as amended by the Senate: -

a) First Schedule

- i. Revision of the amounts allocated to Managed Equipment Service (MES) Project, *under column C of the First Schedule of the Bill*, from Kshs, 5,862,000,002 to Nil. This is because the contract has come to an end and as such the Ministry of Health (MoH) and the Council of Governors (CoG) through a consultative approach have agreed that MoH take up the mandate to execute MES through Intergovernmental Participation Agreements (IPAs). In FY 2023/2024, counties have not signed IPAs with MoH to operationalise the project in the new IPA framework, as agreed in the Summit.
- ii. Revision of the amounts allocated to Transfer of Library Services, *under column C of the First Schedule of the Bill*, from Ksh. 424,616,045 to Nil. This is because attendant resources for transfer of Library services amounting to Ksh. 424,616,045, were transferred as equitable share to all 47 county governments in FY 2023/24, through Division of Revenue Act, 2023 and County Allocation of Revenue Act, 2023.

Recommendation: Based on the above, the National Treasury recommends deletion of Column C and F of the First Schedule of the Bill.

b) Third Schedule

- i. The allocation to National Agricultural and Rural Inclusive Growth Project (NARIGP), *under column B of the Third Schedule of the Bill*, allocation has been revised from Kshs. 3,150,000,000 to of. Ksh. 410,000,000. This is because the Project is coming to an end on 30th April, 2024 and has exhausted the credit amount as per the financing agreement.
- ii. The allocation to IDA (World Bank) credit National Agricultural Value Chain Development Project (NAVCDP), *under column C of the Third Schedule of the Bill*,

has been revised from Ksh. 8.2 billion to Ksh. 6.7 billion to be disbursed to 33 beneficiary counties at Ksh. 200 million each. The initial of Ksh. 8.2 billion contained both national and county government's components.

- iii. The allocation to Kenya Climate Smart Agriculture Project (KCSAP), *under column D of the Third Schedule of the Bill*, has been revised from Kshs. 2,160,000,000 to Nil. This is because the project came to an end on 30th November, 2023, and had exhausted the county component funds, as per the financing agreement; and
- iv. The allocation to counties under Kenya Informal Settlement Improvement Project (KISIP II), *under column K of the Third Schedule of the Bill*, has been revised upwards from Kshs, 3,269,530,746 to Kshs. 4,500,000,000 after the project, upon review, demonstrated higher absorption capacity potential.

Recommendations: - *Based on the above, the National Treasury recommends replacing allocations contained in Columns B, C and K of the Third Schedule with the respective allocations as contained in the attached frameworks. Also proposed is deletion of Column D of the Third Schedule.*

2. **Under clause 5 (9), which conditional additional allocations should be disbursed through the implementing Ministries, Departments and Agencies (MDAs).**

All additional allocations to county governments, except the unconditional allocations from Court fines & fees under clause 5(2) of the Bill, shall be transferred to the respective County Revenue Fund Accounts by the implementing Ministries, Departments and Agencies (MDAs).

Allocations from Court fines & fees, under clause 5(2) of the Bill, shall be transferred from the Consolidated Fund to the respective County Revenue Fund Accounts, by the National Treasury upon receipt of the beneficiary county governments by the Judiciary.

C. ACCOMPANYING ATTACHMENTS

Attached to this brief are: - (1) the proposed revised First and Third Schedules to the County Governments Additional Allocations Bill, 2023 (National Assembly Bill No. 23 of 2023); and (2) the revised frameworks for management of the: - a) National Agricultural and Rural Inclusive Growth Project (NARIGP); b) IDA (World Bank) credit National Agricultural Value Chain Development Project (NAVCDP); and c) Kenya Informal Settlement Improvement Project (KISIP II).



DR. CHRIS KIPTOO, C.B.S
PRINCIPAL SECRETARY/THE NATIONAL TREASURY

16th February, 2024

Encls.