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**THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025**

**DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION**

**REPORT OF THE DEPARTMENTAL COMMITTEE ON SOCIAL
PROTECTION ON ITS CONSIDERATION OF
THE PENSIONS (AMENDMENT) BILL
(NATIONAL ASSEMBLY BILL NO. 25 of 2024)**

**CLERKS CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI**

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|  THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 29 APR 2025 | DAY: TUESDAY |
| TABLED BY: CLERK-AT-THE-TABLE: | HON. ALICE NG'ANG'A CHAIRPERSON MORU MWALE |
| APRIL 2025 | |

NATIONAL ASSEMBLY
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LIST OF ABBREVIATIONS AND ACRONYMS

| | | |
|-------|---|---------------------------------------|
| COLA | - | Cost of Living Adjustment |
| DBA | - | Defined Benefits Arrangements |
| KANU | - | Kenya African National Union |
| KARO | - | Kenya Association of Retired Officers |
| ODM | - | Orange Democratic Movement |
| TSP | - | The Service Party |
| UDA | - | United Democratic Alliance |
| UDM | - | United Democratic Movement |
| WDM-K | - | Wiper Democratic Movement-Kenya |

LIST OF ANNEXURES

1. Report Adoption Schedule
2. Committee Minutes
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CHAIRPERSON'S FOREWORD

This report contains proceedings of the Departmental Committee on Social Protection on its consideration of the Pensions (Amendment) Bill (*National Assembly Bill No. 25 of 2024*). The Bill underwent First Reading on 12th June 2024 and was thereafter committed to the Departmental Committee on Social Protection for consideration and reporting to the House pursuant to the provision of Standing Order 127(1).

The Bill has two (2) clauses and it seeks to amend the Pensions Act Cap. 189 to include an automatic cost of living adjustment to the pensions earned by officers who have been in service of the Government. In addition, the Bill seeks to provide that the most current salary applicable to a job group, shall be used as the basis for the calculation of pensions payable to officers who have been in service of the Government who retired in that job group or its equivalent.

Following placement of advertisements in the print media on 12th June 2024 seeking public and stakeholder views on the Bill pursuant to Article 118(1)(b) of the Constitution and Standing Order 127(3), the Departmental Committee on Social Protection received memoranda from the National Executive through the National Treasury as well as from the Kenya Association of Retired Officers (KARO).

The Committee also invited stakeholders vide letters REF: NA/DDC/SP/CORR/2024/112 dated 5th November 2024, NA/DDC/SP/CORR/2024/114 dated 8th November 2024 and REF: NA/DDC/SP/CORR/2025/009 dated 18th March 2025 for a stakeholders' engagement on the Bill which were held in several meetings venues within the precincts of Parliament on 12th November 2024, 19th November 2024 and 10th April 2025. The Sponsor of the Bill (Hon. Tandaza Kassim Sawa, MP), the National Treasury and the Kenya Association of Retired Officers made oral presentations before the Committee.

The stakeholders were of the general view that the pensions rates provided for the retirees were low and significantly insufficient to cushion the retirees from the current level of inflation in the country. They averred that there is need for automatic cost of living adjustment and gazettelement of information on the same.

In considering the Bill, Members observed that the Amendment to the Act (Pensions Act Cap. 189) was much needed as most retirees were receiving meagre pensions that were insufficient to cushion them from the high cost of living experienced in the country.

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee further wishes to thank the Sponsor of the Bill, Hon. Kassim Tandaza Sawa, MP and all stakeholders who made their respective submissions on the Bill.

Finally, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made valuable input during consideration of the Bill and production of this report.

On behalf of the Departmental Committee on Social Protection and pursuant to provisions of Standing Order 199(6), it is my pleasant privilege and honour to present to this House the Report of the Committee on its consideration of The Pensions (Amendment) Bill (*National Assembly Bill No. 25 of 2024*).

I thus wish to table this Report on The Pensions (Amendment) Bill (*National Assembly Bill No. 25 of 2024*) in this Honourable House, with the recommendation that the Bill be **approved with amendments** as reported by the Committee, which are contained in this Report.

A handwritten signature in black ink, appearing to read 'Wambui', with a stylized flourish at the end.

The Hon. Alice Wambui Ng'ang'a, CBS, M.P.
Chairperson, Departmental Committee on Social Protection

PART ONE

I PREFACE

I.1 ESTABLISHMENT OF THE COMMITTEE

- I. The Departmental Committee on Social Protection is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows:
 - i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
 - iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - iv. **To study and review all the legislation referred to it;**
 - v. *To study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on appointments);*
 - viii. *To examine treaties, agreements and conventions;*
 - ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - xi. *To examine any questions raised by Members on a matter within its mandate.*

I.2 MANDATE OF THE COMMITTEE

2. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider, social welfare and security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.
3. In executing its mandate, the Committee oversees the following State departments and Commission;
 - i. The State Department for Social Protection and Senior Citizen Affairs
 - ii. The State Department for Children Welfare Services
 - iii. The State Department for Gender and Affirmative Action
 - iv. The State Department for Youth Affairs and Creative Economy
 - v. The State Department for Public Service (NYS)
 - vi. The National Gender and Equality Commission (NGEC)

I.3 COMMITTEE MEMBERSHIP

4. The Departmental Committee on Social Protection was constituted by the House on 27th October 2022 and re-constituted on 5th March 2025, and comprises of the following Honourable Members:

Chairperson

Hon. Alice Wambui Ng'ang'a, CBS, MP

Thika Town Constituency

UDA Party

Vice-Chairperson

Hon. Hillary Kiplang'at Koskei, MP

Kipkelion West Constituency

UDA Party

Members

Hon. Faith Wairimu Gitau, CBS, M.P.

Nyandarua County

UDA PARTY

Hon. Owen Baya Yaa, CBS, M.P.

Kilifi North Constituency

UDA PARTY

Hon. Timothy Wanyonyi Wetangula, CBS, M.P.

Westlands Constituency

ODM PARTY

Hon. Edith Vethi Nyenze, M.P.

Kitui West Constituency

WDM-K PARTY

Hon. Samuel Moroto Chumel, CBS, M.P.

Kapenguria Constituency

UDA PARTY

Hon. Paul Abuor, M.P.

Rongo Constituency

ODM PARTY

Hon. James Onyango Oyoo, M.P.

Muhoroni Constituency

ODM PARTY

Hon. Susan Nduyo Ngugi, M.P.

Tharaka Nithi County

TSP PARTY

Hon. Hussein Abdi Barre, M.P.

Tarbaj Constituency

UDA PARTY

Hon. Agnes Mantaine Pareiyo, M.P.

Narok North Constituency

JUBILEE PARTY

Hon. Amina Abdullahi Dika, M.P.

Tana River County

KANU PARTY

Hon. Linet Chepkorir, M.P.

Bomet County

UDA PARTY

Hon. Zamzam Mohamed Chimba, M.P.

Mombasa County

ODM PARTY

1.4 COMMITTEE SECRETARIAT

5. The Committee is facilitated by the following Parliamentary staff:

Mr. Finlay Muriuki
Lead Clerk/ Head of Secretariat

Mr. Ahmednoor Hassan
Clerk Assistant III

Ms. Jemimah Waigwa
Senior Legal Counsel

Mr. Adan Ahmed Abdi
Fiscal Analyst I

Ms. Grace Maneno
Research Officer III

Mr. Benjamin Ochutsi
Hansard Officer III

Ms. Naomi Onsomu
Public Communications Officer

Mr. Derrick Kathurima
Media Relations Officer

Mr. Cosmas Akhonya
Audio Recording Officer

Ms. Eva Kaare
Serjeant-at-Arms

PART TWO

2 BACKGROUND OF PENSIONS FRAMEWORK IN KENYA

2.1 INTRODUCTION

6. The pension due to an eligible officer is calculated by taking into account the pensionable salary drawn by the office in the course of his service. The pension due is calculated as follows; $(\text{Completed months} \times \text{annual salary})/480$.
7. Pension is one of the benefits that the government provides to public officers as part of their terms of service, with a view to providing them with social security in old age as provided for in Article 43(1)(e) of the Constitution of Kenya. The benefits are intended to assist the public officers to have a smooth transition into retirement.

2.2 SITUATIONAL ANALYSIS/ LEGAL FRAMEWORK

The Constitution, 2010

8. **Article 43(1) (e)** provides that every person has a right to social security. Further, Article 43(3) provides that the State shall provide appropriate social security to persons who are unable to support themselves and their dependents.

The Retirement Benefits Act, 1997

9. The Retirement Benefits Act, 1997 is an Act of Parliament to establish a Retirement Benefits Authority for the regulation, supervision and promotion of retirement benefits sector and for connected purposes.
10. **Section 20** of the Retired Benefits Act provides that the Board of Directors of the Retirement Benefits Authority shall cause to be prepared estimates of revenue and expenditure of the Authority for a year before the commencement of each financial year. The said estimates shall provide for the payment of pensions, gratuities and other charges in respect of the retirement benefits which are payable out of the funds of the Authority.

Public Service Superannuation Scheme Act No. 8 of 2012

11. The Public Service Superannuation Scheme Act is the Act of Parliament to establish the Contributory Public Service Superannuation Scheme for providing retirement benefits to persons in the public service and for connected purposes.
12. The Public Service Superannuation Scheme is the scheme to which the Government and employees contribute to fund the retirement benefits of the employees. The contributions will be paid into the Fund established and managed under the Act and regulated in accordance with the Retirement Benefits Act.
13. Employees contribute at the rate of 7.5% of their monthly basic salary graduated as follows; 2% in first year (2021); 5% in the second year (2022); and 7.5% in the third year (2023). The Government contributes 15% of the monthly basic salary in respect of each employee. Employees have the option to make additional voluntary contributions to the scheme above the mandatory 7.5% of the basic salary. Where an employee takes this option, the Government does not increase its contribution.

2.3 COMPARATIVE ANALYSIS

Singapore

14. The Singapore Pension System was set up in 1955 and has evolved into a key socio-economic institution that positively impacts the welfare of the people of Singapore. The pension system relies on mandatory savings administered by the Central Provident Fund (CPF) and is supervised by the Ministry of Manpower.
15. All Singapore citizens and Singapore permanent residents working in Singapore under contract service, employed under permanent, part-time or casual basis are required to make contributions towards CPF every month. Employers are required to remit both the employer and employee share of CPF contributions every month.
16. The monthly wages eligible for CPF contributions is periodically reviewed to help members in increasing their CPF savings. In addition, the employers are also required to contribute higher amount which results to more CPF savings for your retirement needs.

Zambia

17. The Public Service Pensions Fund was established through an Act of Parliament as a defined benefit scheme in 1997. The establishment of PSPF was intended to consolidate the law relating to Pensions and other benefits for persons employed in the public service. The Public Service Pension fund covers employees in public service by providing income security in the event of retirement, permanent invalidity and survivorship.
18. The Pensions Fund is governed by the Public Service Pension Act No. 5 of 1996, which is an Act of Parliament to consolidate the law relating to pensions and other benefits for persons employed in the Public Service; and to provide for matters connected therewith or incidental to such consolidation. Benefits of the National Pension Scheme Authority of Zambia are not adjusted to inflation. However, interest is paid to all contributions.

France

19. The pension system in France is made up of three pillars;
 - i) The French State Pension
 - ii) Compulsory Supplementary Pensions and
 - iii) Voluntary occupational and personal arrangements.
20. Since 2012, for France retirees to be entitled to a full French State Pension, one had to work for at least 41.5 years. This was set to be reviewed to 42 years in 2018 and to 43 years by 2035 for those born in 1973 onwards. For those who have worked for at least 10 years in France, could claim a pro-rata pension. This option offered 5-year savings in 2001 before it was reviewed to 10 years in 2004 and further amended to "until retirement" by the Government.
21. The Pension earnings are subject to Income tax on a progressive scale and there is an annual 10% tax free allowance for expenses. The tax is based on households rather than individuals to benefit couples where one spouse earns more than the other.

PART THREE

3 OVERVIEW OF THE PENSIONS (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 25 OF 2024)

3.1 INTRODUCTION

22. The Bill provides for the amendment of the Pensions Act Cap. 189 to include an automatic cost of living adjustment to the pensions earned by officers who have been in service of the Government.
23. Additionally, the Bill seeks to provide that the most current salary applicable to a job group, shall be used as the basis for the calculation of pensions payable to officers who have been in service of the Government who retired in that job group or its equivalent.

3.2 REVIEW OF THE BILL

The Pensions (Amendment) Bill, 2024 (National Assembly Bill No. 25 of 2024) is a Bill sponsored by the Hon. Kassim Tandaza Sawa, MP. The Bill seeks to amend the Pensions Act Cap. 189 to include an automatic cost of living adjustment to the pensions earned by officers who have been in service of the Government. The Bill is composed of 2 clauses, which contain the following provisions.

24. Clause 1 of the Bill is the short title.
25. Clause 2 of the Bill seeks to amend section 3 of the Pensions Act, Cap. 189 to provide that—
 - (a) an officer who has been in service of the government shall be entitled to an automatic cost of living adjustment increase to the pension, gratuities or other allowances issued under the Act, where the rate of inflation is high enough to substantiate a cost-of-living adjustment increase.
 - (b) the automatic cost of living adjustment shall be calculated based on an increase in the consumer price index.
 - (c) the consumer price index shall be determined by the KNBS established under the Statistics Act.
 - (d) the Cabinet Secretary shall cause to be published such information relating to automatic cost of living adjustment in the Gazette.
 - (e) the provision shall apply to an office who retires after the commencement of the Act.
26. Further, the Bill defines the terms consumer price index, cost of living and cost of living adjustment as used in the Bill.
27. Additionally, clause 2 of the Bill proposes to amend section 3(5) of the Act to provide that the most current salary applicable to a job group shall be the basis for the computation of the pensions payable to officers who have in service of the Government, and who retired in the specific job group or its equivalent.

PART FOUR

4 PUBLIC PARTICIPATION/STAKEHOLDERS CONSULTATION

28. Following the call for memoranda from the public through placement of adverts in the print media on 12th June 2024 and vide a letters REF: NA/DDC/SP/CORR/2024/112 dated 5th November 2024, NA/DDC/SP/CORR/2024/114 dated 8th November 2024 and REF: NA/DDC/SP/CORR/2025/009 dated 18th March 2025 inviting stakeholders for a meeting, the Committee received memoranda from the following stakeholders:
- i. The National Treasury.
 - ii. The Kenya Association of Retired Officers (KARO).
29. The Committee held several meetings with the National Treasury, Kenya National Association of Retired Officer (KARO), the sponsor of the Bill, Hon. Kassim Tandaza Sawa, M.P. The meetings were held on 12th November 2024, 19th November 2024 and 10th April 2025.

The stakeholders submitted as follows:

4.1 THE NATIONAL TREASURY

Context of the Defined Benefit (DB) Arrangement

30. The Pensions Scheme under consideration is a defined benefit arrangement governed by the Pensions Act, Cap 189. This arrangement provides for predetermined benefits based on employee's salary and years of service, funded directly by the Exchequer. The current framework is designed to provide long-term security for retirees but must also ensure financial sustainability for the Government of Kenya.
31. Introduction of Cost-of-Living Adjustment (COLA) and salary-based pension computation would have significant fiscal implications, implications, particularly given the rising number of pensioners and increasing life expectancy. These changes should therefore be informed by an actuarial valuation to assess the long-term financial sustainability of such adjustments. The Pensions Department was conducting an actuarial study/valuation of the public service pension scheme, which has provided a data-driven foundation for decisions affecting the scheme, including any adjustments to pension benefits.

Provisions for Pensions Increases under Current Law

32. It was noted that currently pensions review had been facilitated through the Pensions Increase Act. The Pensions Increase Act (Cap. 190) provides a structured framework for adjusting pensions for retired public servants. The Act mandates that from the 1st July, 2005 and subsequently every two years on the same date, all specified pensions-along with any previously granted increases-shall be adjusted with a three percent increment based on the pensions amount in effect at the time of the adjustment, subject to the provisions of the Act.
33. By duplicating provisions already addressed under the Pensions Increase Act, the proposed amendments may create redundancy or potential conflicts between statutes. Instead, the existing

mechanism under Cap. 190 should be strengthened and guided by data from regular actuarial valuations.

Ongoing Actuarial Study/Valuation

34. The findings of a recent actuarial valuation conducted on the pension scheme revealed that the Government's total accrued pension liability currently stands as Kshs. 2.14 trillion. As part of the analysis, the actuaries modelled several scenarios to assess the financial impact of varying annual pension increase rates, as currently provided under the Pensions Act, Cap 190. The results are summarized in the table below;

| Pension Increase Rate | 1.5% p.a. | 2% p.a. | 3% p.a. | 4% p.a. | 5% p.a. | 6% p.a. |
|--|------------------|----------------|----------------|----------------|----------------|----------------|
| Current Pensioners | 802 | 850 | 946 | 1,052 | 1,138 | 1,234 |
| Actives (Continuing & Noncontinuing) | 1,293 | 1,342 | 1,442 | 1,562 | 1,699 | 1,867 |
| WCPS (Continuing & Noncontinuing Actives) | 53 | 56 | 62 | 68 | 75 | 81 |
| Total Accrued Liabilities | 2,147 | 2,248 | 2,450 | 2,672 | 2,911 | 3,182 |
| Increase in Liabilities (Ksh billion) | - | 101 | 303 | 525 | 765 | 1,035 |

35. The table illustrates the significant increase in pension liabilities resulting from higher annual pension adjustments, for instance, raising the pension increment to 2% per annum increases the liability by Kshs 101 billion, while an increment of 6% per annum—which aligns with the average CPI over the past decade—raises the liability by Kshs 1.035 trillion.

36. These findings raise serious concerns about the long-term sustainability and affordability of proposals that link pension increases to cost-of-living metrics. Given the potential for sharp rises in liabilities during inflationary periods, any such policy shift should be approached with caution.

37. Furthermore, proposals suggesting that pension adjustments be based on the most current salary for equivalent job groups would present both fiscal risks and significant administrative complexity, making such recalculations impractical and burdensome.

Tax Relief

38. In a significant fiscal intervention to support retirees, the National Treasury, through the Finance Bill, 2024, proposed to exempt from tax all pension payments made from a registered pension scheme, registered provident fund, registered individual retirement fund, public pension scheme, or the National Social Security Fund upon attaining the retirement age. The proposed tax exemption also extended to gratuity or other allowances paid under public pension schemes, retirement annuities, and withdrawals from the fund prior to retirement age due to ill health or after completing twenty years of membership in the fund.

39. Although the Finance Bill, 2024, was withdrawn, the National Treasury reaffirmed its commitment to retirees by resubmitting this proposal through the Tax Laws (Amendment) Bill, 2024 which was subsequently assented into Law on the 11th December, 2024. This underscores the government's

determination to provide financial relief to retirees, enhancing their well-being and economic security.

40. Automatic Cost-of-Living Adjustment;

While the principle of linking pension adjustments to inflation is commendable, the following issues require careful consideration —

- a) **Fiscal Implications;** Automatic adjustments could introduce significant financial strain on the Exchequer, particularly during periods of high inflation. This may destabilize budgetary planning and compromise the ability to fund other critical public services.
- b) **International Best Practices;** Globally, countries with DB schemes such as Canada, the UK, and the US incorporate discretionary rather than automatic adjustments, considering fiscal sustainability. Kenya could adopt a similar approach, guided by periodic actuarial advice and the same actualized through the Pensions Increase Act.
- c) **Constitutional Provisions;** Article 201 of the Constitution of Kenya emphasizes prudent and responsible use of public funds. In alignment with this principle, it is important to ensure that adjustments are sustainable and equitable across generations.

41. Using the Most Current Salary for Pension Computation

Revising pensions based on the most current salary applicable to a job group raises significant concerns—

- a) **Equity** - This provision could introduce disparities among retirees who served in similar capacities but retired at different times.
- b) **Legal Ambiguity** - Defining "equivalence" across job groups over time may create administrative challenges and increase litigation risks.
- c) **Sustainability** - This proposal could lead to an unsustainable escalation of pension liabilities.

4.2 KENYA ASSOCIATION OF RETIRED OFFICERS

42. The Kenya Association of Retired Officers (KARO), led by Mr. Ahmed Hussein Ahmed, MBS, HSC, the Chairperson of the Association, called for the amendment of Clause 2(a) IE.

43. They argued that in its current state the provision violates Articles 10 (1) ,10 (2, b), 43 (1, e), 43 (3), 57(c) and 57(d) of the Constitution of Kenya.

44. KARO averred that the provision as currently printed discriminates against government officers who had already retired, in favour of the retirees retiring after commencement of the Bill's enactment into law.

45. The Association therefore proposed that Clause 2(a)(IE) be amended to read as follows:

'the provision of this section shall apply to an officer who has been in the service of the government, attained the qualifying period of service and age, and qualifies for payment of receiving pensions under the Pensions Act.'

PART FIVE

5 COMMITTEE OBSERVATIONS

46. The Committee noted the need to create a balance between ensuring that former government employees have access to adequate pension and managing fiscal strain. Pension payments increases are of vital importance to pensioners countrywide, but the increments ought to be sustainable and should not introduce significant financial strain on the Exchequer. In this regard, the Committee proposed to amend the Bill to create a balance between the two parameters.
47. Additionally, the Committee observed that the proposed Clause 2(a) sub-section (IE) shall bar access to pension increase by government employees who retired before the commencement of the section, which was not the intended object of the Bill. The Committee proposed to amend the proposed new subsection (IE) appropriately.
48. The Pensions (Increase) Act, Cap 190 already provides for review and adjustment of pension amounts every two years.
49. Finally, the Committee noted that following enactment of the Tax Laws (Amendment) Act 2024, the enhanced tax reliefs on pensions was anticipated to further ease cost of living for pensioners.

PART SIX

6 COMMITTEE RECOMMENDATIONS

50. Pursuant to Standing Order 127, the Committee recommends **THAT the Bill does proceed for Second Reading** subject to the following amendments—

CLAUSE 2


THAT clause 2(a) of the Bill be amended—

(a) by deleting the proposed new subsection (IA) and substituting therefor the following new subsection—

“(IA) An officer who has been in service of the government shall be entitled to an automatic cost of living adjustment increase to the pension, gratuities or other allowances issued under the Act, where—

- (a) the rate of inflation is high enough to substantiate a cost-of-living adjustment increase; and
- (b) the proposed adjustment is financially sustainable as may be determined by the Cabinet Secretary.”

(b) by deleting the proposed new subsection (IE).

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|  THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 29 APR 2025 | |
| DAY: TUESDAY | |
| TABLED BY: | HON. ALICE NGIANG'A (CHAIRPERSON) |
| CLERK-AT THE-TABLE: | INZOFU MWALE |

PART SEVEN

7. SCHEDULE OF PROPOSED AMENDMENTS

51. The Committee proposed the following amendments to be considered by the House in the Committee Stage:

| Proposed Amendment: | Rationale/ Justification of the Amendment |
|---|---|
| <p>CLAUSE 2 THAT clause 2(a) of the Bill be amended —</p> <p>a) by deleting subclause (IA) and substituting therefor the following new sub-clause — “(IA) An officer who has been in service of the government shall be entitled to an automatic cost of living adjustment increase to the pension, gratuities or other allowances issued under the Act, where—</p> <p>(a) the rate of inflation is high enough to substantiate a cost-of-living adjustment increase; and</p> <p>(b) the proposed adjustment is financially sustainable as may be determined by the Cabinet Secretary.”</p> <p>b) by deleting subclause (IE).</p> | <p>There is need to create a balance between ensuring that former government employees have access to adequate pension and managing fiscal strain. Pension payments increases are of vital importance to pensioners countrywide, but the increments ought to be sustainable and should not introduce significant financial strain on the Exchequer. This is in line with Article 114 of the Constitution which seeks input of the Cabinet Secretary responsible for finance in national fiscal undertakings.</p> <p>The proposed Clause 2(a) sub-clause (IE) shall bar access to pension increase by government employees who retired before the commencement of the section, thereby disproportionately disadvantaging retirees who have already retired/who will have already retired by the time the Bill is enacted into law, which is not the objective of the Bill.</p> |

SIGNED: DATE.....



24-4-2025

HON. ALICE WAMBUI NG'ANG'A, CBS, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION)

Modernise all roads - CS

Transport CS told MPs Sh315 billion was required for maintenance of roads across the country in the next five years

Roads destroyed by recent floods require Sh 37 billion for repair

EDWIN NYARANGI, NAIROBI

To raise all Kenya's roads to modern standards the Ministry of Transport, Cabinet Secretary for Transport, Kipchumba Murkomen told Parliament.

Murkomen, who appeared before the National Assembly Finance Committee chaired by Molo MP Kuria Kimani said he would require Sh3.99 trillion adding that there was need to increase funds for the construction of roads, including those classified as national and county.

The CS said Sh315 billion was required for maintenance in the next five years with the roads destroyed by recent floods requiring Sh37 billion for repair and that if the MPs want Kenyans to have good roads they should allocate money where it is required.

"The cost of goods will go up when the roads are not in good condition, that is why we are requesting for more funds. That is why we are calling on Parliament to support our proposals," said Murkomen.

He told the committee that a new road will require periodic maintenance with road inventory condition survey revealing 25,410 kilometres consisted of paved roads while 112,468 being earth roads.

The Cabinet Secretary told the committee that roads maintenance levy was last reviewed eight years ago and there was a gap between maintenance needs and the funds available.

"Over 9,000 km under Kenya Rural Roads Authority have not been maintained due to lack of allocation while tarmac roads have potholes since there is zero allocation for their repair with citizens wondering why the government is talking about road projects which are not done," said Murkomen.

He said that the President William

Ruro promised to eliminate taxes on the first 100,000 electric vehicles in the country which are imported or locally manufactured with removal of all taxes whether they are vehicles, motorcycles or Tuk Tuk and that the country currently has only 4,000 electric vehicles.

Murkomen said that for electric buses excise duty should be reduced from 10 per cent to zero.

"Kenya has committed itself to climate change that is why we are asking Parliament not to reverse the changes made so as to ensure that the country is able to reach the critical mass of the electric vehicles by increasing the figure from 4,000 vehicles to 100,000 vehicles," said Murkomen.

Eldas MP Adan Keyman said constructing roads in the country has been politicised over the years and sought an assurance from the Cabinet Secretary that areas that good roads benefit from allocation.

Defence Principal Secretary Patrick Maritu told the committee that the Defence Forces Welfare Services, formerly known as AFCCO, primarily addresses the welfare of Kenya Defence Forces (KDF) which is seeking

amendment to the excise duty act which affects alcoholic and non-alcoholic beverages to the Armed Forces.

Maritu told the National Assembly Finance Committee that the supplies are for the usage for members of the KDF.

Committee chairman Kimani Kuria said that it was worth noting that the Finance Bill 2024 bill looked forward to the inclusion of the Kenya Police Service and National Intelligence Service in this welfare.

"We appreciate the good job done by the Kenya Defence Forces in keeping the country secure and will do our best to ensure that the officers are

able to carry out their job satisfactorily," said Kimani.

Maritu said that they are not seeking tax exemption for individual KDF officers as there is a welfare organisation 100 percent owned by KDF and that he was impressed at the work done by the officers to keep the country safe with officers putting their life on harm's way.


"We are not seeking any tax exemption for KDF officers but an addition of the welfare, not a single shilling will go to an individual person, we are not seeking any tax benefit," said Maritu.

nykwarangi@standardmedia.co.ke

Transport Cabinet Secretary Kipchumba Murkomen told the National Assembly Finance Committee that more 9,000 km roads under the Kenya Rural Roads Authority have not been maintained due to lack of funds. [Robert Tombo, Standard]



Transport Cabinet Secretary Kipchumba Murkomen told the National Assembly Finance Committee that more 9,000 km roads under the Kenya Rural Roads Authority have not been maintained due to lack of funds. [Robert Tombo, Standard]



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY THIRTEENTH PARLIAMENT - THIRD SESSION (2024)

IN THE MATTER OF ARTICLE 100(1)(b) OF THE CONSTITUTION AND

INVITATION TO SUBMIT MEMORANDA

WHEREAS Article 100(1)(b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of the House and its Committees and Standing Order 127(3) of the National Assembly Standing Orders require House Committees consisting of five to facilitate public participation;

AND WHEREAS the Kenya Roads Board (Amendment) Bill (National Assembly Bill No. 20 of 2024), the National Police Services Commission (Amendment) Bill (National Assembly Bill No. 21 of 2024), and the Pension (Amendment) Bill (National Assembly Bill No. 22 of 2024) were laid before the House and referred to the relevant Departmental Committees for consideration and reporting to the House;

IT IS NOTIFIED that:-

- The Kenya Roads Board (Amendment) Bill (National Assembly Bill No. 20 of 2024) is a Bill sponsored by Hon. Charles Oluoch, MP that seeks to amend the Kenya Roads Board Act, (Cap. 407) to include the members of the National Government Constituencies Development Fund (NG-CDF) as members of the Kenya Roads Board (Amendment) Bill (National Assembly Bill No. 20 of 2024) and the Kenya Roads Board.
- The National Police Services Commission (Amendment) Bill (National Assembly Bill No. 21 of 2024) is a Bill sponsored by Hon. Peter Ngunjiri, MP that seeks to provide for the removal of the National Police Services Commission (Amendment) Bill (National Assembly Bill No. 21 of 2024) and the National Police Services Commission (Amendment) Bill (National Assembly Bill No. 21 of 2024).
- The Pension (Amendment) Bill (National Assembly Bill No. 22 of 2024) is a Bill sponsored by Hon. Charles Oluoch, MP that seeks to amend the Pension Act (Cap. 189) to include an automatic cost of living adjustment in the pension earned by all retired public servants. In addition, the Bill seeks to provide for the use of the most current salary applicable to a job grade as the basis for the calculation of the pension payable to a public servant who has retired in their job grade or its equivalent.


HOW TO PARTICIPATE: In accordance with Article 100(1)(b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly hereby invites the public, and stakeholders to submit memoranda on the Bills to the respective Departmental Committees listed below:-

| Bill No. | Committee |
|---|------------------------------|
| 1. The Kenya Roads Board (Amendment) Bill (National Assembly Bill No. 20 of 2024) | Transport and Infrastructure |
| 2. The National Police Services Commission (Amendment) Bill (National Assembly Bill No. 21 of 2024) | Administration and Security |
| 3. The Pension (Amendment) Bill (National Assembly Bill No. 22 of 2024) | Social Protection |

Copies of the Bills are available at the National Assembly's Public Office, Main Parliament Buildings and e-participation on the e-participation/feedback-systems/portal.

The memoranda may be forwarded to the Clerk of the National Assembly, P.O. Box 10000-00100, Nairobi, Kenya, or delivered to the Office of the Clerk, Main Parliament Buildings, Nairobi, or scanned to feedback@kenya.go.ke to be received on or before Thursday, 17 July 2024 at 5.00 p.m.

S. MURONGI, CBS
CLERK OF THE NATIONAL ASSEMBLY
17th June, 2024



REPUBLIC OF KENYA

MINISTRY OF HEALTH

DIRECTORATE OF PUBLIC HEALTH & SANITATION FIELD EPIDEMIOLOGY AND LABORATORY TRAINING PROGRAM

THE MINISTRY OF HEALTH IS ENROLLING FOR COHORT 21 IN THE ADVANCED LEVEL KENYA FIELD EPIDEMIOLOGY TRAINING

Description: The advanced level Kenya Field Epidemiology and Laboratory Training Program (FELTP) is a collaborative country-based training program, offered an MSc in Field Epidemiology by Moi University. The program is anchored within the Ministry of Health and supported by Centers for Disease Control and Prevention (CDC). The Kenya FELTP has the mandate of enhancing epidemiologic and laboratory capacity in the Ministry of Health and Ministry of Agriculture & Livestock Development. The Ministry of Health is currently seeking highly motivated professionals interested in joining this elite cadre of epidemiologists who acquire skills to efficiently enhance disease surveillance and outbreak investigations with a view of providing responsive locally and internationally.

Training Duration: 24 months, full time

Eligibility: Technical Employees of the National and County Governments Working in the Departments responsible for Human Health, Animal Health or Environmental Health Services

Starting Date: September, 2024

Entry Requirements:

- Minimum two (2) years working experience in Public Health
- A holder of an Upper Secondary Certificate (UCC) or equivalent
- Holder of a Bachelor's Degree in Biological and Health Sciences from an institution recognized by the Commission of University Education
- Basic Knowledge in Computer Skills
- Willingness to be potentially deployed outside their current duty station
- Availability to travel nationally and internationally at short notice
- Must also meet admission requirements for Moi University MSc in Field Epidemiology

Application: Applicants should download and fill the biodata form available on www.feltp.or.ke or email admission@feltp.or.ke and attach Full Curriculum Vitae (CV), a personal statement, and longer than 500 words, three (3) references including one from the current supervisor, and mobile telephone contact and email address. County references must apply through their respective County Directors and/or County Executive. Persons with disabilities are encouraged to apply. All applications must be received before 5.00pm on 5th July, 2024, addressed to the attention of the undersigned.

The Principal Secretary,
State Department of Public Health and Professional Standards
Attn: Director, Human Resources Management and Development, Room 127
Ministry of Health
P.O. BOX 30016, Nairobi

development plans in counties – governors

County bosses say Treasury has been delaying release of cash

JULIUS OTIENO
@TheStarKenya

Frequent delays and erratic cash disbursement by the National Treasury coupled with bureaucracy in approvals are grossly frustrating development plans in the counties, governors have said.

Through the Council of Governors, the county bosses said the delay, sometimes for more than three months, has forced them to 'disregard' their development plans due to a cash crisis.

In an interview with the Star, CoG vice chairperson Ahmed Abdullahi (Wajir) and Baringo Governor Benjamin Cheboi said the devolved units

make arrangements with financial institutions to pay salaries – to avoid strikes and disruption of services – pending disbursement.

"Most counties frontload payment of salaries that is, make arrangements for payments of salaries ahead of receiving the disbursement," Abdullahi said.

"Controller of Budget approves budgets before the money is spent. She does not take into account the late disbursement of funds by the National Treasury," he added.

The governors' cry comes in the wake of a damning expenditure report that exposed how counties are splashing billions in salaries as growth suffers. Last week, CoB Margaret Nyakang'o released her

quarterly Budget Implementation Review Report for the counties, for the first nine months of the current financial year.

The report revealed that counties spent a paltry Sh44.89 billion on development over the period. This translates to 16 per cent of their budgets. The bulk of the budgets, Sh146.53 billion or 54 per cent, is splashed on personnel compensation – wages, salaries and allowances.

"This expenditure (personnel emoluments) increased from Sh135.85 billion incurred in a similar period in FY 2022-23," the report states.

But Abdullahi said as at March 30, 2024 – the third quarter – counties had received funds for six months



Wajir Governor Ahmed Abdullahi /FILE


– up to December last year. "So, in the report, what will come out is that counties have spent more on personnel emolument. That is why the report is showing a disproportionately higher spend on recurrent," the Wajir governor said.

For the reports to 'make sense,' disbursements must be timely and the OCBOB must reduce bureaucracies.

"The CoB includes riders in the reports taking into account several interventions that counties have put in place to cushion their workers in the event of funds delays. You can imagine if Wajir was to delay sala-

ries by three months, that is almost Sh1.2 billion 'less' on recurrent. The CoB report will look super but is it logical? Would I rather starve my workers so as to look good in the CoB report or pay the workers in time and get a bad report?" the governor posed.

Cheboi voiced the same. "There are inherent delays in approving budgets from the counties. CoB must reduce the bureaucracies in the approval of budgets. In fact, CoB demands all payment vouchers before she approves the budgets yet we are operating on a cash basis and not accrual basis."


REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – THIRD SESSION (2024)

IN THE MATTER OF ARTICLE 100(1) (b) OF THE CONSTITUTION AND
IN THE MATTER OF CONSIDERATION BY THE NATIONAL ASSEMBLY OF—
1. THE KENYA ROADS BOARD (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 20 OF 2024)
2. THE NATIONAL POLICE SERVICE COMMISSION (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 23 OF 2024)
3. THE PENSIONERS (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 25 OF 2024)

INVITATION TO SUBMIT MEMORANDA

WHEREAS Article 100(1) (b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees and Standing Order 127(3) of the National Assembly Standing Orders require House Committees considering Bills to facilitate public participation;

AND WHEREAS the Kenya Roads Board (Amendment) Bill (National Assembly Bill No. 20 of 2024), the National Police Service Commission (Amendment) Bill (National Assembly Bill No. 23 of 2024), and the Pensioners (Amendment) Bill (National Assembly Bill No. 25 of 2024) were listed as First Tenders referred to the relevant Departmental Committees for consideration and reporting to the House;

IT IS NOTIFIED that—

- The Kenya Roads Board (Amendment) Bill (National Assembly Bill No. 20 of 2024) is a Bill sponsored by Hon. Charles Otieno, MP that seeks to amend the Kenya Roads Board Act, (Cap. 408) to include the members of the National Government Constituency Development Fund Committee in the Constituency Road Committee and provide for a mandatory consultative mechanism between the National Government Constituency Development Fund (NG-CDF) and the Kenya Roads Board.
- The National Police Service Commission (Amendment) Bill (National Assembly Bill No. 23 of 2024) is a Bill sponsored by Hon. Peter Mwangi, MP that seeks to provide for the mental wellness and well-being of police officers by, among others, requiring the establishment of psychosocial support centres for police officers.
- The Pensioners (Amendment) Bill (National Assembly Bill No. 25 of 2024) is a Bill sponsored by Hon. Kenneth Suria Yambasa, MP that seeks to amend the Pensioners Act (Cap. 189) to include an automatic cost of living adjustment in the pensions earned by all retired public servants. In addition, the Bill seeks to provide for the cost of the most current salary applicable to a job group as the basis for the calculation of the pension payable to a public servant who has retired in that job group or its equivalent.

NOW THEREFORE, in compliance with Article 100(1) (b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly hereby invites the public and stakeholders to submit memoranda on the Bills to the respective Departmental Committees listed below—

| S.No. | BILL | COMMITTEE |
|-------|---|------------------------------------|
| 1. | The Kenya Roads Board (Amendment) Bill (National Assembly Bill No. 20 of 2024) | Transport and Infrastructure |
| 2. | The National Police Service Commission (Amendment) Bill (National Assembly Bill No. 23 of 2024) | Administration & Internal Security |
| 3. | The Pensioners (Amendment) Bill (National Assembly Bill No. 25 of 2024) | Social Protection |


Copies of the Bills are available at the National Assembly Table Office, Main Parliament Buildings and on www.parliament.go.ke/the-national-assembly/kenya-bills.

The memoranda may be forwarded to the Clerk of the National Assembly, P.O. Box 43642-00100, Nairobi, hand-delivered to the Office of the Clerk, Main Parliament Buildings, Nairobi, or emailed to secret@parliament.go.ke to be received on or before Tuesday, 2nd July 2024 at 5.00 p.m.

S. NIROHO, CBS
CLERK OF THE NATIONAL ASSEMBLY

12th JUNE 2024

For the Welfare of Society and the just Government of the People


KENYA INSTITUTE OF MASS COMMUNICATION
P.O. Box 42422 - 00100 NAIROBI / Uhoho Road, Nairobi South B, off Mombasa Road
Cell: 0708 262 895 Tel: +254 020 6997000/ Email: info@kimc.ac.ke/ Website: www.kimc.ac.ke

NATIONAL OPEN TENDER NOTICE

Kenya Institute of Mass Communication (KIMC) invites sealed tenders for the provision of staff medical insurance covers as indicated here below.

| S/N | TENDER NO | TENDER DESCRIPTION | CLOSING DATES AND TIME | ELIGIBILITY |
|-----|--------------------|---|---------------------------|-------------|
| 1 | KIMC/S/1/2024-2025 | Provision of staff medical insurance cover. | 19th June 2024 at 2.000Pm | Open |

Bidders are advised to download the detailed Tender document from the Institutes website: www.kimc.ac.ke or PPIF Portal; www.tenders.go.ke.

The Director,
Kenya Institute of Mass Communication
Uhoho Road, Nairobi South B, Off Mombasa Road.
P.O. Box Box 42422-00100 Nairobi
Tel.020 6997000/0708262895



THE NATIONAL ASSEMBLY
13TH PARLIAMENT – FOURTH SESSION – 2025
DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

REPORT ADOPTION SCHEDULE

ADOPTION OF REPORT ON: THE PENSIONERS (AMENDMENT) BILL (THE NATIONAL ASSEMBLY BILL NO. 25 OF 2024).

Date: 17TH APRIL 2025

| NO. | NAME | SIGNATURE |
|-----|---|-----------|
| 1 | Hon. Alice Wambui Ngángá, CBS, MP Chairperson | |
| 2 | Hon. Hilary Kiplangat Kosgei, MP Vice-Chairperson | |
| 3 | Hon. Faith Wairimu Gitau, MP | |
| 4 | Hon. Owen Baya Yaa, MP | |
| 5 | Hon. Edith Nyenze, MP | |
| 6 | Hon. Timothy Wanyonyi Wetangula, MP | |
| 7 | Hon. Samuel Moroto, MP | |
| 8 | Hon. Paul Abuor, MP | |
| 9 | Hon. James Onyango Oyoo, MP | |
| 10 | Hon. Susan Nduyo, MP | |
| 11 | Hon. Agnes Mantaine Pareyo, MP | |
| 12 | Hon. Hussein Abdi Barre, MP | |
| 13 | Hon. Amina Dika, MP | |
| 14 | Hon. Zamzam Mohamed Chimba, MP | |
| 15 | Hon. Linet Chepkorir, MP | |



THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT-FOURTH SESSION-2025
DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION
MINUTES OF THE 24TH SITTING OF THE DEPARTMENTAL
COMMITTEE ON SOCIAL PROTECTION HELD ON THURSDAY,
17TH APRIL, 2025 IN BUNGE TOWER, 3RD FLOOR, COMMITTEE
ROOM 20 AT 11:30 AM

PRESENT

1. **Hon. Alice Wambui Ng'ang'a, C.B.S M.P. - Chairperson**
2. **Hon. Hilary Kiplang'at Koskei, M.P - Vice Chairperson**
3. Hon. Edith Nyenze, M.P
4. Hon. Agnes Pareyio, M.P
5. Hon. Owen Baya Yaa, M.P
6. Hon. Samuel Moroto, MP
7. Hon. Paul Abuor, M.P
8. Hon. James Onyango Oyoo, MP
9. Hon. Hussein Abdi Barre, MP
10. Hon. Amina Abdullahi Dika, M.P
11. Hon. Zamzam Mohamed Chimba, M.P
12. Hon. Linet Chepkorir, M.P

APOLOGIES

1. Hon. Wetangula Timothy Wanyonyi, M.P
2. Hon. Susan Ngugi, M.P
3. Hon. Faith Wairimu Gitau, M.P

COMMITTEE SECRETARIAT

- | | |
|--------------------------|---------------------------------------|
| 1. Mr. Finlay Muriuki | - Committee Lead Clerk |
| 2. Mr. Ahmednoor Hassan | - Clerk Assistant III |
| 3. Ms. Noel Amutabi | - Legal Counsel |
| 4. Ms. Grace Maneno | -Research Officer III |
| 5. Mr. Derrick Kathurima | -Media Relations Officer |
| 6. Ms. Naomi Onsomu | - Public Relations Officer |
| 7. Ms. Judy Losuron | - Intern, Social Protection Committee |

AGENDA

1. Prayers
2. Preliminaries/Introductions
 - a. Adoption of the Agenda
 - b. Remarks by the Chairperson.
3. Confirmation of Minutes/ Matters Arising
4. **Consideration and Adoption of the Report on Pensions (Amendment) Bill (National Assembly Bill 25 of 2024)**
5. Adjournment /Date of the Next Meeting

MIN. NO. NA/DC-SP/2025/I30: PRAYERS/PRELIMINARIES

The Chairperson called the meeting to order with a word of prayer at 11:40 a.m.

MIN. NO. NA/DC-SP/2025/I31: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted having been proposed by Hon. Hussein Abdi Barre, M.P. and seconded by Hon. Linet Chepkorir, M.P.

MIN. NO. NA/DC-SP/2025/I32: CONFIRMATION OF MINUTES

The Agenda was deferred.

MIN. NO. NA/DC-SP/2025/I33: CONSIDERATION AND ADOPTION OF THE REPORT ON PENSIONS (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL 25 OF 2024)

The Committee undertook thorough consideration of the draft report on Pensions (Amendment) Bill (National Assembly Bill No. 25 of 2024) and made the following observations;

1. The Committee noted the need to create a balance between ensuring that former government employees have access to adequate pension and managing fiscal strain.
2. Pension payments increases are of vital importance to pensioners countrywide, but the increments ought to be sustainable and should not introduce significant financial strain on the Exchequer. In this regard, the Committee proposed to amend the Bill to create a balance between the two parameters.
3. Additionally, the Committee observed that the proposed Clause 2(a) subsection (1E) shall bar access to pension increase by government employees who retired before the commencement of the section, which was not the intended object of the Bill. The Committee proposed to amend the proposed new subsection (1E) appropriately.
4. The Pensions (Increase) Act, Cap 190 already provides for review and adjustment of pension amounts every two years.
5. Finally, the Committee noted that following enactment of the Tax Laws (Amendment) Act 2024, the enhanced tax reliefs on pensions was anticipated to further ease cost of living for pensioners.

Committee Resolution

The Committee, following consideration of the Bill, gave the following recommendation;

THAT Pursuant to Standing Order 127, the Committee recommends **THAT** the Bill does proceed for Second Reading subject to the following amendments;

THAT clause 2(a) of the Bill be amended—

- (a) by deleting the proposed new subsection (1A) and substituting therefor the following new subsection—


“(1A) An officer who has been in service of the government shall be entitled to an automatic cost of living adjustment increase to the pension, gratuities or other allowances issued under the Act, where—

- (a) the rate of inflation is high enough to substantiate a cost-of-living adjustment increase; and
- (b) the proposed adjustment is financially sustainable as may be determined by the Cabinet Secretary.”

(b) by deleting the proposed new subsection (IE).

MIN. NO. NA/DC-SP/2025/134: ADJOURNMENT/DATE OF THE NEXT MEETING

The meeting was adjourned at 12:15 p.m. The next meeting will be held on 17th April 2025 at 12:30 pm.

Signed.......... Date.....*24-4-2025*.....

HON. ALICE WAMBUI NGÁNGÁ, C.B.S, M.P.
(Chairperson)



**THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK**

P. O. Box 41842-00100
Nairobi, Kenya
Main Parliament Buildings

Telephone: +254202848000 ext. 3300
Email: cna@parliament.go.ke
www.parliament.go.ke/the-national-assembly

When replying, please quote:

REF: NA/DDC/SP/CORR/2024/I 12

5th November, 2024

Mr. Ahmed Hussein
Chairperson
Kenya Association of Retired Officers
karonairobi2018@gmail.com
P.O. Box Private Bag
NAIROBI

Dear *Mr Hussein*

**RE: INVITATION TO A MEETING WITH THE DEPARTMENTAL
COMMITTEE ON SOCIAL PROTECTION FOR SUBMISSION OF
MEMORANDA ON THE PENSIONS (AMENDMENT) BILL, 2024**

The Departmental Committee on Social Protection is established under National Assembly Standing Order 216 which mandates it to amongst others "*study and review all legislation referred to it*".

The Pensions (Amendment) Bill, 2024 (*National Assembly Bill No. 25 of 2024*) sponsored by Hon. Tandaza Sawa, MP is before the Committee for consideration and reporting to the House. The Bill seeks to amend the Pensions Act Cap 189, to include an automatic cost of living adjustment to the pensions earned by all retired public servants. In addition, the Bill seeks to provide for the use of the most current salary applicable to a job group as the basis for the calculation of the pensions payable to public servants who have retired in that job group or its equivalent.

Article 118(1)(b) of the constitution of Kenya requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees. Further, National Assembly Standing Order 127(3) requires House Committees considering Bills to facilitate public participation and involvement.

To this end, therefore, you are hereby invited to make and present your submissions on the Bill (*copy enclosed herewith*) before the Committee on **Tuesday, 12th November 2024 at 12.00 noon**. The meeting will be held at **Parliament Buildings** from **12.00 noon**, the exact venue will be communicated in due course.

You are requested to appear before the Committee during the meeting with twenty (20) hard copies for reference and email soft copies of the submissions to the Office of the Clerk of the National Assembly through cna@parliament.go.ke, copied to the undersigned officers on or before **Monday, 10th November, 2024 at 5.00 pm**.

The officers overseeing this activity are **Mr. Finlay Muriuki** who may be contacted on **Tel. No. 0722 687468** or email: finlay.muriuki@parliament.go.ke and **Mr. Ahmednoor Hassan**, **Tel. No. 0748 993663** or email: ahmednoor.hassan@parliament.go.ke.

Yours



JEREMIAH W. NDOMBI, MBS
For: CLERK OF THE NATIONAL ASSEMBLY



**KENYA ASSOCIATION OF
RETIRED OFFICERS(KARO)
NAIROBI BRANCH**

Transnational Plaza
6th Floor,
Mama Ngina Street
P.O. Box 54738 - 00200 Nairobi
Tel: 0745 961 191
0720 830 036

Mr. Jeremiah Ndombe, MBS
Clerk of the National Assembly,
P.O Box 41842 – 00100,
Nairobi, Kenya.

11/11/2024

Attn: Mr. Finlay Muriuki

Dear Sir,

RE: SUBMISSION OF OUR MEMORANDUM ON THE PENSIONS(AMMENDMENT)
BILL, 2024 TO THE DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

Refer to your letter REF/NA/DDC/SP/CORR/2024/112 of 5th Nov, 2024.

Enclosed, please, find a soft copy of our submission for your necessary action.

Thank You.

Yours Sincerely,

Ahmed Hussein Ahmed, MBS, HSC

Chairman; KARO

E-mail: karonairobi2018@gmail.com
website www.karonairobi.com



THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK

P. O. Box 41842-00100
Nairobi, Kenya
Main Parliament Buildings

Telephone: +254202848000 ext. 3300
Email: ena@parliament.go.ke
www.parliament.go.ke/the-national-assembly

When replying, please quote

REF: NA/DDC/SP/CORR/2024/114

8th November, 2024

Dr. Chris K. Kiptoo, CBS
Principal Secretary
The National Treasury and Economic Planning
Treasury Building
Harambee Avenue
NAIROBI

Dear

Dear

D. Kiptoo

**RE: INVITATION TO A MEETING WITH THE DEPARTMENTAL COMMITTEE
ON SOCIAL PROTECTION FOR SUBMISSION OF MEMORANDA ON THE
PENSIONS (AMENDMENT) BILL, 2024**

The Departmental Committee on Social Protection is established under National Assembly Standing Order 216 which mandates it to amongst others "*study and review all legislation referred to it*".

The Pensions (Amendment) Bill, 2024 (National Assembly Bill No. 25 of 2024) sponsored by Hon. Tandaza Sawa, MP is before the Committee for consideration and reporting to the House. The Bill seeks to amend the Pensions Act Cap 189, to include an automatic cost of living adjustment to the pensions earned by all retired public servants. In addition, the Bill seeks to provide for the use of the most current salary applicable to a job group as the basis for the calculation of the pensions payable to public servants who have retired in that job group or its equivalent.

Article 118(1)(b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees. Further, National Assembly Standing Order 127(3) requires House Committees considering Bills to facilitate public participation.

To this end therefore, you are hereby invited to a meeting with the Committee to make and present your submissions on the Bill (*copy enclosed herewith*) on **Tuesday, 19th November 2024 at 12.00 Noon**. The meeting will be held at Parliament Buildings, the exact venue of which will be communicated in due course.

We request that you appear before the Committee during the meeting with twenty (20) hard copies of your submissions for reference and send softcopies to the Office of the Clerk of the National Assembly through cna@parliament.go.ke, copied to the undersigned liaison officers by Monday, 18th November, 2024 at 5.00 pm.

The Committee's contact persons on this subject are Mr. Finlay Muriuki, Tel. No. 0722 687468 or email: finlay.muriuki@parliament.go.ke and Mr. Ahmednoor Hassan, Tel. No. 0748 993663 or email: ahmednoor.hassan@parliament.go.ke.

Yours



JEREMIAH W. NDOMBI, MBS
For: CLERK OF THE NATIONAL ASSEMBLY

Copy to: **Hon. CPA John Mbadi Ngóngo, EGH**
Cabinet Secretary
The National Treasury and Economic Planning
Treasury Building
Harambee Avenue
NAIROBI



THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK

P. O. Box 41842-00100
Nairobi, Kenya
Main Parliament Buildings

Telephone: +254202848000 ext. 3300
Email: cna@parliament.go.ke
www.parliament.go.ke/the-national-assembly

When replying, please quote

REF: NA/DDC/SP/CORR/2024/114

8th November, 2024

Dr. Chris K. Kiptoo, CBS
Principal Secretary
The National Treasury and Economic Planning
Treasury Building
Harambee Avenue
NAIROBI

Dear

Dear

**RE: INVITATION TO A MEETING WITH THE DEPARTMENTAL COMMITTEE
ON SOCIAL PROTECTION FOR SUBMISSION OF MEMORANDA ON THE
PENSIONS (AMENDMENT) BILL, 2024**

The Departmental Committee on Social Protection is established under National Assembly Standing Order 216 which mandates it to amongst others "*study and review all legislation referred to it*".

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Article 118(1)(b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees. Further, National Assembly Standing Order 127(3) requires House Committees considering Bills to facilitate public participation.

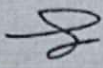
To this end therefore, you are hereby invited to a meeting with the Committee to make and present your submissions on the Bill (*copy enclosed herewith*) on **Tuesday, 19th November 2024 at 12.00 Noon**. The meeting will be held at Parliament Buildings, the exact venue of which will be communicated in due course.

We request that you appear before the Committee during the meeting with twenty (20) hard copies of your submissions for reference and send softcopies to the Office of the Clerk of the National Assembly through cna@parliament.go.ke, copied to the undersigned liaison officers by Monday, 18th November, 2024 at 5.00 pm.

The Committee's contact persons on this subject are Mr. Finlay Muriuki, Tel. No. 0722 687468 or email: finlay.muriuki@parliament.go.ke and Mr. Ahmednoor Hassan, Tel. No. 0748 993663 or email: ahmednoor.hassan@parliament.go.ke.

Yours

JEREMIAH W. NDOMBI, MBS
For: CLERK OF THE NATIONAL ASSEMBLY

Copy to: **Hon. CPA John Mbadi Ngóngo, EGH** 
Cabinet Secretary
The National Treasury and Economic Planning
Treasury Building
Harambee Avenue
NAIROBI



**THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK**

P. O. Box 41842-00100
Nairobi, Kenya
Main Parliament Buildings

Telephone: +254202848000 ext. 3300
Email: cna@parliament.go.ke
www.parliament.go.ke/the-national-assembly

When replying, please quote:

REF: NA/DDC/SP/CORR/2025/009

18th March 2025

Dr. Chris K. Kiptoo, CBS
Principal Secretary
The National Treasury and Economic Planning
Treasury Building
Harambee Avenue
NAIROBI

Mr. Ahmed Hussein
Chairperson
Kenya Association of Retired Officers
karonairobi2018@gmail.com
P.O. Box Private Bag
NAIROBI

Dear

**RE: INVITATION TO A MEETING WITH THE DEPARTMENTAL
COMMITTEE ON SOCIAL PROTECTION FOR SUBMISSION OF
MEMORANDA ON THE PENSIONS (AMENDMENT) BILL, 2024**

The Departmental Committee on Social Protection is established under National Assembly Standing Order 216 which mandates it to amongst others *“study and review all legislation referred to it”*.

The Pensions (Amendment) Bill, 2024 (National Assembly Bill No. 25 of 2024) is a Bill sponsored by Hon. Tandaza Sawa, MP that seeks to amend the Pensions Act Cap 189, to include an automatic cost of living adjustment to the pensions earned by all retired public servants. In addition, the Bill seeks to provide for the use of the most current salary applicable to a job group as the basis for the calculation of the pensions payable to public servants who have retired in that job group or its equivalent.

Article 118(1)(b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees. Further, Standing Order 127(3) of the National Assembly Standing Orders requires House Committees considering Bills to facilitate public participation.

Following a meeting held between the Committee, the National Treasury, and the Kenya Association of Retired Officers on 19th November 2024, the Committee acceded to a request by the National Treasury to await presentation of an Actuarial Valuation Report on Pensions that was scheduled for publication on 31st December 2024.

To this end therefore, you are hereby invited to make and present your final submissions on the Bill (*copy enclosed herewith*), with or without the said Actuarial Valuation Report, on **Thursday, 10th April 2025** in Committee Room 12, **Main Parliament Buildings** from **11.30am**.

Softcopies of the submission are to be emailed to the Office of the Clerk of the National Assembly through cna@parliament.go.ke and copied to the undersigned officers, while twenty (20) hardcopies are to be presented during the Meeting.

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Cabinet Secretary
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Hon. Tandaza Kassim Sawa, MP
Member for Matuga Constituency
The National Assembly
Parliament of Kenya
Main Parliament Buildings
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**KENYA ASSOCIATION OF
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NAIROBI BRANCH**

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Tel: 0745 961 191
0720 830 036

Mr. Jeremiah Ndombe, MBS
Clerk of the National Assembly,
PO Box 41842 – 00100,
Nairobi, Kenya.

Attn: Finlay Muriuki

08/04/2025

Dear Sir,

RE: SUBMISSION OF OUR MEMORANDUM ON THE PENSIONS (AMENDMENT)
BILL, 2024 (NATIONAL ASSEMBLY BILL NO. 25 OF 2024)

Refer to your NA/DDC/SP/2005/009 of 18th March 2025

1. The bill defeats its purpose by excluding earlier retirees to benefit from this bill, thus, discriminating against those who retired earlier. Refer to page 519 clause (IE)
2. This is a golden opportunity to amend the (IE) section and make it "All – inclusive in the spirit of fair play and justice for all retired civil servants. We, therefore, propose the redrafted proposed section IE amendment to read: Section 3, (IE) **"The provision of this section shall apply to an officer who has been in the government service, attained the qualifying period of service and age, and qualifies for payment of/ receiving pensions under the Pensions Act."**
3. Enclosed, please find a soft copy of our submission for your necessary action.

Thank you.

Yours Sincerely,

Ahmed Hussein Ahmed, MBS, HSC
Chairman KARO.

E-mail: karonairobi2018@gmail.com



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RETIRED OFFICERS(KARO)
NAIROBI BRANCH**

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Thank you.

Yours Sincerely,

Ahmed Hussein Ahmed, MBS, HSC
Chairman KARO.



**SUBMISSION ON THE PENSIONS (AMENDMENT) BILL, 2024
TO
THE CLERK OF THE NATIONAL ASSEMBLY
(Att. DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION)**

**BY
KENYA ASSOCIATION OF RETIRED OFFICERS,
(KARO),**

NOVEMBER, 2024

SUBMISSION ON THE PENSIONS (AMENDMENT) BILL, 2024, AN ACT OF PARLIAMENT TO AMEND THE PENSIONS ACT CAP 189, TO THE NATIONAL ASSEMBLY IN LINE WITH THE PROVISIONS OF THE CONSTITUTION OF KENYA, 2010 ON:

- 1. REMOVAL OF SECTION 2 a, (1E) OF THE PENSIONS (AMENDMENT) BILL, 2024 IN THAT IT:**
 - i. VIOLATES ARTICLE 10 (b) OF THE CONSTITUTION OF KENYA 2010 ,**
 - ii. CONTRAVENES ARTICLE 43 (1,e),**
 - iii. ESTOPS THE STATE FROM PERFORMING ITS CONSTITUTIONAL FUNCTION AS STIPULATED IN ARTICLE 43 (3) AND 57(c and d);**
- 2. DRAFTING A NEW SECTION 1E THAT IS INCLUSIVE OF ALL OFFICERS WHO HAVE SERVED AND RETIRED FROM GOVERNMENT SERVICE.**

PREAMBLE

The Kenya Association of Retired Officers, (KARO), is **non-political and non-profit making Association**, established in 1997 by retired public servants, who felt the need of having a common forum for addressing issues affecting retired public servants. The Association carter for officers who previously served in the Public Service.

The main object being, to lobby for the rights and welfare of retired public servants. This includes among others to:

- i. Pursue protection, lobby for and promote the rights, interests of the former public officers including their welfare;
- ii. Identify areas for service delivery, including consultancy services and representation in relevant local and national institutions, as an affirmative action, to ensure continued participation in Nation building and inclusion of issues affecting their rights and welfare;
- iii. Follow up with State and relevant organizations for provision of relevant and reasonable assistance to ensure dignity, respect and freedom from abuse, through;
 - a) Access to adequate medical cover,
 - b) Improved equitable pensions,
 - c) Advocacy for policy on regular review of pensions to address rising costs of living,
 - d) Advocacy for promulgation /review of policies and enactment/ review of legislations impacting on the aged and older persons, to address the emerging issues affecting the members; and other relevant challenges facing the members.

The **Vision** of KARO is to be a premier Association of gracefully aging retirees.

The **Mission**, is to lobby for the rights of the elderly and advocate for a society where older persons are respected, thrive and live in dignity.

PROVISIONS IN THE PENSIONS (AMENDMENT) BILL, 2024

The principal Objects and the Reasons of the **Pensions (Amendment) Bill, 2024** is to amend the **Pensions Act Cap 189, to:**

- 1. Include an automatic cost of living adjustment to the pensions earned by public servants; and**
- 2. Seek to provide the use of the most current salary applicable to a job group as a basis for the calculation of pension payable to public servants who have retired in that job group or its equivalent.**

These objects and reasons are noble, constitutional and International Conventions and Recommendations on pension payment and review, compliant. It also addresses one of the critical challenges the Government has had in achieving adequacy of pension payable as well the Vision 2030 on reduction of poverty among the aged and elderly and the Sustainable Development Goals (SDGs). It is however observed that the proposed inclusion of **Section 1E in the Pensions Act,**

'the provision of this section shall apply to an officer who has been in the service of the Government who retires after the commencement of this section',

negates the principal Objects and Reasons for the amendment as regards the Government officers already in retirement.

It is in pursuit of KARO's object on follow up with the State and other relevant organizations, the provision of relevant and reasonable assistance to ensure: dignity; respect and freedom from abuse which is provided in the Constitution, improved equitable pensions, and advocacy for policy on regular review of pensions to address rising costs of living, coupled with the contrary position espoused in this proposed amendment, that KARO makes this submission to the National Assembly, to correct the anomalous Section.

SUBMISSION NO. 1: REMOVAL OF SECTION 2 a, (1E) OF THE PENSIONS (AMENDMENT) BILL, 2024 IN THAT IT,

- i. VIOLATES ARTICLE 10 (2, b) OF THE CONSTITUTION OF KENYA, 2010;**
- ii. VIOLATES ARTICLE 10 (1) OF THE CONSTITUTION OF KENYA 2010,**
- iii. CONTRAVENES ARTICLE 43 (1,e) OF THE CONSTITUTION OF KENYA 2010,**
- iv. ESTOPS THE STATE FROM PERFORMING ITS CONSTITUTIONAL FUNCTION AS STIPULATED IN ARTICLE 43 (3) AND 57(c and d) OF THE CONSTITUTION OF KENYA 2010.**

1. According to the Social Protection Reports by the International Labour Organization (ILO), pension for the older women and men is the most widespread form of social protection in the world. Generally, ILO Conventions, Recommendations and Resolutions, provide that upon completion of qualifying period of service and age, payment of pensions in old age be at a guaranteed level and regularly adjusted to ensure adequacy and maintain pensioners' purchasing power. Kenya being a member of the ILO, subscribes to this and has domesticated the policies on social protection. Indeed, the Ministry of Labour and Social Protection was established precisely for this purpose, among other functions. To date, implementation has however, not matched the provisions in the policies, to ensure adequacy of pension and retention of real value of pensions earned. The introduction of the proposed amendment to the Pensions Act will only increase the discrimination and disparities in the level of pension paid among Government retired officers as some will have their pensions adjusted to the cost of living and prevailing salary levels while others will experience erosion of pension by inflation and real value of pension as well as purchasing power reduced by the rising cost of living.
2. Currently, the number of Public Service retirees drawing pension is about **220,000**, and **twenty-five per cent (25%)** of them earn a monthly pension of **Kshs. 4,000/=** or less, which is below the **Weighted Absolute National Poverty Line**, as shown in **Table 1**. The amendment will have the effect of excluding this category of retirees pensions from adjustment. Excluding this category of Government retirees from regular adjustment of pensions to the cost of living, will only worsen their plight.

Table 1: Weighted Absolute National Poverty Data

| Year | 2006 | 2016 | 2020 | 2021 |
|--|-------|-------|-------|-------|
| Weighted Absolute National Poverty Data (KSh) | 1,860 | 3,970 | 4,660 | 4,870 |

3. Presently, pension benefits are adjusted by three per cent (3%) every two (2) years which translates to **1.5% per year**. From 2006 to 2022 the average annual inflation has been **7.0 percent**, implying that the net erosion of the pension is **5.5% per year**. At no time did the rate of regular review of pension match the inflation rate. The actual inflation rate is shown in **Table 2**. **By passing the amendment and including Section 1E in the Pensions Act, the Government will in effect be excluding from review pensions of persons who have been most hard hit and requires cushioning.**

Table 2: Annual Inflation rates, 2006-2022

| Year | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Annual Average Index Base= Feb 2009 | 76.95 | 80.24 | 92.36 | 102.09 | 106.26 | 121.17 | 132.53 | 140.11 | 149.75 | 159.60 | 169.66 | 183.23 | 191.82 | 201.81 | 212.65 | 225.79 | 243.08 |
| Annual Inflation rate | 6.0 | 4.3 | 15.1 | 10.5 | 4.1 | 14.0 | 9.4 | 5.7 | 6.9 | 6.6 | 6.3 | 8.0 | 4.7 | 5.2 | 5.4 | 6.2 | 7.7 |

Source: Kenya National Bureau of Statistics

4. The ever rising cost of living, further compounds the pension real value as the goods and services the pensioners can access is reduced. The reduction in the real value of pensions has a corresponding effect on the purchasing power particularly as relates to basic rights goods. Consequently, the poverty and the vulnerability level of the pensioners increased and they are actually living way below the national absolute poverty line
5. The situation is worse for the pensioners who retired earlier and in particular before, **the year, 2005**. The differences in the average pensions payable to Public Service retirees currently leaving the Service and those who retired before, 2005, is due to salary adjustment following the recommendations of the Kipkulei Harmonization Commission, implemented from 2002, without the corresponding increase on pensions. **The Salaries and Remuneration Commission (SRC) noted this and observed in their Report of,**

2014 that the absence of regular review and increase of pensions before 2005, severely eroded the purchasing power of pensioners. *This situation is inconsistent with the stated: Government policies and legislations, United Nations and International Labor Organization, Conventions and Recommendations; African Union Charter and East African Common Market Protocol, on social protection and equity of pension benefits. The adoption of this proposed amendment will escalate the inconsistency as it will not only increase inequity but also introduce discrimination and inequality.*

6. Equity in Pension payments is also an important component of socio-economic justice and protection. There is however, an existing difference in the current average pensions paid to those who retired in 2005 and earlier, due to the substantial increase in the salaries after 2005, to address the rising cost of living. The retirees who left the service prior to 2005, did not get corresponding adjustment in payment of pension. They are therefore, disadvantaged and living in poverty as a result of the low monthly pensions. Unfortunately, this discrepancy has never been corrected. The discrimination does not however, end with the retirees in 2005 and below. It continues as employees retire, in the absence of cost of living adjustments and corresponding review as salaries of serving officers are adjusted.
7. The National Assembly in picking up the issue of Pension adjustment to the cost of living and alignment to the current grade equivalent salary is not only noble but is line with the Constitution, 2010, International Conventions and best practices. The National Assembly in limiting the application, the adjustment and review of pensions to those who retire after the amendment comes to force, however, excludes and discriminates against pensioners who retired prior to the date, contradicting the international Conventions and Recommendations, which Kenya is a signed party, but also the provisions of the Constitution of Kenya, in particular it:

i. VIOLATES ARTICLE 10 (2, b) OF THE CONSTITUTION OF KENYA 2010 which states that,

*'the national values and principles of governance include—
...(b) human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination, and protection of the marginalized.'*

Pensions gives the retirees purchasing power. When it is low, it renders it impossible to access basic needs like adequate food and healthcare this subsequently drives the retirees to poverty as demonstrated above thus, taking away their dignity. Leaving out the already retired is also discriminatory, an exclusion, an inequitable treatment and a

social injustice, that the National Assembly, which is the representative and the voice of the people of Kenya including retirees (**Article 1(2), (3)**), should not engage in. Yet if **Section (IE) of the Pension Amendment Bill 2024** is allowed to pass, will implement the constitutional violation.

ii. VIOLATES ARTICLE 10 (1) OF THE CONSTITUTION OF KENYA 2010

'the national values and principles of governance in this Article bind all State organs, State officers, public officers and all persons whenever any of them—

(a) Applies or interprets this Constitution;

(b) Enacts, applies or interprets any law; or

(c) Makes or implements public policy decisions'

The insertion of **Section 1E of the Pensions (Amendment) Bill**, which violates the National Constitutional values and principles stated in Article 10 (2,b), by the National Assembly, would also make National Assembly violate this provision that binds it to safeguard the national values and principles in the enactment of legislations of the Country.

iii. CONTRAVENES ARTICLE 43 (1,e)) OF THE CONSTITUTION OF KENYA 2010 which states that,

'Every person has the right-

(d) To social security'

The Public Service retirees, during their working lives, enjoyed good health and contributed to the socio-economic development of this Country. The eroded purchasing power does not facilitate the continued access to the socio-economic goods. Payment of pension worldwide is one way and in Kenya the only way of ensuring social security of Government retirees. The insertion of **Section 1E into the Pensions Act** will leave behind the already retired persons, in the distribution of the benefits of national prosperity and the cushioning of retirees against erosion of pension by inflation and the rising cost of living. This will escalate the push into poverty due to payment of inadequate pension in effect removing their social security. Yet the Kenya Government (Parliament included) has the constitutional responsibility of guaranteeing the basic right of social security.

iv. ESTOPS THE STATE FROM PERFORMING ITS CONSTITUTIONAL FUNCTION AS STIPULATED IN ARTICLE 43 (3) AND 57(c and d) OF THE CONSTITUTION OF KENYA 2010.

Article 43 (3) that-

'The State shall provide appropriate social security to persons who are unable to support themselves and their dependants'

Article 57 (c and d) that,

'The State shall take measures to ensure the rights of older persons—

(c) to live in dignity and respect and be free from abuse;

(e) to receive reasonable care and assistance from their family and the State'.

The common phenomena is that, older people face discrimination, neglect and exclusion due to age as most of them are unable to do a number of things that hitherto they could do and thus, are marginalized. The reduced pension and subsequent erosion of the purchasing power of the retired public servants, compounds their marginalization.

The reality is that a reasonable number of the Public Service retirees, can hardly meet their basic needs including medical health care services, and have been made socially and economically vulnerable while at the same time, they have been marginalized in the decisions made for the equally vulnerable. This definitely reduces the dignity and respect that they hitherto had.

The Constitution of Kenya, 2010; legislations on social protection and human rights; International Conventions, Recommendations and best practices on human rights and social protection; Kenya Government policies on social security and social protection; and Reports of Government appointed Commissions and Committees, Parliamentary Resolutions and other relevant organizations have provided for adjustment of pensions to the cost of living and corresponding review, whenever salaries are reviewed, to protect the Government retirees from getting into financial difficulties or pushed into poverty. These recommendations are made to the State as the organ mandated by the Constitution without any discriminatory clause, to ensure social security and receipt of reasonable care and assistance. By enacting **Section 1E into the Pensions Act**, by law National Assembly will be freeing the Government from this obligation and allowing it

by law to discriminate against its employees, in effect estopping it from ensuring for the already retired Government officers, the social security and reasonable care.

SUBMISSION NO. 2: DRAFTING OF A NEW SECTION 1E THAT IS INCLUSIVE OF ALL OFFICERS WHO HAVE RETIRED FROM GOVERNMENT SERVICE.

It is a fact that inflation has eroded the real value of pension for the already retired Government officers reducing their purchasing power and access to basic goods. This has subsequently negatively impacted on their welfare, impoverished and made them vulnerable. The ever rising cost of living, further compounds the pension real value

Besides the erosion of purchasing power as a result of the inflation it is important to note that pension is paid at a maximum of two thirds (2/3) of the basic salary, (excluding allowances), earned in the last year of service. Following this observation, a number of requests have been made for the review of pensions of already retired Government officers spanning over a period of more than 40 years (that is from Ndegwa Commissions time). No specific action has been taken to ensure realization of **Article 20, (5, b)** which states that;

'in allocating resources, the State shall give priority to ensuring the widest possible enjoyment of the rights or fundamental freedom, having regard to prevailing circumstances, including the vulnerability of particular groups or individuals'.

KARO is desirous that requests of adjusting pension payable to the cost of living and review against the prevailing salary levels be implemented and not squashed. It is against this background that **KARO makes this Submission No. 2 to the National Assembly to consider and amend Section 1E as it currently reads and :**

1. To redraft Section 1E to put into effect in the Pensions Act a clause that will ensure that the already retired Government officers are not discriminated against by the amended Act and benefits alongside other Government retirees who qualify for payment of pensions.

2. KARO proposes that the redrafted proposed Section 1E amendment to read:

SECTION 3, (1E)

‘ the provision of this section shall apply to an officer who has been in the Government service, attained the qualifying period of service and age, and qualifies for payment of / receiving pensions under the Pensions Act’.

**Signed on behalf of the Petitioners, KENYA ASSOCIATION OF
RETIRED OFFICERS, (KARO),**



AHMED HUSSEIN AHMED (MBS, HSC)

Chairman, KARO

NOVEMBER, 2024



**KENYA ASSOCIATION OF
RETIRED OFFICERS(KARO)
NAIROBI BRANCH**

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PO Box 41842 – 00100,
Nairobi, Kenya.

Attn: Finlay Muriuki

08/04/2025

Dear Sir,

RE: SUBMISSION OF OUR MEMORANDUM ON THE PENSIONS (AMENDMENT)

BILL, 2024 (NATIONAL ASSEMBLY BILL NO. 25 OF 2024)

Refer to your NA/DDC/SP/2005/009 of 18th March 2025

1. The bill defeats its purpose by excluding earlier retirees to benefit from this bill, thus, discriminating against those who retired earlier. Refer to page 519 clause (IE)
2. This is a golden opportunity to amend the (IE) section and make it "All – inclusive in the spirit of fair play and justice for all retired civil servants. We, therefore, propose the redrafted proposed section IE amendment to read: Section 3, (IE) **"The provision of this section shall apply to an officer who has been in the government service, attained the qualifying period of service and age, and qualifies for payment of/ receiving pensions under the Pensions Act."**
3. Enclosed, please find a soft copy of our submission for your necessary action.

Thank you.

Yours Sincerely,

Ahmed Hussein Ahmed, MBS, HSC
Chairman KARO.



**REPUBLIC OF KENYA
THE NATIONAL TREASURY & ECONOMIC PLANNING**

**SUBMISSION BY THE PRINCIPAL SECRETARY, THE NATIONAL TREASURY,
TO THE NATIONAL ASSEMBLY'S DEPARTMENTAL COMMITTEE ON SOCIAL
PROTECTION ON THE PENSIONS (AMENDMENT) BILL, 2024 (NATIONAL
ASSEMBLY BILL NO.25 OF 2024)**

THURSDAY 10TH APRIL, 2025

Honorable Chairperson,
Hon. Committee Members,

The National Treasury appreciates the opportunity to provide its views on the proposed **Pensions (Amendment) Bill, 2024 (National Assembly Bill No. 25 of 2024)**. The Bill seeks to introduce an automatic Cost of Living Adjustment (COLA) to pensions for retired public servants and to adopt the most current salary applicable to a job group as the basis for pension computation. While these proposals are commendable in their intent to enhance retirees' welfare, careful consideration is necessary to ensure sustainability, equity, and alignment with ongoing reforms in the pensions sector.

Allow me to discuss our views under short paragraphs as follows:-

1. Context of the Defined Benefit (DB) Arrangement

Hon. Chairman,

The pensions scheme under consideration is a defined benefit arrangement governed by the **Pensions Act, Cap 189**. This arrangement provides for predetermined benefits based on an employee's salary and years of service, funded directly by the Exchequer. In other words, and as differentiated from a Contributory arrangement where both employee and employer contribute into a pensions fund, under the Defined Benefit the government assumes responsibility for the payment of pensions, which are funded directly from the Consolidated Fund. The current framework is designed to provide long-term security for retirees but must also ensure financial sustainability for the Government of Kenya.

Any amendment proposing automatic adjustments or revaluation of benefits must therefore be carefully evaluated to balance the interests of pensioners and the sustainability of public finances.

The introduction of automatic COLA and salary-based pension computation would have significant fiscal implications, particularly given the rising number of pensioners and increasing life expectancy. These changes should therefore be informed by an actuarial valuation to assess the long-term financial sustainability of such adjustments. The Pensions Department is currently conducting an **actuarial study/valuation** of the public service pension scheme, which has provided a data-driven foundation for decisions affecting the scheme, including any adjustments to pension benefits such as COLA.

2. Provisions for Pensions Increases under Current Law

It will be noted that currently pensions review has been facilitated through the Pensions Increase Act.

The **Pensions Increase Act (Cap. 190)** provides a structured framework for adjusting pensions for retired public servants. The Act mandates that, beginning on 1st July 2005 and subsequently every two years on the same date, all specified pensions—along with any previously granted increases—shall be adjusted with a three percent increment based on the pension amount in effect at the time of the adjustment, subject to the provisions of the Act.

By duplicating provisions already addressed under the Pensions Increase Act, the proposed amendments may create redundancy or potential conflicts between statutes. Instead, the existing mechanism under Cap. 190 should be strengthened and guided by data from regular actuarial valuations.

3. Ongoing Actuarial Study/Valuation

Hon. Chairman and Members,

We wish to bring to your attention the findings of a recent actuarial valuation conducted on the pension scheme. The valuation has revealed that the Government's total accrued pension liability currently stands at **KShs 2.14 trillion**.

As part of the analysis, the actuaries modeled several scenarios to assess the financial impact of varying annual pension increase rates, as currently provided under the Pensions Act, Cap 190. The results are summarized in the table below:

| Pension Increase Rate | 1.5% p.a. | 2% p.a. | 3% p.a. | 4% p.a. | 5% p.a. | 6% p.a. |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Pensioners | 802 | 850 | 946 | 1,042 | 1,138 | 1,234 |
| Actives (Continuing & Non-continuing) | 1,293 | 1,342 | 1,442 | 1,562 | 1,699 | 1,867 |
| WCPS (Continuing & Non-continuing Actives) | 53 | 56 | 62 | 68 | 75 | 81 |
| Total Accrued Liabilities | 2,147 | 2,248 | 2,450 | 2,672 | 2,911 | 3,182 |
| Increase in Liabilities | — | 101 | 303 | 525 | 765 | 1,035 |

The table illustrates the significant increase in pension liabilities resulting from higher annual pension adjustments. For instance, raising the pension increment to **2% per annum** increases the liability by **KShs 101 billion**, while an increment of **6% per annum**—which aligns with the average CPI over the past decade—raises the liability by **KShs 1.035 trillion**.

These findings raise serious concerns about the long-term **sustainability and affordability** of proposals that link pension increases to cost-of-living metrics. Given the potential for sharp rises in liabilities during inflationary periods, any such policy shift should be approached with caution.

Furthermore, proposals suggesting that pension adjustments be based on the **most current salary** for equivalent job groups would present both **fiscal**

risks and significant administrative complexity, making such recalculations impractical and burdensome.

We strongly recommend that these actuarial findings be carefully considered in the decision-making process to ensure that future pension reforms remain fiscally prudent and administratively feasible.

4. Tax Relief

Hon. Chairman and Members,

In a significant fiscal intervention to support retirees, the National Treasury, through the Finance Bill, 2024, proposed to exempt from tax all pension payments made from a registered pension scheme, registered provident fund, registered individual retirement fund, public pension scheme, or the National Social Security Fund upon attaining the retirement age. The proposed tax exemption also extended to gratuity or other allowances paid under public pension schemes, retirement annuities, and withdrawals from the fund prior to retirement age due to ill health or after completing twenty years of membership in the fund.

Although the Finance Bill, 2024, was withdrawn, the National Treasury reaffirmed its commitment to retirees by resubmitting this proposal through the Tax Laws (Amendment) Bill, 2024 which was subsequently assented into Law on the 11th December, 2024. This underscores the government's determination to provide financial relief to retirees, enhancing their well-being and economic security.

5. Key Observations on the Proposed Amendments

Hon. Chairman we therefore make the following key observations:-

(i) Automatic Cost-of-Living Adjustment

While the principle of linking pension adjustments to inflation is commendable, the following issues require careful consideration:

- **Fiscal Implications:** Automatic adjustments could introduce significant financial strain on the Exchequer, particularly during periods of high inflation. This may destabilize budgetary planning and compromise the ability to fund other critical public services.
- **International Best Practices:** Globally, countries with DB schemes such as Canada, the UK, and the US incorporate discretionary rather than automatic adjustments, considering fiscal sustainability. Kenya could adopt a similar approach, guided by periodic actuarial advice and the same actualized through the Pensions Increase Act.
- **Constitutional Provisions:** Article 201 of the Constitution of Kenya emphasizes prudent and responsible use of public funds. In alignment with this principle, it is important to ensure that adjustments are sustainable and equitable across generations.

(ii) Using the Most Current Salary for Pension Computation

Revising pensions based on the most current salary applicable to a job group raises significant concerns:

- **Equity:** This provision could introduce disparities among retirees who served in similar capacities but retired at different times.
- **Legal Ambiguity:** Defining "equivalence" across job groups over time may create administrative challenges and increase litigation risks.
- **Sustainability:** This proposal could lead to an unsustainable escalation of pension liabilities.

6. Recommendations

Hon. Chairman this leads us to make the following recommendations:-

1. The actuarial study has shown that the current liabilities for the pension scheme amount to K Shs 2.1T. Pension increases at the rates proposed will have a significant impact on the schemes funding position. This study has shown that the proposed adjustments are not financially sustainable and will compromise the scheme's long-term stability given the current strains on government funding. We, therefore, recommend doing away with automatic adjustments linked to CPI in respect of pensions
2. Retain the Pensions (Increase) Act, Cap 190, as the primary framework for pension adjustments, with amendments proposed where necessary to enhance its effectiveness rather than introducing parallel mechanisms. We recommend that the Committee build upon the existing provisions of the Pensions (Increase) Act, strengthening it to facilitate periodic, evidence-based pension reviews informed by actuarial valuations (which in effect would factor inflation trends), rather than implementing automatic adjustments.
3. Introduce a provision for periodic **stakeholder consultations** and **actuarial reviews** before any adjustments are made to pension benefits. This ensures alignment with constitutional principles of equity, fiscal responsibility, and transparency.
4. Consider any pension adjustments and salary-based pension computation as part of broader reforms under the legal review process being undertaken by the National Treasury. This will ensure coherence and sustainability.

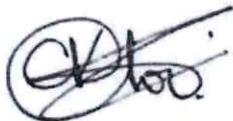
7. Conclusion

Hon. Chairman,

The National Treasury appreciates the opportunity to contribute to this legislative process. We reaffirm our commitment to ensuring that pension reforms are equitable, sustainable, and aligned with Kenya's fiscal realities and constitutional principles.

We look forward to engaging further with the Committee to refine this Bill and ensure its alignment with Kenya's broader pension reform objectives.

Thank you.

A handwritten signature in black ink, appearing to read 'CK Kiptoo', enclosed within a circular scribble.

Dr. Chris K. Kiptoo, CBS
PRINCIPAL SECRETARY/THE NATIONAL TREASURY