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STANDING COMMITTEE ON FINANCE AND BUDGET

REPORT ON THE COUNTY GOVERNMENTS ADDITIONAL
ALLOCATIONS (NO. 2) BILL (SENATE BILLS NO. 8 OF 2025)

PAPERS LAID	
DATE	15/7/25
TABLED BY	Sen. Faki
COMMITTEE	Finance & B.
CLERK AT THE TABLE	Tiffany

Rt. Hon. Speaker
You may approve for tabling
J. M. Nyegenye, C.B.S.,
Clerk of the senate/secretary, PSC
Date: 15/07/25

[Signature]

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Parliament Buildings,
NAIROBI.

July 2025

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LIST OF ABBREVIATIONS/ACRONYMS

ABDP	Aquaculture Business Development Programme
CAF	County Assemblies Forum
CAIPS	County Aggregation and Industrial Parks
CCRI	County Climate Resilience Investment
CGAAA	County Government Additional Allocation Act
CGAAB	County Government Additional Allocation Bill
CHP	Community Health Promoters
CoG	Council of County Governors
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
DRPNK	Drought Resilience Programme in Northern Kenya
FLLoCA	Financing Locally-Led Climate Action
FSRP	Food Systems Resilience Project
FY	Financial Year
ICPAK	Institute of Certified Accountants of Kenya
IDA	International Development Association
IFAD	International Fund for Agricultural Development
KDSP	Kenya Devolution Support Program
KeLCoP	Kenya Livestock Commercialization Project
KfW	German Development Bank
KISIP	Kenya Informal Settlement Improvement Project
KUSP	Kenya Urban Support Project
K-WASH	Kenya Water, Sanitation and Hygiene
NAVCDP	National Agricultural Value Chain Development Project
PFM	Public Finance Management
PHDC	Primary Health Care in Devolved Context
RMLF	Road Maintenance Levy Fund
UDG	Urban Development Grant
UIG	Urban Institutional Grant
WSDP	Water and Sanitation Development Project

PRELIMINARIES

ESTABLISHMENT AND MANDATE OF THE COMMITTEE

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

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

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

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

MEMBERSHIP OF THE COMMITTEE

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

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

CHAIRPERSON'S FOREWORD

The County Governments Additional Allocation (No. 2) Bill, 2025 (Senate Bills No. 8 of 2025) was published *vide* Kenya Gazette Supplement No. 89 of 18th June, 2025. The Bill was read a First Time in the Senate at its sitting held on Friday, 27th June, 2025. Thereafter, pursuant to standing order 145 of the Senate Standing Orders, the Bill was committed to the Standing Committee on Finance and Budget for consideration.

The primary object of the Bill is to provide for the transfer of conditional or unconditional allocations from the national government's share of revenue under Article 202(2) of the Constitution and additional allocations from the proceeds of external loans and grants from development partners in line with Article 190 of the Constitution to the county governments for Financial Year 2025/2026. The Bill also provides for the responsibilities of national and county governments.

The Bill provides for a total of Ksh.69.8 billion as additional allocations to county governments, outlined in three (3) Schedules indicating the beneficiary counties with respective allocations.

The First Schedule outlines unconditional additional allocations amounting to Ksh.2,946,442,428 for FY 2025/2026 comprising-

- a) Allocations for court fines -Ksh.11,519,280.
- b) Allocations for 20% share of mineral royalties-Ksh.2,934,923,148.

The Second Schedule outlines conditional additional allocations to county governments from the National government's share of revenue for Financial Year 2025/2026 amounting to Ksh.9,948,031,729 comprising of the following allocations-

- a) Payment of basic salary arrears of county health workers-Ksh.1,759,101,729;
- b) Community health workers promoters (CHPs) Programme-Ksh.3,234,930,000;
- c) Supplement for construction of county headquarters-Ksh.454 million;
- d) County aggregation and Industrial Parks (CAIPS)-Ksh.4.5 billion;

The Third Schedule outlines additional allocations to county governments from the proceeds of loans or grants from Development Partners for FY 2025/2026 amounting to Ksh.56.9 billion. These allocations include-

- a) International Fund for Agricultural Development (IFAD) loan for the Aquaculture Business Development Project (ABDP) amounting to Ksh.200 million.
- b) IDA (World Bank) Credit for Financing Locally- Led Climate Action Program, (FLLoCA) - County Climate Institutional Support (CCIS) Grant amounting to Ksh.121 million.
- c) IDA (World Bank) Credit (Financing Locally- Led Climate Action Program, FLLoCA) County Climate Resilience Investment (CCRI) Grant allocation of Ksh.6.2 billion.
- d) Financing Locally- Led Climate Action Program, (FLLoCA) County Climate Resilience Investment (CCRI) grant financed by proceeds from a KfW (German Development Bank) loan amounting to Ksh.1.2 billion.
- e) IDA (World Bank) loan for the Food Systems Resilience Project – (FSRP) totalling to Ksh.3.2 billion.
- f) Drought Resilience Programme in Northern Kenya (DRPNK) funded by the German Development Bank (KfW), amount of Ksh.1.28 billion.
- g) IDA (World Bank) Second Kenya Devolution Support Programme (KDSP) II- Institutional Grant (Level 1 Grant) of Ksh.1.76 billion.
- h) IDA (World Bank) Kenya Devolution Support Program II (KDSP II)- Service Delivery and Investment Grant (Level 2) of Ksh.13.042 billion.
- i) International Fund for Agricultural Development (IFAD) loan for Kenya Livestock Commercialization Project (KeLCoP)-Ksh.634.5 million.
- j) IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) – Urban Institutional Grant (UIG) of Ksh.1.3 billion.
- k) IDA (World Bank) loan for Kenya Urban Support Project (KUSP)- Urban Development Grant (UDG) of Ksh.10.3 billion.
- l) Kenya Water, Sanitation and Hygiene (K-WASH) Programme of Ksh.4.6 billion.
- m) IDA (World Bank) Loan for the National Agricultural Value Chain Development Project (NAVCDP) amounting to Ksh.7.7 billion.
- n) DANIDA Grant for Primary Health Care in Devolved Context (PHDC) Programme of Ksh.510 million.

- o) IDA (World Bank) loan to finance Water and Sanitation Development Project (WSDP) totalling to Ksh.3 billion.
- p) Kenya Informal Settlement Improvement Project (KISIP II) from AFD of Ksh.1 billion
- q) IDA (World Bank) loan for Kenya Informal Settlement Improvement Project (KISIP II) of Ksh.840 million.

In compliance with the provisions of standing order 145(5) of the Senate Standing Orders, and Article 118 of the Constitution the Committee proceeded to undertake public participation on the Bill. In this regard, the Committee published an advertisement in the Daily Nation newspapers on Saturday, 28th June, 2025, and Sunday, 29th June, 2025 inviting members of the public to submit written memoranda to the Committee on the Bill. The Committee also sent invitations to key stakeholders inviting them to submit their comments on the Bill, including the National Treasury and Economic Planning; Council of Governors; Commission on Revenue Allocation; County Assemblies Forum; Institute of Public Finance; Institute of Certified Public Accountants of Kenya; Institute of Economic Affairs-Kenya; the Institute for Social Accountability; and Bajeti Hub.

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

- a) The Bill provides for an allocation of a total of Ksh.2.93 billion as the 20% share of mineral royalties due to specific counties for FY 2025/26. The amount is the cumulative collection of mineral royalties due to the counties since 2016. The previous years allocation on mineral royalties were not disbursed to beneficiary counties due to lack of transfer frameworks, and lack of budgetary allocation. The allocation in the Bill amounting to Ksh.2.93 billion has been budgeted under the National Treasury- Strategic Interventions Programme.
- b) The Doctors' Basic Salary Arrears of Ksh.1.759 billion contained in the Bill is the second and final allocation towards the Payment of Basic Salary Arrears of Ksh. 3.52 billion owed to doctors by counties between FY 2017 and June 2024.

- c) Although the Bill shares the Ksh.454 million allocated for the Construction of County Headquarters among the five counties entirely, the FY 2025/26 national government budget estimates had made a provision of Ksh.449 million to be directly applied to the construction works (the conditional transfer to counties) and Ksh.5 million set aside for operational expenses.
- d) The allocation for FY 2024/25 of Ksh.523.1 million towards the Construction of the county Headquarters was intended to be the final allocation to the projects. However, due to non-disbursement of the Ksh.338.4 million for FY 2023/24 and the non-budgetary provision of the Ksh.523.1 million in FY 2024/25, the national government commitment is still due to counties. Further review indicates that Ksh.700 million is the actual disbursement to the project by the National Treasury as at the end of June, 2024.
- e) While the Bill allocates Ksh.4.5 billion among eighteen counties under the County Aggregation and Industrial Parks (CAIPs) Programme, analysis shows that some of these counties are not part of the prioritized list for onboarding in the FY 2025/26 program, based on project implementation status. A review of the implementation status reveals that eleven counties have received full commitment of Ksh.250 million from the National Government as at the end of FY 2024/25 and are scheduled to complete the projects by August 2025.
- f) Further, two counties have a deficit of Ksh.65.6 million each, and another eight counties face a deficit of Ksh.113.4 million each from the National Government. However, these counties, are at an advanced stage of implementation.
- g) Further, another set of thirteen counties have made significant progress in the implementation of the projects, even without the national government contribution. While another set of thirteen counties have their projects still at the very initial stages, with some having land acquisition negotiations and others developing the documents for advertisement.

h) While the Bill provides for allocations from the proceeds of loans and grants from development partners totalling Ksh.56.91 billion, Ksh.36.6 billion under various programs has not yet been shared among the counties. These includes-

- (i) IDA (World Bank) Credit for Financing Locally-Led Climate Action (FLLoCA) Program - County Climate Resilience Investment (CCRI) Grant of Ksh.6.2 billion,
- (ii) KfW (German Development Bank) Loan for Co-Financing of FLLoCA – County Climate Resilience Investment (CCRI) Grant of Ksh.1.2 billion,
- (iii) IDA (World Bank) Loan for the Second Kenya Devolution Support Program (KDSP2) - Service Delivery and Investment Grant (Level 2) of Ksh.13.04 billion,
- (iv) IDA (World Bank) Loan for the Second Kenya Urban Support Project (KUSP2) - Urban Development Grant (UDG) of Ksh.10.3 billion,
- (v) IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG) of Ksh.1.3 billion, and
- (vi) KfW (German Development Bank) Loan for Kenya Water, Sanitation and Hygiene (KWASH) of Ksh.4.61 billion.

The Bill states that these will be allocated among county governments after meeting certain conditions and based on the criteria set out in Bill.

- i) Clause 6(3)(b) of the Bill indicates that each allocation in the Bill can only be accessed by a county government after meeting conditions set out in the Intergovernmental Agreements entered into pursuant to section 191A-E of the Public Finance Management Act. However, at the time of the publication of the County Governments Additional Allocations (No. 2) Bill, 2025 the Intergovernmental Agreements were not in place. Further that, there was a proposal contained in Public Finance Management (Amendment) Bill, 2025 (National Assembly Bill No.17), seeking to repeal section 191A-E.

- j) The Bill in clause 6(4) indicates that all additional allocations as provided in the Bill should be included in the budget estimates of the National Government and shall be submitted to Parliament for approval. This implies that the disbursement of the funds to the counties in FY 2025/26 will be based on the appropriation through the Annual Appropriation.
- k) The National Treasury and Council of Governors requested the Parliament to consider including in the Bill conditional allocations from Road Maintenance Levy Fund (RMLF) and Affordable Housing Levy for County Rural and Urban Affordable Housing Committees.

Recommendations

The Committee, having considered the Bill and stakeholders' submission recommends that the Senate approves the Bill with the following amendments-

- a) Clause 6(3)(b)- Amendments suspending implementation of sections 191A to 191E of the Public Finance Management Act on the Intergovernmental Agreements for FY 2025/2026.
- b) Introduction of New Schedule to the Bill to provide for additional allocations amounting to Ksh.23,637,782,715 to county governments from Road Maintenance Levy Fund (RMLF). This is in regard to allocations for FY 2024/25 amounting to Ksh.10,522,211,853 and 2025/26 amounting to Ksh.13,115,570,862.
- c) Amendments to Second Schedule to the Bill to provide an additional Allocations from the Housing Levy Fund to the County Government's Rural and Housing Committees equivalent to Ksh.93,418,251.

This brings the total amount of additional allocations to county governments to Ksh.93.526 billion.

Acknowledgment

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

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

Lastly, I take this opportunity to commend the Members of the Committee for their devotion and commitment to duty, which made the consideration of the County Governments Additional Allocation (No. 2) Bill, 2025 (Senate Bills No. 8 of 2025) successful.

It is now my pleasant duty, pursuant to standing order 148(1) of the Senate Standing Orders, to present the Report of the Standing Committee on Finance and Budget to the Senate on the County Governments Additional Allocation (No.2) Bill, 2025 (Senate Bills No. 8 of 2025).

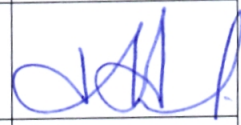
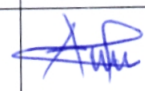
Signature.....

Date...11/09/2025

SEN. (CAPT.) ALI IBRAHIM ROBA, EGH, MP.
CHAIRPERSON,
STANDING COMMITTEE ON FINANCE AND BUDGET)

**ADOPTION OF THE REPORT OF THE STANDING COMMITTEE ON
FINANCE AND BUDGET ON THE COUNTY GOVERNMENTS
ADDITIONAL ALLOCATION (NO. 2) BILL, 2025 (SENATE BILLS NO. 8 OF
2025)**

We, the undersigned Members of the Senate Standing Committee on Finance and Budget, do hereby append our signatures to adopt this Report-

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

CHAPTER ONE

OVERVIEW OF THE ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATION (NO. 2) BILL, 2025 (SENATE BILLS NO. 8 OF 2025)

1.1 Introduction

1. County Government Additional Allocation is prepared pursuant to Articles 187, 190(1), and 202(2) of the Constitution. Article 202(2) provides that County governments may be given additional allocations from the national government's share of the revenue, either conditionally or unconditionally. Further, Article 190(1) mandates Parliament to ensure county governments are adequately supported to enable them to perform their functions through legislation.
2. Article 187 outlines the procedure of transfer of functions and powers between the two levels of government. It envisaged that a function or power of government at one level may be transferred to a government at the other level by agreement between the governments.
3. The County Additional Allocation Bill is a legislative instrument that facilitates the transfer of necessary resources for the performance of the function that has been transferred or shared between the levels of government.
4. The *draft* County Government Additional Allocation Bill is prepared and submitted alongside the Budget Policy Statement to Parliament by the National Treasury as per section 191 of the Public Finance Management Act (Cap. 412A). Section 191(3A) of the PFM Act highlights that a Bill making allocations under Article 202(2) of the Constitution shall specify any other allocations to the counties from the National Government's share of that revenue and any conditions to which those allocations shall be made.
5. Sections 191A to 191E of the PFM Act (Cap. 412A) exclusively provides for the preparation and signing of intergovernmental agreements between the National Treasury and the respective county governments. The sections further provide for approval of the agreements by the respective county assemblies as

well as undertaking public participation. The signed agreements are supposed to be submitted to the Senate and the Controller of Budget and the National Treasury should publish and publicize them.

6. The County Governments Additional Allocations Bill, 2025 was Published on 18th June, 2025 and read a First Time in the Senate on 27th June, 2025. Thereafter, the Bill is committed to the Standing Committee on Finance and Budget pursuant to standing order 145 of the Senate Standing Orders for consideration and public participation.
7. Parliament is required to consider the County Governments Additional Allocations Bill not later than thirty days after the Bill has been introduced with a view to approving it, with or without amendments as per section 42 of the Public Finance Management Act, Cap. 412A.

1.2 Contents of the County Government Additional Allocation Bill, 2025.

8. The Bill consists ten clauses and three (3) Schedules. The clauses provide for the title of the Bill, the object and the purpose of the Bill and the detailed explanations of the allocations contained in the Bill. The schedules specify the amount allocated to each beneficiary county government under various projects.
9. The Bill proposes to allocate a total of Ksh.69.8 billion as additional resources to counties comprising of: Ksh.2.95 billion from Court Fines and 20% Share of Mineral Royalties (First Schedule), Ksh.9.95 billion from the National Government's Share of Revenue (Second Schedule) and Ksh.56.91 billion from proceeds of loans and grants from development partners (Third Schedule).

1.3 Analysis of the projects and type of allocations in the County Government Additional Allocation Bill, 2025

1.3.1 Allocations in the First Schedule

a. Court fines

10. The Bill proposes to allocate Ksh.11.5 million to ten (10) counties from court fines collected in FY 2023/24 from contravention of county laws. The allocation

is based on the actual collection of court fines from these particular counties by the Judiciary.

b. The 20% Share of Mineral Royalties.

11. Mineral royalties are entitlement to counties through the provisions of section 183(5) of the Mining Act (Cap. 306), which stipulates that twenty percent (20%) of mineral royalties paid to the State shall accrue to the County Government where the mining operations occurred. The Bill proposes to allocate a total of Ksh.2.93 billion as the share of Mineral royalties due to specific counties for FY 2025/26. This allocation comprises the allocation of Ksh.1.055 billion for FY 2024/25, which was not disbursed to the beneficiary counties, and Ksh.1.88 billion proposed for FY 2025/26.
12. The amount is shared across thirty-two (32) counties, being the total sum of mineral royalties accrued for the counties up to FY2023/24. Counties with the highest allocations included: Kwale (Ksh.1.167 billion), Kilifi (Ksh.950.1 million), and Kajiado (Ksh.660.2 million).

1.3.2 Allocations in the Second Schedule.

a. Payment of Doctor's Basic Salary Arrears

13. The Bill proposes to allocate a total of Ksh. 1.759 billion for the payment of doctors' basic salary arrears in the 47 counties. The Return-to-Work Formula agreement between the Government and the Kenya Medical Practitioners, Pharmacists, and Dental Union (KMPDU), the doctors' outstanding salary arrears of Ksh.3.52 billion were to be settled in two equal instalments of Ksh.1.759 billion each in FY 2024/25 and FY 2025/26.
14. The first allocation under the agreement was done through the County Government Additional Allocation Act for FY 2024/25. This means that the amount of Ksh. 1.759 billion contained in the Bill is the second and final allocation towards the Payment of Basic Salary Arrears of Ksh. 3.52 billion owed to doctors by counties between FY 2017 and June 2024.

15. The allocation per county is based on the average number of doctors per county between FY 2017/18 to FY 2023/24. Counties with the highest allocations include Kiambu (Ksh. 120 million), Nairobi (Ksh. 112.3 million), Mombasa (Ksh. 108.9 million), and Nakuru (Ksh. 90.4 million). The number of doctors in these counties averaged at 301, 326, 224, and 202, respectively, during the period between 2017 to June 2024.

b. Community Health Promoters (CHPs) Programme

16. The Community Health Promoters (CHPs) Programme is allocated a total of Ksh.3.234 billion in the FY 2025/26. This is similar to the allocation to the same programme in FY 2024/25. The programme is anchored in the Universal Health Coverage (UHC) under the Government Bottom-Up Economic Transformation Agenda (BETA), where the National Government and County governments are partnering to provide adequate and quality health care services to communities.

17. Under the agreement, the national and county governments are required to work in collaboration and interdependently towards achieving quality service delivery of community health services to address determinants of health with the aim of reducing socioeconomic health disparities. The agreement stipulates payment of a monthly stipend to CHPs of Ksh.5,000 shared between the National and the county governments on a matching basis. The Ksh.3.234 billion is shared among the counties as per the number of CHPs in each county.

c. Construction of County Headquarters

18. Ksh.454 million has been proposed towards the construction of county headquarter offices for five (5) County Governments: Isiolo, Lamu, Tana River, Tharaka Nithi, and Nyandarua. The allocation follows the National Government's commitment since FY 2017/18 to support these five counties which did not inherit adequate facilities that could accommodate the new administration at the onset of devolution.

19. The allocation per county is as follows: Isiolo-Ksh.60million, Lamu-Ksh.121 million, Tana River-Ksh.121 million, Tharaka Nithi-Ksh.31 million, and Nyandarua- Ksh.121 million.

d. County Aggregation and Industrial Parks (CAIPs) Programme.

20. The Bill proposes to allocate a total of Ksh.4.5 billion towards the construction of County Aggregation and Industrial Parks CAIPs to eighteen counties in FY 2025/26. The money is shared equally among beneficiary counties with each receiving Ksh.250 million. Each beneficiary county is expected to give a counterpart funding of a similar amount.

21. The core objective of the establishment of these agro-industries is to boost the manufacturing sector, enhance agro-industries, increase productivity in agriculture, create jobs, and foster sustainable and inclusive economic growth. Additionally, the project seeks to accelerate agricultural transformation and inclusive growth through aggregation and value addition.

22. The eighteen counties being proposed for funding in the Bill for the FY 2025/26 include- Baringo, Elgeyo Marakwet, Kajiado, Kakamega, Kericho, Kilifi, Kisii, Kitui, Laikipia, Mandera, Narok, Nyandarua, Nyeri, Taita Taveta, Tana River, Tharaka Nithi, Vihiga, and Wajir.

23. Review on the progress status of the construction of industrial parks across counties indicates that 34 counties are at different levels of completion (between 10% and 92%), and thirteen counties are yet to start the projects. Allocation to the projects from the National Government up to FY 2024/25 prioritized thirteen (13) counties with an aim of completion by August 2025.

24. Out of the thirteen (13) prioritized, eleven (11) are expected to receive full contribution from the National government by the end of FY 2024/25, and two will have outstanding balances of Ksh.65.6 million each (Wajir and Kisii). The priority thirteen counties and level of completion are: Meru-83%, Homa Bay-47%, Busia-70%, Kirinyaga-81%, Embu-83%, Uasin Gishu-55%, Garissa-79%,

Migori-80%, Machakos-61%, Kwale-60%, Wajir-65%, Kisii-75% and Bungoma-54%.

25. Another lot of eight counties are expected receive Ksh.116.6 million each from the National Government contribution by the end of FY 2024/25. The counties with their status of completion include; Kiambu-60%, Mombasa-10%, Murang'a-10%, Nakuru-30%, Nandi-30%, Nyamira-30% Siaya-23% and Trans Nzoia-25%.

26. Further analysis reveals that another lot of thirteen (13) counties have made some progress in the implementation of the projects, but are yet to receive the National government contribution. These counties are; Tana River-50%, Marsabit-50%, Kitui-41%, Kericho-40%, Baringo-30%, Kilifi-30%, Nyeri-25%, Kakamega-22%, Laikipia-20%, Nyandarua -17%, Kajiado-16%, Vihiga-15% and Narok-10%.

1.3.3 Allocations in the third schedule

27. The third schedule of the Bill outlines allocations from the proceeds of loans and grants from development partners, amounting to Ksh.56.91 billion. The allocation is shared across the 47 counties under seventeen different programmes and projects. The projects include-

- a) Aquaculture Business Development Programme (ABDP) with an allocation of Ksh. 200 million to be shared among fifteen (15) beneficiary counties. The project is funded by the International Fund for Agricultural Development (IFAD) and aims to improve incomes, food security, and nutrition among poor rural households involved in aquaculture activities.
- b) IDA (World Bank) Credit (Financing Locally- Led Climate Action Program, FLLoCA) CCIS Grant allocated Ksh.121 million shared among seven counties, with Mombasa and Nairobi meant to receive the highest allocation of Ksh.33 million each and the other five counties Ksh.11 million each.

- c) IDA (World Bank) Credit (Financing Locally- Led Climate Action Program, FLLoCA) CCRI Grant allocated Ksh.6.2 billion going towards funding climate change activities across 45 counties. The main objective is to support counties in implementing their County Climate Action Plans (CCAPs), encourage greater county investment in climate action through the County Climate Change Fund (CCCCF), and mainstream climate considerations across all county functions.
- d) KfW (German Development Cooperation) Credit Co- Financing of Financing Locally-Led Climate Action Program, (FLLoCA) CCRI-grant of Ksh.1.2 billion for the 16 counties. The programme funded by the KfW (German Financial Cooperation) is similar to the World Bank programme on climate change, and it aims to support of County Climate Action Plans (CCAPs) and increase local investment into the County Climate Change Fund.
- e) Food Systems Resilience Project (FSRP) being funded by the IDA (World Bank) Credit of Ksh.3.2 billion. The project will be implemented in thirteen (13) counties aimed at enhancing food security and strengthen the resilience of food systems. Each county will receive Ksh.246 million from the donor and contribute counterpart funding of Ksh.5 million.
- f) Drought Resilience Programme in Northern Kenya (DRPNK) funded by the German Development Bank (KfW) by Ksh.1.28 billion to be shared between Marsabit and Turkana Counties, with an allocation of Ksh. 580 million and Ksh.696.7 million respectively. The programme's objective is to enhance drought resilience and climate change adaptive capacity in pastoral and agro-pastoral communities by constructing and rehabilitating relevant infrastructure in selected areas of Marsabit and Turkana counties.
- g) Second Kenya Devolution Support Program (KDSP II) – Institutional Grant (Level 1 Grant) allocated Ksh.1.762 billion going to all the 47

counties, with each benefiting with Ksh.37.5 million. The IDA-World Bank funded project aims to incentivize counties to establish core governance and institutional systems for effective public resource management.

- h) Second Kenya Devolution Support Program (KDSP II) - Service Delivery and Investment Grant (Level 2) that allocates Ksh.13 billion, funded by the IDA -World Bank across the 47 counties. The grant aims to finance county-level infrastructure and service delivery investments while incentivizing performance improvement. The investments must align with each county's County Integrated Development Plan (CIDP) and County Annual Development Plan (CADP).
- i) Kenya Livestock Commercialization Project (KELCOP) with an allocation of Ksh.634.5 million from the International Fund for Agricultural Development (IFAD) for sharing among ten (10) counties. The project's main goal is to enhance incomes, food, and nutrition security for rural small-scale farmers, particularly women and youth. The development objective is to increase incomes for 110,000 poor livestock and pastoralist households in an environmentally sustainable manner within the selected counties.
- j) Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG) programme supported by IDA World Bank Credit amounting to Ksh.1.3 billion. The grant aims to support urban development planning, establishment and operationalization of urban institutional frameworks, such as charters, boards, and administrations, and initial preparations for urban infrastructure investments across 45 counties.
- k) Second Kenya Urban Support Project (KUSPII)- Urban Development Grant (UDG)-with an allocation of Ksh.10.3 billion from IDA -World Bank credit. The programme will be implemented in 45 counties, and

the money will go to actual infrastructure investments in urban areas through urban boards and other administrations.

- l) Kenya Water, Sanitation and Hygiene (K-WASH) Program of Ksh.4.6 billion. The project seeks to expand access to water and sanitation across 19 counties classified as either rural or ASAL areas in Kenya. Overall, K-WASH programme aims to enhance lives and health by developing and managing sustainable Water, Sanitation, and Hygiene (WASH) services in these counties.
- m) National Agricultural Value Chain Development Project (NAVCDP)-funded through IDA -World Bank by Ksh.7.7 billion. The project's main goal is to enhance market participation and value addition for targeted farmers in selected value chains in 34 counties. Beneficiary county governments are expected to avail a counterpart contribution of Ksh.5 million each.
- n) DANIDA Grant -Primary Health Care in Devolved Context (PHDC) Programme of Ksh.510 million shared in all the 47 counties. The grant aims to enhance primary healthcare services, particularly Reproductive, Maternal, Newborn, Child, and Adolescent Health (RMNCAH) services.
- o) Water and Sanitation Development Project (WSDP) through IDA World Bank support of Ksh.3 billion. The project is designed to improve water and sanitation coverage in six select coastal and Northeastern counties. The county with the highest allocation is Kilifi with an allocation of Ksh.900 million.
- p) Kenya Informal Settlement Improvement Project II (KISIP-II) of Ksh.1 billion from the AFD. The project will be implemented in seven counties and aims to support the development of sustainable infrastructure in informal settlements as part of slum upgrading efforts.

- q) Kenya Informal Settlement Improvement Project II (KISIPII) funded by the IDA -World Bank to a tune of Ksh.840 million. The project targets 11 counties and is meant to support the development of sustainable infrastructure in selected informal settlements.

CHAPTER TWO

OVERVIEW OF PUBLIC PARTICIPATION ON THE BILL

2.0 Introduction

28. The Committee, pursuant to the provisions of Article 118 of the Constitution and Standing Order 145 (5) of the Senate Standing Orders, proceeded to undertake public participation on the Bill. In this regard, the Committee published an advertisement in the *Daily Nation* newspaper on Saturday, 28th and Sunday, 29th June, 2025 inviting members of the public to submit written memoranda on the Bill. The advertisement was also posted on the Parliament website and social media platforms. A copy of the advertisement is attached.

29. The Committee received written submissions from the following stakeholders-

- a) National Treasury and Economic Planning;
- b) Commission on Revenue Allocation (CRA);
- c) Council of Governors (CoG);
- d) County Assemblies Forum (CAF); and
- e) Institute of Certified Accountants of Kenya (ICPAK)

2.1 Submissions by the National Treasury and Economic Planning

30. The National Treasury submitted as follows-

- a) The National Treasury observed that the First Schedule of the Bill includes Ksh. 11.5 million in unconditional additional allocations derived from court fines collected in FY 2023/24, as well as Ksh. 2.93 billion from the 20 percent share of mineral royalties, representing arrears from FY 2016/17 to FY 2021/22. They noted that this cumulative total of Ksh. 2.95 billion for unconditional allocations to county governments is well aligned with their earlier legislative proposal to the National Assembly in February 2025 as well as the National Government Appropriations for FY 2025.
- b) That the Second Schedule of the Bill provides for Ksh. 1,759,101,729 in conditional additional allocations to cover Phase II salary arrears for

doctors working in county governments. However, they pointed out that the National Government has appropriated Ksh. 1,750,000,000 for this purpose, resulting in a deficit of Ksh. 9,101,729, and advised Parliament to revise this allocation to match the appropriated amount.

- c) The National Treasury further reported that conditional additional allocations of Ksh. 3,234,930,000 for the Community Health Promoters (CHPs) Programme, Ksh. 454,000,000 for the construction of county headquarters, and Ksh. 4.5 billion for the County Aggregated Industrial Parks (CAIPs) Programme were all consistent with their legislative proposal submitted to Parliament in February 2025.
- d) The National Treasury noted that the Third Schedule of the Bill contains a cumulative allocation of Ksh. 56.91 billion in conditional additional allocations financed from loans and grants by development partners for FY 2025/26, and confirmed that it is aligned with both CGAAB, 2025 for FY 2025/26 in their legislative proposal submitted to Parliament in February 2025, and the National Government Appropriations for the FY 2025/26.
- e) The National Treasury explained that allocations under the Road Maintenance Levy Fund (RMLF) had been excluded from the proposed CGAAB 2025 due to an ongoing court case at the time. However, the National Treasury referenced a High Court judgment- (in the Petition involving Issa Elanyi Chemao and others vs National Assembly, Case Number HCCHRPET/E423/2024, dated 16th August 2024), which declared the National Assembly's decision on 28th September 2023 to exclude counties from RMLF funds to be illegal and unconstitutional. In light of this, the National Treasury suggested that Parliament may consider including additional allocations from the RMLF in the Second Schedule of the Bill, using allocation criteria that may be guided by the Kenya Roads Board who is the Fund Administrator.
- f) Lastly, that in accordance with sections 11(4)(c) and 11(5) of the Affordable Housing Act, 2024, the Cabinet Secretary for the National Treasury and Economic Planning, through a letter dated 26th May 2025,

approved Ksh. 93,418,251—being 0.5% of the total Ksh. 18,683,650,121 audited Housing Levy receipts for FY 2023/24—to be shared equally among the 47 County Rural and Urban Affordable Housing Committees for the FY 2025/26. That therefore, Parliament should consider incorporating this allocation into the CGAAB 2025, based on schedules submitted by the State Department for Housing and Urban Development.

2.2 Submissions by the Commission on Revenue Allocation (CRA)

31. The Commission on Revenue Allocation (CRA) submitted as follows-

- a) The Commission on Revenue Allocation submitted that section 2 of the Bill on interpretation should be amended to explicitly include unconditional allocations to county governments from court fines and mineral royalties under the definition of “additional allocation.” The CRA noted that these allocations are provided for in the First Schedule of the Bill.
- b) CRA further proposed the inclusion of county allocations from the Road Maintenance Levy Fund (RMLF), referring to the High Court judgment in Petition No. HCCHRPET/E423/2024, which declared as unconstitutional the National Assembly’s decision to exclude county governments from receiving RMLF allocations in the financial years 2024/25 and 2025/26. The CRA reported that despite an appeal having been lodged, the Kenya Roads Board disbursed Ksh. 3,662,774,150 to county governments on 17th June, 2025, and therefore urged the Senate to consider including the RMLF allocations to the county governments in the Bill for the FY 2025/26 based on the 15% estimate by the Kenya Roads Board, as the Fourth Schedule.
- c) On clause 3(a) of the Bill, CRA pointed out that although the section refers to Article 202(2) of the Constitution, it does not make it clear that the additional allocations stem from the national government’s share of revenue. As such, the Commission recommended the insertion of the phrase “from the national government’s share of revenue” to enhance clarity.

- d) CRA also observed that clause 5(2) refers to the Public Finance Management Act but omits the year of enactment. The Commission proposed that the citation be corrected to read “Public Finance Management Act, 2012” to ensure accurate referencing.
- e) On clause 6(1)(a), CRA noted a grammatical error where the word “doctor” is used instead of the correct plural possessive form. They therefore proposed replacing the word with “doctors” for grammatical correctness and clarity.
- f) On clause 5(1)(a), CRA highlighted an inconsistency in the reference to the First Schedule, which states that the proceeds of court fines are set out in Column A. The Commission clarified that Column A contains the total unconditional allocations, whereas the correct column for court fines is Column B, and thus proposed that the reference be amended accordingly.
- g) CRA further noted that clause 5(1)(b) made an incorrect reference to the column where mineral royalties are listed. They recommended that the reference be adjusted to accurately reflect Column B of the First Schedule.
- h) On clause 6(1)(a) to 6(1)(d), CRA pointed out that incorrect column references had been made to the Second Schedule. They proposed corrections such that Section 6(1)(a) should refer to Column B, 6(1)(b) to Column C, 6(1)(c) to Column D, and 6(1)(d) to Column E of the Second Schedule.
- i) Additionally, on clause 6(2)(a) to (z), CRA noted inconsistencies in the column referencing for the Third Schedule. They advised that the references be corrected to align appropriately with Columns A to R, beginning with clause 6(2)(a) referring to Column B and adjusting the rest accordingly.
- j) Lastly, CRA submitted that the Bill contains detailed formulas on how funds from development partners are to be shared among county governments. They recommended that these formulas be presented as memorandum items rather than as substantive provisions, since they are already specified within the respective financing agreements.

2.3 Submissions by the Council of Governors (CoG)

32. The Council of Governors (CoG) submitted as follows-

- a) CoG expressed concerns over the persistent delays and budget cuts associated with the County Governments Additional Allocations framework. They noted that in FY 2024/25 alone, counties lost over Ksh. 30 billion through budget cuts made via National Government Supplementary Budgets I, II, and III, resulting in disrupted project implementation and accumulation of pending bills.
- b) The Council urged the Senate to amend the law to ensure that additional allocations to counties are only amended through the County Governments Additional Allocation Act (CGAAA) and not the National Government's Appropriations Act. They emphasized that only amendments to the CGAAA should inform amendments to the Appropriation Bill and not vice versa.
- c) The Council of Governors proposed the introduction of a new clause to provide for conditional allocations to counties financed by the proceeds from the Road Maintenance Levy Fund (RMLF). They noted that according to projections from the Kenya Roads Board for FY 2025/26, total RMLF proceeds amount to Ksh. 87,437,139,083, and therefore counties should receive a minimum of Ksh. 13,115,570,862.45 for the next financial year.
- d) The Council recommended that Column D of the Second Schedule be amended to allocate Ksh. 250 million to Marsabit County for the County Aggregation and Industrial Parks (CAIP) programme, since the county had already achieved nearly 50% completion using its own resources but was excluded in the FY 2025/26 proposed allocations.
- e) Further, the Council called for a full revision of the Second Schedule to align the allocations with a criterion agreed upon by county governments, the Ministry of Investments, Trade and Industry, and the Intergovernmental Budget and Economic Council (IBEC). They noted inconsistencies in the Bill, where some counties at advanced stages of

CAIP implementation had been left out, while others with no progress had been allocated funds.

- f) The Council proposed a new sub-clause (6)(1)(e) to provide for conditional allocation for County Governments' Rural and Urban Housing Committees under the Affordable Housing Programme as set out in Column E of the Second Schedule. This follows the Affordable Housing Act, 2024, which mandates that 0.5% of the affordable housing levy collections be allocated to counties. A total of Ksh. 93,418,251 had been approved had been approved by the National Treasury as the share of the levy due to county governments for FY 2025/26 to be allocated equally among the 47 counties.
- g) Additionally, that the same has also been provided for in the 2025/26 national government budget. The Senate should therefore include the allocation in the CGAAB for 2025/26 FY.
- h) CoG proposed the amendment of clause 6(2)(w) to specify the total allocation of Ksh. 863,165,500 from DANIDA under the Primary Healthcare in Devolved Context (PHC) Programme, which was confirmed by the Danish Embassy. The amount comprises of Kshs.360 million being the DANIDA support towards Operations and Maintenance costs for Level 2 and 3 facilities (40%), Ksh. 352,500,000 being DANIDA support to level 1 facilities and Ksh. 150,665,500 being funds to counties omitted in FY 2023/24 and 2024/25.
- i) On clause 6(3)(b), the council proposed its deletion, citing implementation challenges with sections 191A to 191E of the PFM Act. These provisions had already been suspended for FYs 2021/22 to 2024/25, and the Cabinet had approved a proposal to repeal them. An amendment Bill is already before Parliament.
- j) Finally, the CoG proposed the insertion of a new sub-clause 6(5) to state that any approved additional allocations shall only be varied in accordance with the CGAAA and counties' approved budget estimates. This measure is intended to prevent the National Treasury from making

numerous in-year revisions that adversely affect county budget implementation.

2.4 Submissions by the County Assemblies Forum (CAF)

33. The County Assemblies Forum (CAF) submitted as follows-

- a) CAF noted that while programs like CHP, CAIP, KDSP II, and FLLoCA are vital, their implementation has been hindered by sections 191A–191E of the PFM Act, whose bureaucratic requirements have caused delays and disrupted planning, despite being intended to enhance accountability.
- b) The Forum further raised concern over the handling of donor-supported grants. They pointed out that in the 2024/25 fiscal year, over Ksh. 38.4 billion in donor grants were reallocated by the National Treasury without stakeholder consultation. They observed that the current Bill fails to include safeguards against such unilateral reallocations.
- c) Another critical issue raised was the absence of a well-defined mechanism to resolve disputes related to funding delays, shortfalls, or budget cuts. The Forum emphasized that the spirit of cooperative governance, as envisioned by the Constitution, requires clear provisions for mediation and conflict resolution.
- d) The Forum also flagged the low absorption rates of externally funded programs, noting that in FY 2023/24, 14 donor-funded projects had a combined allocation of Ksh. 515.1 billion, of which Ksh. 304.4 billion (59.1%) remained unused. This poor utilization, especially as some projects neared completion, posed risks of unfinished outputs and unfulfilled objectives. Additionally, commitment fee clauses in donor agreements on undrawn funds have led to financial waste and poor value for money.
- e) CAF recommended adding a new clause 6(e) to include conditional allocations financed by proceeds from the Road Maintenance Fuel Levy (RMLF) Fund in the Second Schedule. This proposal aims to formally recognize and fund counties' entitlement to RMLF resources.

- f) The forum justified the above proposed amendment by stating that including RMLF proceeds under the Bill aligns with the High Court ruling in HCCHR Petition No. E423 of 2024, which upheld the right of counties to receive RMLF allocations. That excluding these allocations would violate article 185(2) and the Fourth Schedule of the Constitution.

2.5 Submissions by the Institute of Certified Accountants of Kenya (ICPAK)

34. The Institute of Certified Accountants of Kenya (ICPAK) submitted as follows-

- a) On mineral royalties under clause 5, ICPAK noted that the reported mineral royalties of Ksh.2.93 billion for FY 2023/24 and 2025/26 suggest no growth in mining activity, indicating possible underreporting or inaccurate calculations. To enhance equity and accuracy, they proposed a new clause 5A requiring the Cabinet Secretary for Treasury and Economic Planning to annually publish a detailed report on royalties collected per mineral and county, along with a list of licensed mining operations. The report shall be gazetted and posted on the Ministry of Mining and National Treasury websites before disbursement.
- b) Further, ICPAK recommended amending clause 5(1)(b) of the Bill to align with section 183 of the Mining Act, which mandates that 10% of royalties be allocated to communities where mining operations occur. They also proposed updating the First Schedule to reflect this community share.
- c) To improve accountability, ICPAK suggested including a requirement for the Cabinet Secretary to publish a technical report annually outlining the computation of unconditional allocations, including audited data on court fines and mineral royalties by source and location.
- d) The Institute also proposed a new Fourth Schedule containing an audited financial report on court fines per county to enhance fiscal predictability and provide a basis for allocation.
- e) On the implementation of the CAIPs initiative in 18 counties for the FY 2023/24, ICPAK reviewed Phase One implementation and observed inconsistencies in allocations, disbursements, and expenditure. Some

counties received less than expected, others spent more than they received, and several did not prioritize the CAIPs despite being funded. These findings raise concerns over budget credibility, transparency, and the financial accountability of project implementers.

- f) ICPAK emphasized that there is no public evidence of feasibility or pre-feasibility studies having been conducted for CAIPs. They pointed to delays, underutilization of funds, and inefficiencies as symptoms of this gap and called for such studies before further implementation phases.
- g) The Institute raised concerns about funding uncertainties linked to national revenue performance and variation in disbursement timelines, which have affected timely implementation. It urged the Controller of Budget to ensure proper documentation is provided before authorizing fund withdrawals for CAIPs.
- h) That the Ministry's Strategic Plan had reduced the number of beneficiary counties in Phase 2 from 40 to 36 without clear justification. Given that no CAIP has been completed to date, the Institute cast doubt on the feasibility of completing the entire program by FY 2025/26 as planned.
- i) In addressing these challenges, ICPAK recommended: conducting feasibility studies for future phases; encouraging private sector investment and leadership in CAIPs; customizing industrial park models to suit local contexts; implementing training programs for users; and establishing continuous feedback mechanisms to refine the program.
- j) Lastly, the Institute observed that while CAIPs present a great opportunity to enhance industrialization and economic development, current implementation gaps, particularly the absence of feasibility studies and inconsistent execution, risk undermining the initiative. It called for decisive action to address these issues in order to safeguard public funds and achieve Vision 2030 objectives.

CHAPTER THREE

COMMITTEE OBSERVATIONS

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

- a) The Bill provides for an allocation of a total of Ksh.2.93 billion as the 20% share of mineral royalties due to specific counties for FY 2025/26. The amount is the cumulative collection of mineral royalties due to the counties since 2016. Whereas in the previous years the mineral royalties were not disbursed to beneficiary counties due to lack of transfer frameworks, and lack of budgetary allocation, the Ksh.2.93 billion in the Bill has been budgeted under the National Treasury- Strategic Interventions Programme.
- b) The Doctors' Basic Salary Arrears of Ksh.1.759 billion contained in the Bill is the second and final allocation towards the Payment of Basic Salary Arrears of Ksh. 3.52 billion owed to doctors by counties between FY 2017 and June 2024. The first instalment of Ksh.1.759 billion of the bargain agreement was made through the County Government Additional Allocation Act for FY 2024/25.
- c) The allocation of Ksh.3.234 billion for the Community Health Promoters (CHPs) Programme is shared among counties as per the number of CHPs in a county. This implies that the higher the number of CHPs the higher the allocation per county. The number of CHPs across the 47 counties is 107,831; with highest numbers being concentrated in Nairobi, Kakamega, Kilifi, Makueni, Bungoma, Nakuru and Nandi -each above 3,000 CHPs.
- d) Although the Bill shares the Ksh.454 million allocated for the Construction of County Headquarters among the five counties entirely, the FY 2025/26 budget estimates have made a provision of Ksh.449 million to be directly applied to the construction works (the conditional transfer to counties) and Ksh.5 million set aside for operational expenses.

- e) The allocation for FY 2024/25 of Ksh.523.1 million towards the Construction of the county Headquarters was intended to be the final allocation to the projects. However, due to non-disbursement of the Ksh.338.4 million for FY 2023/24 and the non-budgetary provision of the Ksh.523.1 million in FY 2024/25, the national government commitment is still due to counties. Further review indicates that Ksh.700 million is the actual disbursement to the project by the National Treasury as at the end of June, 2024.
- f) While the Bill allocates Ksh.4.5 billion among eighteen counties under the County Aggregation and Industrial Parks (CAIPs) Programme, analysis shows that some of these counties are not part of the prioritized list for onboarding in the FY 2025/26 program, based on project implementation status. A review of the implementation status reveals that eleven counties have received full commitment of Ksh.250 million from the National Government as at the end of FY 2024/25 and are scheduled to complete the projects by August 2025.
- g) Further, two counties have a deficit of Ksh.65.6 million each, and another eight counties face a deficit of Ksh.113.4 million each from the National Government. However, these counties, are at an advanced stage of implementation.
- h) Further, another set of thirteen counties have made significant progress in the implementation of the projects, even without the national government contribution. While another set of thirteen counties have their projects still at the very initial stages, with some having land acquisition negotiations and others developing the documents for advertisement.
- i) While the Bill provides for allocations from the proceeds of loans and grants from development partners totalling Ksh.56.91 billion, Ksh.36.6 billion under various programs has not yet been shared among the counties. These includes-

- (vii) IDA (World Bank) Credit for Financing Locally-Led Climate Action (FLLoCA) Program - County Climate Resilience Investment (CCRI) Grant of Ksh.6.2 billion,
- (viii) KfW (German Development Bank) Loan for Co-Financing of FLLoCA – County Climate Resilience Investment (CCRI) Grant of Ksh.1.2 billion,
- (ix) IDA (World Bank) Loan for the Second Kenya Devolution Support Program (KDSP2) - Service Delivery and Investment Grant (Level 2) of Ksh.13.04 billion,
- (x) IDA (World Bank) Loan for the Second Kenya Urban Support Project (KUSP2) - Urban Development Grant (UDG) of Ksh.10.3 billion,
- (xi) IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG) of Ksh.1.3 billion, and
- (xii) KfW (German Development Bank) Loan for Kenya Water, Sanitation and Hygiene (KWASH) of Ksh.4.61 billion.

The Bill states that these will be allocated among county governments after meeting certain conditions and based on the criteria set out in the Bill.

- j) Clause 6(3)(b) of the Bill indicates that each allocation in the Bill can only be accessed by a county government after meeting conditions set out in the Intergovernmental Agreements entered into pursuant to section 191A of the Public Finance Management Act. However, at the time of the publication of the County Governments Additional Allocations (No. 2) Bill, 2025 the Intergovernmental Agreements were not in place. Further that, there was a proposal contained in Public Finance Management (Amendment) Bill, 2025 (National Assembly Bill No.17), seeking to repeal section 191A.
- k) The Bill in clause 6(4) indicates that all additional allocations as provided in the Bill should be included in the budget estimates of the National Government and shall be submitted to Parliament for approval. This

implies that the disbursement of the funds to the counties in FY 2025/26 will be based on the appropriation through the Annual Appropriation.

- l) The National Treasury and Council of Governors, made a request to Parliament for amendment of the Bill to include-
 - (i) Conditional allocations from Road Maintenance Levy Fund (RLMF);
 - (ii) Conditional allocations from Affordable Housing Levy for County Rural and Urban Affordable Housing Committees Bill pursuant to sections 11(4)(c) and 11(5) of the Affordable Housing Act, 2024.

CHAPTER FOUR

COMMITTEE RECOMMENDATIONS

36. The Committee recommends that the Senate approves Bill with the following amendments-

- a) Introduction of New Schedule to the Bill to provide for additional allocations amounting to Ksh.23,637,782,715 to county governments from Road Maintenance Levy Fund (RMLF). This is in regard to allocations for FY 2024/25 amounting to Ksh.10,522,211,853 and 2025/26 amounting to Ksh.13,115,570,862.
- b) Amendments to Second Schedule to the Bill to provide an additional Allocations from the Housing Levy Fund to the County Government's Rural and Housing Committees equivalent to Ksh.93,418,251.
- c) Clause 6(3)(b)- Amendments suspending implementation of sections 191A to 191E of the Public Finance Management Act on the Intergovernmental Agreements for FY 2025/2026.

List of Appendices

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

Appendix 2: Proposed Committee amendments

Appendix 3: Copies of submissions

Appendix 4: Advertisement as published in the media

14th July, 2025

The Clerk of the Senate
Parliament Buildings

NAIROBI

**RE: COMMITTEE STAGE AMENDMENTS TO THE COUNTY
GOVERNMENTS ADDITIONAL ALLOCATIONS (NO. 2) BILL, 2025
(SENATE BILLS NO. 8 OF 2025)**

NOTICE is given that Sen. (Capt.) Ali Ibrahim Roba, the Chairperson to the Standing Committee on Finance and Budget intends to move the following amendments to the County Governments Additional Allocations (No. 2) Bill, 2025, Senate Bills No. 8 of 2025, at the Committee Stage—

CLAUSE 4

THAT clause 4 of the Bill be amended in subclause (2) by deleting the word “Bills” appearing immediately after the words “county governments’ appropriation” and substituting therefor the words “legislation for the financial year 2025/26”.

CLAUSE 5

THAT clause 5 of the Bill be amended in subclause (1) by —

- (a) deleting the expression “A” appearing immediately after the words “out in Column” in paragraph (a) and substituting therefor the expression “B”; and
- (b) deleting the expression “B” appearing immediately after the words “out in Column” in paragraph (b) and substituting therefor the expression “C”.

CLAUSE 6

THAT clause 6 of the Bill be amended—

- (a) in subclause (1) by—
 - (i) deleting the words “each county government” appearing immediately after the words “conditional allocations to” in the introductory clause and substituting therefor the words “beneficiary county governments”;
 - (ii) deleting paragraph (a) and substituting therefor the following new paragraph—
 - (a) conditional allocation for the settlement of doctors’ salary arrears as set out in Column B of the Second Schedule;

- (iii) deleting the expression “B” appearing immediately after the words “out in Column” in paragraph (b) and substituting therefor the expression “C”;
 - (iv) deleting the expression “C” appearing immediately after the words “out in Column” in paragraph (c) and substituting therefor the expression “D”;
 - (v) deleting the expression “D” appearing immediately after the words “out in Column” in paragraph (d) and substituting therefor the expression “E”; and
 - (vi) inserting the following new paragraph immediately after paragraph (d)—
 - (e) conditional allocations due to county rural and urban affordable housing committees pursuant to section 11(4)(c) of the Affordable Housing Act as set out in Column F of the Second Schedule.
- (b) by inserting the following new subclause immediately after subclause (1)—
- (1A) Conditional allocations financed by proceeds from the Road Maintenance Levy Fund shall be as set out in the Third Schedule.
- (c) in subclause (2) by—
- (i) deleting the introductory clause and substituting therefor the following new introductory clause—
 - (2) Conditional allocations financed by proceeds of loans or grants from development partners to beneficiary county governments for the financial year 2025/26 shall be as set out in the Fourth Schedule, comprising—
 - (ii) deleting the expression “A” appearing immediately after the words “out in Column” in paragraph (a) and substituting therefor the expression “B”;
 - (iii) deleting the expression “B” appearing immediately after the words “out in Column” in paragraph (b) and substituting therefor the expression “C”;
 - (iv) deleting the expression “C” appearing immediately after the words “out in Column” in paragraph (c) and substituting therefor the expression “D”;
 - (v) deleting the expression “D” appearing immediately after the words “out in Column” in paragraph (d) and substituting therefor the expression “E”;
 - (vi) deleting the expression “E” appearing immediately after the words “out in Column” in paragraph (f) and substituting therefor the expression “F”;
 - (vii) deleting the expression “F” appearing immediately after the words “out in Column” in paragraph (g) and substituting therefor the expression “G”;
 - (viii) deleting the expression “G” appearing immediately after the words “out in Column” in paragraph (h) and substituting therefor the expression “H”;

- (ix) deleting the expression “H” appearing immediately after the words “out in Column” in paragraph (i) and substituting therefor the expression “I”;
 - (x) deleting the expression “I” appearing immediately after the words “out in Column” in paragraph (l) and substituting therefor the expression “J”;
 - (xi) deleting the expression “J” appearing immediately after the words “out in Column” in paragraph (m) and substituting therefor the expression “L”;
 - (xii) deleting the expression “L” appearing immediately after the words “out in Column” in paragraph (s) and substituting therefor the expression “M”;
 - (xiii) deleting the expression “M” appearing immediately after the words “out in Column” in paragraph (v) and substituting therefor the expression “N”;
 - (xiv) deleting the expression “N” appearing immediately after the words “out in Column” in paragraph (w) and substituting therefor the expression “O”;
 - (xv) deleting the expression “O” appearing immediately after the words “out in Column” in paragraph (x) and substituting therefor the expression “P”;
 - (xvi) deleting paragraph (y) and substituting therefor the following new paragraph—
 - (y) conditional allocations financed by proceeds from AFD (French Development Agency) for Kenya Informal Settlement Improvement Project 2 (KISIP2) as set out in Column Q of the Third Schedule; and
 - (xvii) by deleting the expression “Q” appearing immediately after the words “out in Column” in paragraph (z) and substituting therefor the expression “R”;
- and
- (d) in subclause (3) by deleting paragraph (b) and substituting therefor the following new paragraph—
- (b) shall be exempt from section 191A of the Public Finance Management Act.

SECOND SCHEDULE

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

SECOND SCHEDULE

(s. 6(1))

Conditional Additional Allocations to County Governments from National Government's Share of Revenue for the Financial Year 2025/26 (Kenya Shillings)								
SN	County	FY 2024/25	FY 2025/26					
		Total Conditional Additional Allocations	Settlement of Doctors' Salary Arrears	Community Health Promoters (CHPs) Programme	Supplement for Construction of County Headquarters	County Aggregation and Industrial Parks (CAIPs) Programme	Allocations for 0.5% of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	Total Conditional Additional Allocations
		Column A	Column B	Column C	Column D	Column E	Column F	Column G
1	Baringo	83,073,318	19,263,318	63,810,000	-	250,000,000	1,987,622	335,060,940
2	Bomet	95,331,693	21,261,693	74,070,000	-	-	1,987,622	97,319,315
3	Bungoma	333,254,059	39,854,059	107,400,000	-	-	1,987,622	149,241,682
4	Busia	276,081,627	23,691,627	66,390,000	-	-	1,987,622	92,069,249
5	Elgeyo Marakwet	52,885,017	15,685,017	37,200,000	-	250,000,000	1,987,622	304,872,640
6	Embu	279,101,231	32,801,231	60,300,000	-	-	1,987,622	95,088,854
7	Garissa	293,501,339	32,981,339	74,520,000	-	-	1,987,622	109,488,961
8	Homa Bay	301,039,251	26,419,251	88,620,000	-	-	1,987,622	117,026,874
9	Isiolo	149,128,044	12,147,883	21,630,000	60,000,000	-	1,987,622	95,765,505
10	Kajiado	93,565,118	43,495,118	50,070,000	-	250,000,000	1,987,622	345,552,741
11	Kakamega	172,029,977	44,529,977	127,500,000	-	250,000,000	1,987,622	424,017,600
12	Kericho	89,129,856	43,439,856	45,690,000	-	250,000,000	1,987,622	341,117,479
13	Kiambu	267,268,781	119,957,202	94,680,000	-	-	1,987,622	216,624,825
14	Kilifi	174,381,743	58,281,743	116,100,000	-	250,000,000	1,987,622	426,369,365

Conditional Additional Allocations to County Governments from National Government's Share of Revenue for the Financial Year 2025/26 (Kenya Shillings)								
SN	County	FY 2024/25	FY 2025/26					
		Total Conditional Additional Allocations	Settlement of Doctors' Salary Arrears	Community Health Promoters (CHPs) Programme	Supplement for Construction of County Headquarters	County Aggregation and Industrial Parks (CAIPs) Programme	Allocations for 0.5% of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	Total Conditional Additional Allocations
		Column A	Column B	Column C	Column D	Column E	Column F	Column G
15	Kirinyaga	242,049,816	19,389,816	36,660,000	-	-	1,987,622	58,037,438
16	Kisii	345,101,961	72,428,277	88,200,000	-	250,000,000	1,987,622	412,615,900
17	Kisumu	165,339,627	75,399,627	89,940,000	-	-	1,987,622	167,327,249
18	Kitui	117,856,694	43,756,694	74,100,000	-	250,000,000	1,987,622	369,844,316
19	Kwale	330,913,123	28,773,123	52,140,000	-	-	1,987,622	82,900,745
20	Laikipia	65,684,974	40,454,974	25,230,000	-	250,000,000	1,987,622	317,672,596
21	Lamu	290,553,991	11,301,830	14,520,000	121,000,000	-	1,987,622	148,809,452
22	Machakos	327,896,293	58,646,293	83,250,000	-	-	1,987,622	143,883,916
23	Makueni	144,268,273	30,568,273	113,700,000	-	-	1,987,622	146,255,895
24	Mandera	38,349,159	19,809,159	18,540,000	-	250,000,000	1,987,622	290,336,781
25	Marsabit	75,118,763	15,028,763	60,090,000	-	-	1,987,622	77,106,385
26	Meru	341,395,785	43,915,785	111,480,000	-	-	1,987,622	157,383,407
27	Migori	302,067,815	27,687,815	88,380,000	-	-	1,987,622	118,055,437
28	Mombasa	233,213,493	108,971,914	71,610,000	-	-	1,987,622	182,569,536
29	Murang'a	155,675,190	56,993,611	46,050,000	-	-	1,987,622	105,031,234
30	Nairobi	336,278,649	112,268,649	224,010,000	-	-	1,987,622	338,266,271
31	Nakuru	242,425,840	90,404,261	99,390,000	-	-	1,987,622	191,781,883
32	Nandi	176,056,360	26,764,781	96,660,000	-	-	1,987,622	125,412,403
33	Narok	71,296,514	21,496,514	49,800,000	-	250,000,000	1,987,622	323,284,136
34	Nyamira	116,981,290	19,979,711	44,370,000	-	-	1,987,622	66,337,334
35	Nyandarua	57,653,981	16,043,981	41,610,000	121,000,000	250,000,000	1,987,622	430,641,603
36	Nyeri	129,422,326	55,172,326	74,250,000	-	250,000,000	1,987,622	381,409,948

Conditional Additional Allocations to County Governments from National Government's Share of Revenue for the Financial Year 2025/26 (Kenya Shillings)								
SN	County	FY 2024/25	FY 2025/26					
		Total Conditional Additional Allocations	Settlement of Doctors' Salary Arrears	Community Health Promoters (CHPs) Programme	Supplement for Construction of County Headquarters	County Aggregation and Industrial Parks (CAIPs) Programme	Allocations for 0.5% of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	Total Conditional Additional Allocations
		Column A	Column B	Column C	Column D	Column E	Column F	Column G
37	Samburu	59,219,798	13,079,798	46,140,000	-	-	1,987,622	61,207,421
38	Siaya	139,165,399	22,723,820	63,810,000	-	-	1,987,622	88,521,442
39	Taita Taveta	73,661,911	32,591,911	41,070,000	-	250,000,000	1,987,622	325,649,534
40	Tana River	130,917,307	6,982,057	28,890,000	121,000,000	250,000,000	1,987,622	408,859,679
41	Tharaka Nithi	110,528,540	24,597,481	37,950,000	31,000,000	250,000,000	1,987,622	345,535,103
42	Trans Nzoia	166,458,256	46,626,677	67,200,000	-	-	1,987,622	115,814,299
43	Turkana	99,236,518	24,986,518	74,250,000	-	-	1,987,622	101,224,140
44	Uasin Gishu	257,580,471	9,600,471	61,980,000	-	-	1,987,622	73,568,093
45	Vihiga	58,424,112	15,044,112	43,380,000	-	250,000,000	1,987,622	310,411,734
46	Wajir	265,153,485	19,869,801	60,810,000	-	250,000,000	1,987,622	332,667,423
47	West Pokot	91,423,594	13,933,594	77,490,000	-	-	1,987,622	93,411,216
	Total	8,417,140,362	1,759,101,729	3,234,930,000	454,000,000	4,500,000,000	93,418,251	10,041,449,980

THIRD SCHEDULE

THAT the Bill be amended by renumbering the Third Schedule as the Fourth Schedule.

NEW SCHEDULE

THAT the Bill be amended by inserting the following new Schedule immediately after the Second Schedule—

THIRD SCHEDULE**(s. 6(1A))**

Conditional Additional Allocations to County Governments from Road Maintenance Fuel Levy Fund for FY 2025/26(Kenya Shillings)				
SN	County	Road Maintenance Fuel Levy (RMFL) Allocation for FY 2024/25	Road Maintenance Fuel Levy (RMFL) Allocation for FY 2025/26	Total Allocation Per County
		Column A	Column B	Column C=A+B
1	Baringo	205,719,787.74	256,422,556	462,142,343
2	Bomet	163,685,210.91	204,027,919	367,713,129
3	Bungoma	184,554,999.28	230,041,383	414,596,383
4	Busia	129,803,891.11	161,796,033	291,599,924
5	Elgeyo/Marakwet	150,644,147.55	187,772,687	338,416,834
6	Embu	211,127,369.04	263,162,917	474,290,287
7	Garissa	188,410,092.89	234,846,623	423,256,716
8	Homa Bay	177,974,495.99	221,839,015	399,813,511
9	Isiolo	190,644,440.69	237,631,660	428,276,101
10	Kajiado	307,376,318.55	383,133,883	690,510,202
11	Kakamega	235,244,397.88	293,223,955	528,468,352
12	Kericho	169,758,085.33	211,597,545	381,355,630
13	Kiambu	335,429,529.62	418,101,234	753,530,764
14	Kilifi	242,979,152.63	302,865,057	545,844,210
15	Kirinyaga	194,894,333.06	242,929,003	437,823,336
16	Kisii	179,407,700.40	223,625,454	403,033,155
17	Kisumu	195,718,947.25	243,956,856	439,675,803
18	Kitui	445,098,849.89	554,800,225	999,899,075
19	Kwale	206,900,399.08	257,894,147	464,794,546
20	Laikipia	235,196,041.93	293,163,681	528,359,722
21	Lamu	134,869,251.86	168,109,828	302,979,080
22	Machakos	314,847,145.85	392,446,009	707,293,155
23	Makueni	415,079,544.48	517,382,206	932,461,750
24	Mandera	192,647,254.89	240,128,098	432,775,353
25	Marsabit	237,670,000.38	296,247,384	533,917,384
26	Meru	284,617,467.66	354,765,768	639,383,235
27	Migori	158,722,954.60	197,842,639	356,565,593
28	Mombasa	130,442,751.60	162,592,350	293,035,102
29	Murang'a	270,941,894.18	337,719,641	608,661,535
30	Nairobi	351,270,031.50	437,845,869	789,115,900
31	Nakuru	527,595,810.89	657,629,816	1,185,225,627
32	Nandi	187,283,793.82	233,442,731	420,726,525
33	Narok	275,190,523.69	343,015,410	618,205,934

Conditional Additional Allocations to County Governments from Road Maintenance Fuel Levy Fund for FY 2025/26(Kenya Shillings)

SN	County	Road Maintenance Fuel Levy (RMFL) Allocation for FY 2024/25	Road Maintenance Fuel Levy (RMFL) Allocation for FY 2025/26	Total Allocation Per County
		Column A	Column B	Column C=A+B
34	Nyamira	114,508,787.31	142,731,218	257,240,005
35	Nyandarua	222,822,887.93	277,740,975	500,563,863
36	Nyeri	281,534,361.32	350,922,783	632,457,144
37	Samburu	168,450,780.04	209,968,035	378,418,815
38	Siaya	160,843,154.82	200,485,395	361,328,549
39	Taita Taveta	223,111,858.65	278,101,167	501,213,025
40	Tana River	192,087,922.00	239,430,909	431,518,831
41	Tharaka Nithi	161,810,686.87	201,691,390	363,502,076
42	Trans Nzoia	149,496,401.78	186,342,062	335,838,464
43	Turkana	251,956,760.03	314,055,332	566,012,092
44	Uasin Gishu	245,361,739.87	305,834,869	551,196,609
45	Vihiga	104,335,371.63	130,050,409	234,385,781
46	Wajir	251,017,318.26	312,884,351	563,901,669
47	West Pokot	163,127,206.27	203,332,385	366,459,591
	Total	10,522,211,853	13,115,570,862	23,637,782,715

CLAUSE 2

THAT clause 2 of the Bill be amended by deleting the definition of the word “authorized person”.

Dated 14th July, 2025.



Sen. (Capt.) Ali Ibrahim Roba,
Chairperson,
Standing Committee on Finance and Budget.



MINUTES OF THE TWO HUNDRED AND TWENTY-SEVENTH (227TH) MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON FRIDAY, 11TH JULY, 2025 IN COUNTY HALL, GROUND FLOOR BOARDROOM, PARLIAMENT BUILDINGS AT 1.00 P.M.

PRESENT

- | | | |
|---|---|-------------------------|
| 1. Sen. (Capt.) Ali Ibrahim Roba, EGH, MP | - | Chairperson |
| 2. Sen. Maureen Tabitha Mutinda, MP | - | Vice-Chairperson |
| 3. Sen. Mohamed Faki Mwinyihaji, CBS, MP | - | Member |
| 4. Sen. Shakila Abdalla Mohamed, MP | - | Member |
| 5. Sen. Eddy Oketch Gicheru, MP | - | Member |
| 6. Sen. Mariam Sheikh Omar, MP | - | Member |
| 7. Sen. Esther Okenyuri, MP | - | Member |

ABSENT WITH APOLOGY

- | | | |
|--------------------------------------|---|--------|
| 1. Sen. (Dr.) Boni Khalwale, CBS, MP | - | Member |
| 2. Sen. Richard Momoima Onyonka, MP | - | Member |

SECRETARIAT

- | | | |
|----------------------------|---|-------------------------|
| 1. Mr. Christopher Gitonga | - | Clerk Assistant |
| 2. Ms. Beverlyne Chivadika | - | Clerk Assistant |
| 3. Ms. Mitchell Otoro | - | Legal Counsel |
| 4. Ms. Hamun Mohamed | - | Researcher |
| 5. Mr. Kiminza Kioko | - | Fiscal Analyst |
| 6. Mr. Stanley Gikore | - | Media Relations Officer |
| 7. Mr. Johnstone Simiyu | - | Audio Officer |
| 8. Ms. Gloria Anyango | - | Intern |

MIN/SEN/SCF&B/1314/2025

PRELIMINARIES

The Chairperson called the meeting to order at 1:10 p.m. This was followed by a word of prayer, and round of introduction.

MIN/SEN/SCF&B/1315/2025

ADOPTION OF THE AGENDA

The agenda was adopted after being proposed by Sen. Eddy Oketch Gicheru, MP, and seconded by Sen. Esther Okenyuri, MP, as listed below-

1. Prayer;
2. Introduction;
3. Adoption of the Agenda;
4. Confirmation of minutes of 219th, 220th, 221st, 222nd, 223rd, 224th, and 225th Sittings;
5. Matters arising from the previous sittings;
6. Consideration and adoption of the reports on-
 - a) County Allocation of Revenue Bill, 2025 (Senate Bills No.9 of 2025);
 - b) County Governments Additional Allocations (No.2) Bill, 2025 (Senate Bills No.8 of 2025); and
 - c) Equalisation Fund Appropriation Bill, 2025 (Senate Bills No.7 of 2025)-
Committee Paper No.143;
7. Any other Business; and
8. Adjournment and Date of the Next Meeting.

MIN/SEN/SCF&B/1316/2025 **CONSIDERATION OF REPORTS ON BILLS-
COMMITTEE PAPER NO.143**

The Committee reviewed reports on the following Bills-

- a) County Allocation of Revenue Bill, 2025 (Senate Bills No.9 of 2025).
- b) Equalisation Fund Appropriation Bill, 2025 (Senate Bills No.7 of 2025).
- c) Submissions on the County Governments Additional Allocations (No.2) Bill, 2025 (Senate Bills No.8 of 2025).

MIN/SEN/SCF&B/1317/2025 **ADOPTION OF REPORTS ON BILLS-
COMMITTEE PAPER NO.143**

Having considered the stakeholders submissions and draft reports on the County Allocation of Revenue Bill, 2025 (Senate Bills No. 9 of 2025), Equalisation Fund Appropriation Bill, 2025 (Senate Bills No. 7 of 2025), and County Governments Additional Allocations (No. 2) Bill, 2025 (Senate Bills No. 8 of 2025), the Committee-

- a) Unanimously adopted the report on the County Allocation of Revenue Bill 2025 (Senate Bills No. 9 of 2025) having been proposed by Sen. Maureen Tabitha Mutinda, MP, and seconded by Sen. Esther Okenyuri, MP, with the recommendation that the Senate approves the Bill with amendment of the Second Schedule to the Bill to reflect adjusted recurrent expenditure ceilings for certain county assemblies: Kakamega, Bungoma, Garissa, Mombasa, Tana River, Uasin Gishu, Wajir, Kiambu, Nandi, Kisumu, Makueni, Kitui, Baringo, Nairobi City, Isiolo, Lamu, Bomet, Kilifi and Taita/Taveta.

- b) Unanimously adopted the report on the Equalisation Fund Appropriation Bill, 2025 (Senate Bills No. 7 of 2025) having been proposed by Sen. Maureen Tabitha Mutinda, MP, and seconded by Sen. Mohamed Faki Mwinyihaji, CBS, MP with the recommendation that the Senate approves the Bill with the following amendments-
- (i) That, clause 3 of the Bill be amended by deleting the expression “204(1)” substituting with the expression “204(2)”. This is because basic services to be provided via Equalization Fund are provided in Article 204(2) of the Constitution.
 - (ii) That, the Schedule to the Bill be amended in column 2 of item 13 with respect to Kitui County by deleting the word “Kisumu” and substituting with the word “Kitui”.
- c) Unanimously adopted the report on the County Governments Additional Allocations (No. 2) Bill, 2025 (Senate Bills No. 8 of 2025) having been proposed by Sen. Esther Okenyuri, MP, and seconded by Sen. Mariam Sheikh Omar, MP with the recommendation that the Senate approves the Bill with the following amendments-
- (i) Clause 6(3)(b)- Amendments suspending implementation of sections 191A to 191E of the Public Finance Management Act on the Intergovernmental Agreements for FY 2025/2026.
 - (ii) Introduction of New Schedule to the Bill to provide for additional allocations amounting to Ksh.23,637,782,715 to county governments from Road Maintenance Levy Fund (RMLF). This is in regard to allocations for FY 2024/25 amounting to Ksh.10,522,211,853 and 2025/26 amounting to Ksh.13,115,570,862.
 - (iii) Amendments to Second Schedule to the Bill to provide an additional Allocations from the Housing Levy Fund to the County Government's Rural and Housing Committees equivalent to Ksh.93,418,251

MIN/SEN/SCF&B/1318/2025 ADJOURNMENT AND DATE OF NEXT
MEETING

The meeting was adjourned at 3:30 pm. Next meeting shall be held on Tuesday, 15th July, 2025.

SIGNATURE: ...  ... DATE: 14th July, 2025

SEN.(CAPT.) ALI IBRAHIM ROBA, EGH, MP
(CHAIRPERSON)



**MINUTES OF THE TWO HUNDRED AND TWENTY-SIXTH (226TH) MEETING
OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET
HELD ON FRIDAY, 11TH JULY, 2025 IN COUNTY HALL, GROUND FLOOR
BOARDROOM, PARLIAMENT BUILDINGS AT 9.30 A.M.**

PRESENT

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

ABSENT WITH APOLOGY

1. Sen. (Dr.) Boni Khalwale, CBS, MP	-	Member
2. Sen. Richard Momoima Onyonka, MP	-	Member

SECRETARIAT

1. Mr. Christopher Gitonga	-	Clerk Assistant
2. Ms. Beverlyne Chivadika	-	Clerk Assistant
3. Ms. Mitchell Otoro	-	Legal Counsel
4. Ms. Hamun Mohamed	-	Researcher
5. Mr. Kiminza Kioko	-	Fiscal Analyst
6. Mr. Stanley Gikore	-	Media Relations Officer
7. Mr. Johnstone Simiyu	-	Audio Officer
8. Ms. Gloria Anyango	-	Intern

MIN/SEN/SCF&B/1309/2025

PRELIMINARIES

The Chairperson called the meeting to order at 9:40 a.m. This was followed by a word of prayer, and round of introduction.

MIN/SEN/SCF&B/1310/2025

ADOPTION OF THE AGENDA

The agenda was adopted after being proposed by Sen. Eddy Oketch Gicheru, MP, and seconded by Sen. Esther Okenyuri, MP, as listed below-

1. Prayer;
2. Introduction;
3. Adoption of the Agenda;
4. Confirmation of minutes of 219th, 220th, 221st, 222nd, 223rd, 224th, and 225th Sittings;
5. Matters arising from the previous sittings;
6. Consideration of Stakeholders submissions on the-
 - a) County Allocation of Revenue Bill, 2025 (Senate Bills No.9 of 2025);
 - b) County Governments Additional Allocations (No.2) Bill, 2025 (Senate Bills No.8 of 2025); and
 - c) Equalisation Fund Appropriation Bill, 2025 (Senate Bills No.7 of 2025)-
Committee Paper No.143;
7. Any other Business; and
8. Adjournment and Date of the Next Meeting.

MIN/SEN/SCF&B/1311/2025 **CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS**

- a) The Minutes of the Two Hundred and Nineteenth (219th) meeting held on Thursday, 5th June, 2025 at 9:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Maureen Tabitha Mutinda, MP and seconded by Sen. Mohamed Faki Mwinyihaji, CBS, MP.
- b) The Minutes of the Two Hundred and Twentieth (220th) meeting held on Monday, 9th June, 2025 at 9:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Esther Okenyuri, MP and seconded by Sen. Eddy Oketch Gicheru, MP.
- c) The Minutes of the Two Hundred and Twenty-First (221st) meeting held on Monday, 9th June, 2025 at 10:30 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Eddy Oketch Gicheru, MP and seconded by Sen. Esther Okenyuri, MP.
- d) The Minutes of the Two Hundred and Twenty-Second (222nd) meeting held on Monday, 9th June, 2025 at 12 noon were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Eddy Oketch Gicheru, MP and seconded by Sen. Esther Okenyuri, MP.
- e) The Minutes of the Two Hundred and Twenty-Third (223rd) meeting held on Thursday, 12th June, 2025 at 9:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Eddy Oketch Gicheru, MP and seconded by Sen. Esther Okenyuri, MP.

- f) The Minutes of the Two Hundred and Twenty-Fourth (224th) meeting held on Wednesday, 18th June, 2025 at 9:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Eddy Oketch Gicheru, MP and seconded by Sen. Esther Okenyuri, MP.
- g) The Minutes of the Two Hundred and Twenty-Fifth (225th) meeting held on Wednesday, 18th June, 2025 at 11:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Eddy Oketch Gicheru, MP and seconded by Sen. Esther Okenyuri, MP.

MIN/SEN/SCF&B/1312/2025 **CONSIDERATION OF STAKEHOLDERS**
SUBMISSIONS ON BILLS-COMMITTEE PAPER
NO.143

Submissions on the County Allocation of Revenue Bill, 2025 (Senate Bills No.9 of 2025)

1. The Committee considered stakeholders submissions on the Bill from National Treasury and Economic Planning, Council of Governors, Commission on Revenue Allocation, and County Assemblies Forum.
2. Subsequently, the Committee reviewed submissions from 19 County Assemblies- Kakamega, Bungoma, Garissa, Mombasa, Tana River, Uasin Gishu Wajir, Kiambu, Nandi, Kisumu, Makueni, Kitui, Baringo, Nairobi City, Isiolo, Lamu, Bomet, Kilifi and Taita/Taveta- requesting for adjustment of recurrent expenditure budget ceilings for the FY 2025/2026.
3. The Committee observed a disparity between County Assemblies' requests to Commission on Revenue Allocation (CRA) for adjustment of recurrent expenditure budget ceilings and those presented to the Senate for consideration. The Committee resolved that there was a need to engage CRA to streamline the procedure for County Assemblies requesting review of recurrent expenditure ceilings.
4. After examining the County Assemblies' requests, the Committee resolved to approve additional funds totalling Ksh.1,679,000,000 for recurrent expenditure for the following county assemblies to be expended on budget items listed below-

County	Budget items approved for funding	
Bungoma	Office Furniture- New buildings	55,000,000
	ICT Infrastructure installation in new building	10,000,000
	Library equipment	15,000,000
	Installation Air Conditioners	2,000,000

	Utilities	8,000,000
	Solar panels installations	15,000,000
	Total	105,000,000
Kakamega		
	Purchase of Motor vehicles	40,000,000
	Insurance- Medical & Mortgage	25,000,000
	Staff Car Loan and Mortgage Scheme	80,000,000
	Contingent Liabilities & Arbitration -Court awards	55,000,000
	Total	200,000,000
Uasin Gishu		
	County Assembly Strategic Plan	3,000,000
	Refurbishment of County Assemblies and chambers	15,000,000
	Purchase of motor vehicles	25,000,000
	Hansard and audio and ICT equipment	22,000,000
	Operationalization of ward offices	60,000,000
	Total	125,000,000
Garissa		
	Staff rationalization	58,000,000
	HR audit requirement	4,000,000
	Office equipment	30,000,000
	General insurance deficit	15,000,000
	Total	107,000,000
Tana River		
	Purchase of vehicles	55,000,000
	Procurement & installation of Hansard Equipment	15,000,000
	Office furniture & fittings for 15 ward offices and 10 nominated MCAs	45,000,000
	Medical Insurance Costs	15,000,000
	Total	130,000,000
Mombasa		
	Purchase of computers, laptops, printers, photocopiers and office furniture for employees	10,000,000
	Equipping the Library	30,000,000
	Medical cover costs occasioned by non-partisan staff	8,000,000
	Group medical insurance	50,000,000
	Assembly buildings insurance	7,500,000
	Asset Maintenance costs	2,500,000

	Public participation-purchase motor vehicles -VANS	22,000,000
	Total	130,000,000
Nairobi		
	Establishment of Broadcasting Unit	15,000,000
	Acquisition of new motor vehicles	20,000,000
	Total	35,000,000
Kiambu		
	Procurement of Hansard System	40,000,000
	Establishment of Broadcasting Unit and media centre	15,000,000
	E-Parliament to improve record management	30,000,000
	Refurbishment of the Assembly Chamber	30,000,000
	Repair and replacement of furniture and fittings	10,000,000
	Total	125,000,000
Kitui		
	Replacement of County Assembly Chamber roof	20,000,000
	Replacement of worn-out vehicles	15,000,000
	Total	35,000,000
Kisumu		
	Furnishing of Assembly debating chamber, speaker and public gallery renovation	20,000,000
	Furnishing of the office of the Speaker and Deputy Speaker	10,000,000
	Furnishing of County Assembly leadership offices	10,000,000
	Furnishing of MCAs offices	30,000,000
	Furnishing of the office of the Clerk and Deputy Clerk	10,000,000
	Furnishing of 5 directors offices	8,000,000
	Furnishing of 16 Heads of Department offices	17,000,000
	Furnishing of reception, security, and lounge Area	20,000,000
	Library and information services	5,000,000
	Hansard, E-Parliament and ICT equipment	70,000,000
	Total	200,000,000
Wajir		
	Medical insurance Cost	20,000,000
	Security enhancement	20,000,000
	Motor vehicle maintenance	9,000,000
	Purchase of staff bus and 2 land cruisers	35,000,000
	Automation of new County Assembly's ICT	24,000,000
	Total	108,000,000
Makueni		
	E-Assembly infrastructure and digital transformation initiatives	51,000,000

	Oversight and public participation-purchase of motor vehicles	20,000,000
	Asset valuation, tagging and maintenance	16,000,000
	Gratuity arrears of contractual staff	30,000,000
	Maintenance of offices	8,000,000
	Total	125,000,000
Isiolo	Restoration of the Assembly and refurbishment of offices	100,000,000
	Total	100,000,000
Baringo	Equipping of new offices with furniture	15,000,000
	General repairs and maintenance	5,000,000
	Computers and ICT gadgets	4,000,000
	Total	24,000,000
Bomet	Insurance of Chamber and Speaker's residence	20,000,000
	Purchase of new vehicles	10,000,000
	Total	30,000,000
Nandi	Equipping County Assembly complex and Hansard	25,000,000
	Furniture and fittings for new offices	5,000,000
	Total	30,000,000
Lamu	Hansard system	20,000,000
	Solar system	5,000,000
	Rehabilitation of Assembly Head Office	5,000,000
	Total	30,000,000
Kilifi	Medical insurance	5,000,000
	Office ICT equipment	5,000,000
	Maintenance motor vehicles and assets	5,000,000
	Security enhancement	5,000,000
	Total	20,000,000
Taita/Taveta	Purchase of motor vehicle for public participation	20,000,000
	Total	20,000,000
	Grand Total	1,679,000,000

Equalisation Fund Appropriation Bill, 2025 (Senate Bills No. 7 of 2025)

1. The Committee considered stakeholders submissions on the Bill from the Council of Governors, Commission on Revenue Allocation, County Assemblies Forum, and Old Pumwani Landlord Community.

2. The Committee observed that as of June 2024, the outstanding arrears to the Fund stood at Ksh.46.5 billion out of the total Fund entitlement of Ksh.59.96 billion. This implied that only Ksh.13.4 billion (22.4%) has been sent to the fund since inception.
3. The Committee resolved to write to National Treasury and Economic Planning to provide information on compliance with the commitment on settlement of Equalization Fund arrears during the meeting scheduled Tuesday, 15th July, 2025, making reference to the commitment letter on Equalization Fund arrears that was submitted to the Committee in the previous meeting.

Submissions on the County Governments Additional Allocations (No.2) Bill, 2025 (Senate Bills No.8 of 2025)

1. The Committee considered stakeholders submissions on the Bill from the National Treasury and Economic Planning, Council of Governors, Commission on Revenue Allocation, County Assemblies Forum, and Institute of Certified Accountants of Kenya (ICPAK).
2. The Committee resolved to amend the Bill -
 - a) to include the Conditional allocations from Road Levy Maintenance Fund (RLMF) for FYs 2024/2025 and 2025/2026.
 - b) to include the Conditional allocations from Affordable Housing Levy for County Rural and Urban Affordable Housing Committees Bill pursuant to sections 11(4)(c) and 11(5) of the Affordable Housing Act, 2024.
 - c) to suspend implementation of sections 191A to 191E of the Public Finance Management Act on the Intergovernmental Agreements provided for in Clause 6(3)(b) of the Bill for FY 2025/2026.
3. Regarding the Conditional Allocation for construction of County Headquarters, the Committee took note of the non-disbursement of the Ksh.338.4 million for FY 2023/24 and non-budgetary provision of the Ksh.523.1 million in FY 2024/25. The Committee resolved to write to National Treasury and Economic Planning to provide information on the status of disbursement of funds for conditional allocation on Construction of County Headquarters when they appear before the Committee on Tuesday, 15th July, 2025.

MIN/SEN/SCF&B/1313/2025 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 12:30 pm. Next meeting was to be held on Friday, 11th July, 2025 at 1:00 p.m.

SIGNATURE: ...... DATE: 14th July, 2025

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

(CHAIRPERSON)



REPUBLIC OF KENYA
THE NATIONAL TREASURY & ECONOMIC PLANNING

Telegraphic Address: 22921
FAX NO. 510855
Telephone: 2252299
When Replying Please Quote

THE NATIONAL TREASURY
P. O. BOX 30007 -00100
NAIROBI

REF: IGFR/SG/01/B (78)

9TH JULY 2025

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

Dear 

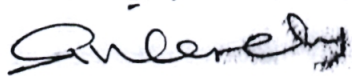
RE: INVITATION TO SUBMIT VIEWS ON BILLS REFERRED TO THE SENATE
STANDING COMMITTEE ON FINANCE AND BUDGET

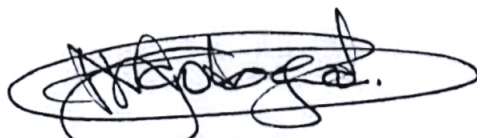
Your letter Ref. SEN/DSEC/F&B/2025/092(g) dated 30th June 2025 on the above subject matter refers.

The letter has invited the National Treasury, pursuant to the provisions of Article 118 and the Standing Order 145 of the Senate Standing Orders to submit any representations it may have on the Equalization Fund Appropriation Bill, 2025 (Senate Bills No. 7 of 2025), the County Governments Additional Allocation (No. 2) Bill, 2025 (Senate Bills No.8 of 2025) and the County Allocation of Revenue bill, 2025 (Senate Bills No.9 of 2025) which were read a First Time in the Senate on Friday, 27th June 2025. Thereafter, the Bills stood committed to the Standing Committee on Finance and Budget for consideration.

The National Treasury has reviewed the published Bills against National Treasury legislative proposals submitted to Parliament as well as National Government Appropriations Act for FY 2025/26.

The purpose of this letter, therefore, is to submit National Treasury's views on the Bills mentioned above for your consideration and necessary action (*see attached*).

Yours 



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



REPUBLIC OF KENYA
THE NATIONAL TREASURY

NATIONAL TREASURY COMMENTS ON THE COUNTY ALLOCATION OF REVENUE BILL, 2025 (SENATE BILLS NO.9 OF 2025) AND THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS (NO. 2) BILL, 2025 (SENATE BILLS NO.8 OF 2025)

1. COUNTY ALLOCATION OF REVENUE BILL (CARB) 2025.

Article 218 of the Constitution requires that a Division of Revenue Bill (DORB) and a County Allocation of Revenue Bill (CARB) are introduced in Parliament at least two months before the end of each financial year to provide for vertical and horizontal revenue sharing respectively. The CARB further facilitates the transfer of allocations made to Counties under the CARB from Consolidated Fund to the respective County Revenue Fund.

- i. That National Treasury submitted to Parliament – in February 2025 – a draft Division of Revenue Bill (DORB) 2025 and County Allocation of Revenue Bill (CARB) 2025 for FY 2025/26, allocating Ksh.405.01 billion as equitable share of revenue to County Governments. We however note that, the published CARB 2025 (*Senate Bills No.9 of 2025*) provides for an allocation of KSh. 415.00 billion as equitable share of revenue to County Governments in the FY 2025/26 from base allocation of KSh.387.43 billion in FY 2024/25 translating to an increase of KSh. 27.57 billion. We note that the allocation of KSh.415.00 billion as equitable share of revenue to County Governments in the published CARB 2025 for FY 2025/26 is consistent with the published DORB, 2025. The National Treasury notes the net increase of KSh. 9.99 billion in equitable share of revenue to County Governments from the initial legislative proposal submitted to Parliament.
- ii. The CARB, 2025 submitted to Parliament in February 2025 allocated equitable share of revenue among the 47 County Governments in accordance with the *Third Basis* for horizontal revenue sharing among counties which was the most recently approved by Parliament as at February 2025. We note that the published CARB, 2025 (*Senate Bills No.9 of 2025*) has allocated the equitable share of revenue to the County Governments using the *Fourth Basis* for horizontal revenue sharing Counties approved by the Parliament in June 2025. The National Treasury take further cognizance that Parliament has provided KSh 4.46 billion to cushion twelve (12) disadvantaged counties through the Affirmative Action Allocation. However, no explanation has been provided on the selection of 12 Counties in *Fourth Basis* for horizontal revenue.

It should be noted that the county equitable share of revenue was not factored in the aggregate expenditure budget for FY 2025/26 approved by the National Assembly. This may necessitate either a reduction of the National Government expenditure budget for FY 2025/26 or increase in government borrowing thus making Kenya's debt position worse off.

- iii. Article 203(2) of the Constitution requires that *not less than 15 per cent of all revenue collected by the National Government shall be allocated as equitable share of revenue to County Governments and that the 15 per cent of all revenue collected by the National Government shall be calculated based on the most recent and audited accounts of revenue received, as approved by the National Assembly.* The proposed **Ksh. 405.01 billion** in the CARB, 2025 submitted by the National Treasury to Parliament was equivalent of **25.8 per cent** of **Ksh. 1,570.56 billion** audited and approved actual sharable revenue for FY 2020/21 which were the most recent as at February 2025. The National Treasury notes that the National Assembly has since approved **Ksh. 1,920.43 billion** as audited revenue receipts for FY 2021/22. Therefore, the proposed **Ksh. 415.00 billion** in the published CARB, 2025 translates to **21.6 per cent** of **Ksh. 1,920.43 billion** approved audited revenue receipts for FY 2021/22 that is above 15 per cent minimum constitutional threshold. The National Treasury therefore concurs on the use of the most recently approved and audited actual revenue for FY 2021/22 to determine the equitable revenue share for Counties.

2. COUNTY GOVERNMENTS ADDITIONAL ALLOCATION (NO. 2) BILL (CGAAB) 2025

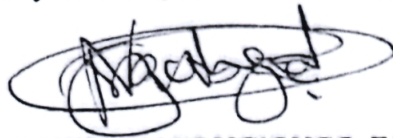
Article 202(2) provides that Counties may be allocated additional revenue from the share of National Government revenue. The National Treasury has reviewed the published *County Governments Additional Allocation (No.2) Bill, 2025 (Senate Bills No.8 of 2025)* against legislative proposals on the Bills submitted by the National Treasury to Parliament in February 2025 and observe that;

- i. The First Schedule of the published CGAAB 2025 contains **Ksh. 11.5 million** unconditional additional allocations financed from court fines emanating from contravention of County Legislations, being court fines collected in FY 2023/24 and **Ksh. 2.93 billion** unconditional additional allocations financed from the 20 per cent share of Mineral Royalties, being arrears from FY 2016/17 to FY 2021/22. This is a cumulative total of **Ksh. 2.95 billion** for unconditional allocations to County Governments. This is well aligned with the legislative proposal by the National Treasury submitted to Parliament in February 2025 as well National Government Appropriations for FY 2025.
- ii. The Second Schedule of the published CGAAB 2025 provides for **Ksh. 1,759,101,729** conditional additional allocations for payment of Phase II salary arrears to doctors working in County Governments.

However, the National Government has appropriated for **Ksh. 1,750,000,000** towards payment of Phase II salary arrears to doctors working in County Governments occasioning a deficit of **Ksh. 9,101,729**. In this regard we advise Parliament to revise this allocation to align with **Ksh. 1,750,000,000** in the National Government Appropriations for FY 2025/26.

- iii. The conditional additional allocations of **Ksh. 3,234,930,000** for Community Health Promoters (CHPs) Programme, conditional additional allocations of **Ksh. 454,000,000** for Supplement for Construction of County Headquarters and **Ksh. 4.50 billion** conditional additional allocations for County Aggregated Industrial Parks (CAIPs) Programme are well aligned with the legislative proposal by the National Treasury submitted to Parliament in February 2025.
- iv. The Third Schedule of the published CGAAB 2025 contains a cumulative allocation amounting to **Ksh. 56.91 billion** conditional additional allocations financed from proceeds of loans and grants from Development Partners for FY 2025/26. We note that this is aligned with CGAAB, 2025 for FY 2025/26 in the legislative proposal by National Treasury submitted to Parliament in February 2025 and the National Government Appropriations for FY 2025/26.
- v. The National Treasury excluded allocations under Road Maintenance Levy Fund (RMLF) from the proposed CGAAB 2025 due to an ongoing court case affecting RMLF, then. As you are aware High Court judgement – *in the Petition involving Issa Elanyi Chemao and others vs National Assembly (Case Number HCCHRPET/E423/2024) dated 16th August 2024* – declared that *the National Assembly's decision on 28th September 2023 to exclude counties from RMLF funds was illegal, unconstitutional, null and void*. In this regard, Parliament may consider inclusion of additional allocations from the Road Maintenance Levy Fund into the Second Schedule of the CGAAB, 2025 and in accordance with allocation criteria that may be guided by the Kenya Roads Board who is the Fund Administrator.
- vi. Additionally, Section 11(4) (c) of the Affordable Housing Act, 2024 stipulates that the Affordable Housing Board shall allocate out of the Fund “*not less than point five (0.5%) percent*” to the County Rural and Urban Affordable Housing Committees for their administration, as may be approved by the Cabinet Secretary for the National Treasury. Furthermore, Section 11(5) of the Act requires that these funds shall be appropriated as a **conditional grant** to County Governments.

In this regard, the Cabinet Secretary for the National Treasury – vide letter IGFR/AHP/01/A (11) dated 26th May 2025 – communicated the approval of **Ksh. 93,418,251** to the State Department for Housing and Urban Development being 0.5 percent of the total **Ksh. 18,683,650,121** audited receipts from Housing Levy in FY 2023/24 as a conditional allocation to be shared equally among the 47 County Rural and Urban Affordable Housing Committees for the FY 2025/26 (*copy attached*). We advise that Parliament considers this allocation under CGAAB 2025 based on schedules provided by State Department for Housing and Urban Development.

A handwritten signature in black ink, appearing to read 'John Mbadi Ng'ongo', enclosed within a hand-drawn oval.

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



COUNCIL OF GOVERNORS

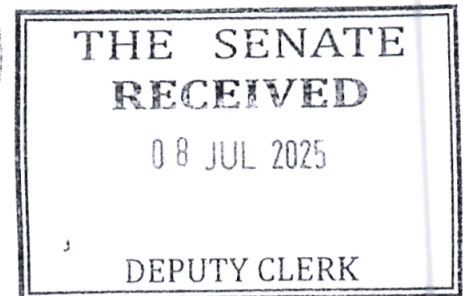
Westlands Delta House 2nd Floor, Waiyaki Way.
P.O. BOX 40401-00100,
Nairobi.

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

Ref: COG/8/5A VOL.13

4th July 2025

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



Dear

Mr. Nyegenye, CBS,

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

We acknowledge receipt of your letter Ref: SEN/DSEC/F&B/2025/092 (i) dated 30th June 2025 requesting views on Bills referred to the Standing Committee on Finance and Budget.

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

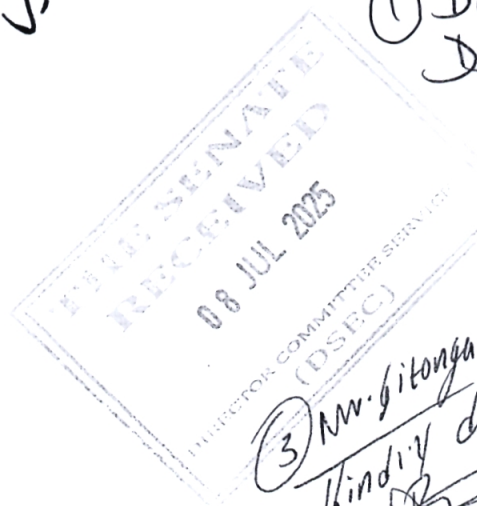
Having reviewed the Bills, the Council submits memoranda as attached hereinafter.

Please accept assurance of our highest esteem and consideration.

Yours

Sincerely,

Mary Mwiti, EBS
Chief Executive Officer



① DKS
DSEC

② DDSEC (BL)
Kindly deal

Kindly deal. 08/07/2025

③ Mr. Gitonga
Kindly deal
08/07/2025

08/07/2025



LEGISLATIVE MEMORANDUM ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS (NO. 2) BILL, 2025

TO

THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET

FROM

THE COUNCIL OF GOVERNORS



THE COUNCIL OF GOVERNORS,

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

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

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

Having reviewed the County Governments Additional Allocations (No. 2) Bill, 2025, the Council of Governors, on behalf of the 47 County Governments, submits the proposals highlighted herein below for consideration:

A. GENERAL COMMENTS

1. The Council of Governors appreciates the Senate's commitment to ensuring that County governments are adequately resourced to perform their functions.
2. However, Counties budget implementation has severely been affected since the introduction of the County Governments Additional Allocation Bill (CGAAB) due to perennial delays and numerous budget cuts. In the FY 2024/25 alone, Counties lost more than Kshs.30 billion through budget cuts in the National government Supplementary Budget I, II & III. This has led to erratic budget implementation on the Counties side and by extension affecting project implementation and accumulation of pending Bills.
3. The Council proposes that the Senate makes appropriate amendments to the law to ensure that Counties' Additional Allocations are only amended through the County Governments Additional Allocation Act (CGAAA) and not the National Government's Appropriation Bill. That is, only amendments to the CGAAA should inform amendments to the Appropriation Bill and not vice versa.



B. SPECIFIC CONCERNS

The Council proposes the following specific amendment to the County Governments Additional Allocations (No. 2) Bill, 2025:

Clause/Section	Provision	CoG's Proposal	Rationale/Justification
Clause Conditional allocations to county governments.	New Clause	The Bill is amended by introducing a new clause providing for the following: Conditional allocations financed by proceeds from the Road Maintenance Levy Fund (RMLF) shall be as set out in the Schedule.	The projections for FY 2025/26 from proceeds of RMLF amount to Kshs.87,437,139,083 as per KRB reports. Counties should therefore be allocated a minimum of Kshs.13,115,570,862.45 for the next FY.
Clause 6 6 (1) Conditional additional allocations.	(1) Conditional allocations to each county government from the National Government's share of revenue for the financial year 2025/26 shall be as set out in the Second Schedule, comprising —	Column D of the Second Schedule is amended as follows: (i) By providing an allocation of Ksh.250,000,000 for Marsabit County. (ii) the Second Schedule is amended in its entirety by applying the allocation criteria agreed upon by the County governments.	(i) Marsabit County, which has already achieved nearly 50% completion of CAIP construction using its own share of revenue. However, it has not been included in the Schedule of proposed allocations for FY 2025/26 and as such it would lead to the project stalling. ii) Following consultations among the County governments, the Ministry of Investments, Trade and Industry



	(d) conditional allocations for the County Aggregation and Industrial Parks (CAIP) Programme as set out in Column D of the Second Schedule.		and the IBEC it was agreed that the allocation criteria be based on the status of completion of the project and the disbursements made so far. That is, Counties that have advanced to be prioritized/supported towards completion as others are being onboarded. From the Schedule in the Bill, some Counties have been allocated money, yet they have not commenced while other have not been allocated and are at advanced stages. Additionally, some Counties have been allocated the full amount yet they have not received funds for the project. The status of the project has been annexed to guide the Senate in allocating the funds accordingly.
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	New subsection	Clause 6 (1) is amended by introducing a new subsection 6 (1) (e) immediately after 6 (1)(d) to read as follows: (e) conditional allocation for the County governments' Rural and Urban Housing Committees under Affordable Housing Programme as set out in Column E of the Second Schedule.	Section 11 (4)(c) of the Affordable Housing Act, 2024 provides for an allocation of not less than 0.5% of the affordable housing levy collections for administration of County Committees. The monies shall be appropriated as a conditional grant to Counties. A total of Kshs.93,418,251 had been approved by the National Treasury as the share of the levy due to County governments for FY 2025/26 to be allocated equally among the 47 Counties. The same has also been provided for in the 2025/26 national government budget. The Senate should therefore include the allocation in the CGAAB for 2025/26 FY. All correspondence relating to the request have been attached for the Senate's consideration.
	(2) Conditional allocations financed by proceeds of loans or grants from development	Clause 6 (2)(w) be amended as follows: (w) conditional allocations amounting to Kenya Shillings eight hundred and sixty-three million, one	The Danish Embassy has confirmed availability of Kshs.863,165,500 for the FY 2025/26 (letter attached). This comprises of Kshs.360 million being the DANIDA support towards Operations and Maintenance costs



	partners to each county government for the financial year 2025/26 shall be as set out in the Third Schedule, comprising — (w) conditional allocations financed by proceeds from DANIDA Grant for the Primary Healthcare in Devolved Context (PHC) programme as set out in Column N of the Third Schedule;	hundred and sixty five thousand, and five hundred financed by proceeds from DANIDA Grant for the Primary Healthcare in Devolved Context (PHC) programme as set out in Column N of the Third Schedule;	for Level 2 and 3 facilities (40%), Kshs.352,500,000 being DANIDA support to level 1 facilities and Kshs.150,665,500 being funds to Counties omitted in FY 2023/24 and 2024/25. The new schedule of allocation has been annexed for the Senate's consideration.
	(3) Each allocation under subsections (1) and (2) shall— (b) only be accessed by a county government after meeting conditions set out in the Intergovernmental Agreements entered into	The Bill is amended by deleting clause 6 (3)(b).	Due to implementation challenges associated with the new Sections 191A to 191E of the Public Finance Management Act, Parliament has suspended their application twice, first time for FY 2021/22 & 2022/23 and the second time for FY 2023/24 & 2024/25. Subsequently, the Cabinet on 21st January 2025 approved a proposal to amend the PFM Act to repeal those sections. An amendment



	pursuant to Section 191A of the Public Finance Management Act.		Bill is currently under consideration in Parliament. We therefore urge the Senate to concurrently delete the Clause under the CGAAB and consider the amendment Bill seeking to repeal the new sections.
	New subsection	The Bill is amended by introducing a new section immediately after 6 (4) to read as follows: (5) The additional allocations approved under subsection (4) above shall only be varied in accordance with this Act and Counties approved budget estimates.	This is to deter the National Treasury from making numerous in-year revisions of budgets that affect Counties' allocations without justification, consultation with other MDAs/Counties or due regard to their effect on Counties budget implementation. This will ensure that Counties' Additional Allocations are only amended through the County Governments Additional Allocation Act (CGAAA) and not the National Government's Appropriation Bill. That is, only amendments to the CGAAA should inform amendments to the Appropriation Bill and not vice versa.

BUDGET ALLOCATIONS TO ROAD AGENCIES

	(AMOUNT IN KSHS.)		
AGENCY	FY 2023/2024	FY 2024/2025	FY 2025/2026
KeNHA (Road Classes S, A, B) RMLF	26,968,840,816	24,524,217,687	26,520,416,239
KeNHA Transit	784,000,000	1,274,000,000	1,199,520,000
KeNHA Development	2,100,000,000	2,100,000,000	2,100,000,000
KeNHA Total Funds	29,852,840,816	27,898,217,687	29,819,936,239
KRB Board/CS Allocation	7,267,210,204	6,656,054,422	7,155,104,060
KWS (Roads within National Parks & Game Reserves)	726,721,020	665,605,442	715,510,406
KeRRA – (Road Class C)	23,255,072,605	21,299,945,890	22,896,392,319
KURA – Urban Roads (Road Classes UA, UB & UC)	10,900,815,306	9,984,081,633	10,732,656,090
Total Funds for Maintenance	72,002,660,000	65,229,333,333	71,319,539,787
Kenya Roads Board Operations	1,765,340,000	1,630,000,000	1,748,742,782
Road Annuity Fund	14,499,000,000	13,366,666,667	14,368,856,514
Total Allocations to Road Agencies	88,267,000,000	81,500,000,000	87,437,139,083
Additional amount from approved Parliament estimates	—	2,123,000,000	—
TOTAL KRB-F	88,267,000,000	83,623,000,000	87,437,139,083



**MINISTRY OF LANDS, PUBLIC WORKS, HOUSING AND
URBAN DEVELOPMENT**

State Department for Housing and Urban Development

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

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

RE: MLPWHUD/HUD/ADM/1/1/1/VOL.IX(46)

DATE: 12th June, 2025

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

Dear *Mr. Njoroge,*



**SUBMISSION FOR PARLIAMENTARY APPROVAL OF THE FRAMEWORK
FOR ALLOCATION AND DISBURSEMENT OF COUNTY CONDITIONAL
GRANT UNDER AFFORDABLE HOUSING ACT, 2024 FOR FY2025/2026**

The above subject matter refers.

The Affordable Housing Board, a State Corporation under the State Department for Housing and Urban Development, is established under the Affordable Housing Act, 2024 (the Act), as a body corporate mandated to manage and safeguard the Affordable Housing Fund; and oversee the development of affordable housing, institutional housing, and related social and physical infrastructure across the country.

Pursuant to Section 11(4)(c) of the Act, the Board is mandated to allocate not less than 0.5% of the Affordable Housing Levy Fund to County Committees for their administration. In line with this, the Board has developed the Framework for Allocation and Disbursement of the County Conditional Grant, which outlines the eligibility criteria, disbursement modalities, monitoring mechanisms, and compliance requirements.

The Board has conducted stakeholder consultations and obtained an approval from the National Treasury, for a budgetary allocation of Kshs.93,418,251 for FY 2025/2026. This amount is to be equally distributed among the County Governments at Kshs. 1,987,622.36 per county.

Notably, the National Treasury has confirmed that the Budget Policy Statement 2025, Division of Revenue Bill 2025, County Allocation of Revenue Bill 2025, and County Governments Additional Allocations Bill 2025 have all been approved. Consequently, the National Treasury has advised that the Framework be submitted directly to Parliament for consideration and approval.

The purpose of this letter, therefore, is to seek Parliamentary consideration and approval of the Framework for Allocation and Disbursement of the County Conditional Grant under the Affordable Housing Act, 2024, to enable timely disbursement and implementation in FY 2025/2026.

Thank you for your continued support.

Yours *Sincerely,*



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

Encls.

Copy to:

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

Jeremiah N. Simu
Chairperson
Affordable Housing Board
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NAIROBI

Ms. Mary Mwiti, EBS
Chief Executive Officer
Council of Governors
Delta Corner, 2nd Floor
Westlands, Nairobi

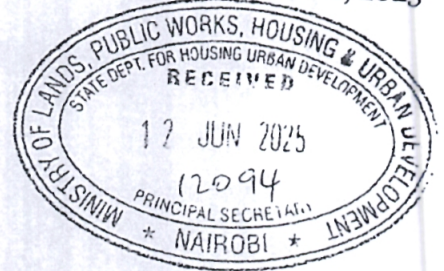
Sheila Waweru OGW
Ag. Chief Executive Officer
Affordable Housing Board
P.O. Box 27521 - 00100
NAIROBI.

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

REF: AHB/FIN/7(5)

Charles M. Hinga, CBS CA(SA)
Principal Secretary
State Department for Housing and Urban Development
NAIROBI

DATE: 3rd June, 2025



Dear PS,

RE: SUBMISSION FOR PARLIAMENTARY APPROVAL OF THE FRAMEWORK FOR ALLOCATION AND DISBURSEMENT OF COUNTY CONDITIONAL GRANT UNDER AFFORDABLE HOUSING ACT, 2024 FOR FY2025/2026

The above subject matter refers.

The National Treasury's letter Ref. No. IGFR/AHP/01/A (11) dated 26th May 2024, approved a budgetary allocation amounting to Kshs. 93,418,251 for FY2025/2026 as a Conditional Grant to County Rural and Urban Affordable Housing Committees.

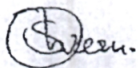
Pursuant to Section 11(4)(c) of the Affordable Housing Act, 2024, the Board has developed the Framework for Allocation and Disbursement of the County Conditional Grant, which outlines the eligibility criteria, disbursement modalities, monitoring mechanisms, and compliance requirements.

As noted in the National Treasury's letter the Budget Policy Statement 2025, Division of Revenue Bill 2025, County Allocation of Revenue Bill 2025, and the County Governments Additional Allocations Bill 2025 have already been approved. Consequently, the National Treasury has advised that the Framework be submitted directly to Parliament for consideration and approval.

The purpose of this letter is to inform you as above and request that you kindly forward the enclosed Framework for Allocation and Disbursement of the County Conditional Grant to Parliament for their consideration and approval to enable timely disbursement and implementation in FY2025/2026.

Thank you for your continued support.

Yours Sincerely,



Sheila Waweru, OGW
Ag. CHIEF EXECUTIVE OFFICER

Encls.

Copy to: Hon. Alice Wahome, EGH

Cabinet Secretary

Ministry of Lands, Public Works, Housing and Urban Development

NAIROBI

Jeremiah Simu

Chairperson

Affordable Housing Board

NAIROBI



FRAMEWORK FOR ALLOCATION AND DISBURSEMENT OF COUNTY CONDITIONAL GRANT UNDER AFFORDABLE HOUSING ACT, 2024.

1.0 INTRODUCTION

The Affordable Housing Act (the Act) was enacted in March 2024 and it establishes the affordable housing levy whose purpose is to facilitate the provision of affordable housing, institutional housing and associated social and physical infrastructure. The levy is paid into the Affordable Housing Fund managed by the Affordable Housing Board. Implementation and delivery of the Affordable Housing Programme is through the 8 Implementing Agencies set out in the First Schedule of the Act.

Section 11 (4)(c) of the Act provides that the Board shall allocate out of the fund not less than 0.5% of the monies to the County Rural and Urban Affordable Housing Committees for administration of the county committees as may be approved by the Cabinet Secretary for the time being responsible for the National Treasury. The monies shall be appropriated as a conditional grant to the County governments.

It is against this backdrop that the Board has developed the framework for allocation and disbursement of the County Conditional grants.

2.0 OBJECTIVE

The objective is to provide a framework and guidelines for disbursement and utilization of the conditional grant (not less than point five percent (0.5%) of housing levy collection) by the county committees. The framework provides general requirements that will be reviewed every financial year.

3.0 ESTABLISHMENT OF COUNTY COMMITTEES

Section 34 of the Act provides for establishment in every county, a County Rural and Urban Affordable Housing Committee; which shall consist of:-

- (a) a non-executive chairperson who shall be nominated by the County Governor;
- (b) the County Executive Committee member responsible for matters relating to housing or their representative designated in writing;
- (c) three other persons who shall be nominated by the county governor, of whom
 - i. one shall be a representative of a registered association of traders operating in the county;
 - ii. one shall be a representative of a registered residential association in the county;
 - iii. one shall be a member of the public residing within the county; and
- (d) The chief officer for the time being in charge of housing, who shall be an ex-officio member and the secretary to the County Committee.

No	Composition of the Committee	No. of persons
1	Chairperson –Non executive	1
2	County Executive Committee Member (CEC)	1
3	3 persons nominated by the Governor (A representative of traders' association, representative of residents association, member of the public)	3
4	Chief Officer –Secretary to the Committee & Ex-Official Member	1
	Total committee composition	6



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING

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THE NATIONAL TREASURY
P. O. BOX 30007 - 00100
NAIROBI

REF No: IGFR/AHP/01/A (11)

26th May 2025

Charles M. Hinga, CBS, CA(SA)
Principal Secretary
State Department for Housing and Urban Development
Ardhi House
NAIROBI



Dear *CMH*

**RE: FRAMEWORK FOR ALLOCATION AND DISBURSEMENT OF COUNTY
CONDITIONAL GRANT UNDER THE AFFORDABLE HOUSING ACT, 2024**

Reference is made to your letter Ref: MLPWHUD/HUD/ADM/1/1/1/VOL.VIII (128) dated 17th April 2025 seeking the National Treasury's **approval** of KSh. 93,418,251 – being 0.5 percent of the KSh. 18,683,650,121 actual receipts from Housing Levy FY 2023/24 – to be allocated to County Rural and Urban Affordable Housing Committees for the FY 2025/26 as a conditional grant as stipulated in the Affordable Housing Act, 2024.

Further, you've sought approval for future allocations, starting from FY 2024/25, to be conducted on accrual basis framework using audited actual receipts to mitigate risks associated with planning and transfer of funds based on projections.

After review of your letter, the National Treasury wish to note and advise as follows;

1. Further to Section 11(4) (c) of the Affordable Housing Act 2024, the National Treasury is satisfied with proposal to allocate KSh. 93,418,251 as a **conditional grant** to the County Rural and Urban Affordable Housing Committees in the FY 2025/26, this being 0.5 percent of the KSh. 18,683,650,121 audited receipts from Housing Levy in FY 2023/24;
2. Your request for approval for future allocations, starting from FY 2024/25, to be conducted on accrual basis framework using audited actual receipts to mitigate risks associated with planning and transfer of funds based on projections is not clear. This is because collections for FY 2024/25 are still ongoing and therefore not applicable in the current circumstances.

In this regard, the Cabinet Secretary for National Treasury and Economic Planning has pursuant to Section 11(4) (c) of the Affordable Housing Act, 2024 granted **approval** for allocation of KSh. 93,418,251 for inclusion in the Budget Estimates for FY 2025/26 as a conditional grant to County Governments.

Senior Accountant / Finance

*TNA and provide requested
clarification*

The Budget Policy Statement 2025, Division of Revenue Bill 2025, County Allocation of Revenue Bill 2025 and the County Governments Additional Allocations Bill 2025 were submitted to Parliament for consideration and approval in February 2025. The National Treasury therefore advises the State Department to channel the framework directly to Parliament for consideration. Note that the allocation and disbursement of these funds shall be contingent upon consideration and approval by Parliament in the County Governments Additional Allocations Bill, 2025 for FY 2025/26.

Further, you are requested to elaborate on your request for approval that future allocations, starting from FY 2024/25, to be conducted on accrual basis framework using audited actual receipts.

The purpose of this letter, therefore, is to apprise you of the above for your further necessary action.

Yours

DR. CHRIS KIPTOO, CBS
PRINCIPAL SECRETARY/ THE NATIONAL TREASURY

Copy to: **Hon. FCPA John Ng'ongo Mbadi, EGH**
Cabinet Secretary
The National Treasury & Economic Planning
NAIROBI

Hon. Alice Wahome, EGH
Cabinet Secretary
Ministry of Lands, Public Works, Housing and Urban Development
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Sheila Waweru, OGW
Ag. Chief Executive Officer
Affordable Housing Board
NAIROBI



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

1365



REPUBLIC OF KENYA

THE NATIONAL TREASURY AND ECONOMIC PLANNING

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25 MAR 2025
1000
THE NATIONAL TREASURY
P.O. BOX 30007 - 00100
NAIROBI

REF No: IGFR/AHP/01/A (8)

Charles M. Hinga, CBS, CA(SA)
Principal Secretary
State Department for Housing and Urban Development
Ardhi House
NAIROBI

20th March 2025

Dear PS

**RE: FRAMEWORK FOR ALLOCATION AND DISBURSEMENT OF COUNTY
CONDITIONAL GRANT UNDER THE AFFORDABLE HOUSING ACT, 2024**

Reference is made to your letter Ref: MLPWHUD/HUD/ADM/1/1/1/VOL.VIII (9) dated 4th February 2025 seeking the National Treasury's approval of the aggregate sum of KSh.414,418,251 allocated by the Affordable Housing Board. This allocation is to be shared equally among County Rural and Urban Affordable Housing Committees in the FY 2025/26 as a conditional grant as stipulated for in the Affordable Housing Act, 2024. You have further attached the accompanying framework for inclusion in the 2025 Budget Policy Statement (BPS) for FY 2025/26.

The National Treasury has reviewed your request and observe that: -

- i) The State Department is seeking the approval of the allocations by the Cabinet Secretary, National Treasury and Economic Planning and further inclusion of KSh.414,418,251 in the 2025 Budget Policy Statement (BPS) and the County Governments Additional Allocations Bill 2025.
- ii) Section 11(4) (c) provides that, the Board shall allocate out of the Fund, *not less than point five percent (0.5 %) of the monies to the county committees for the administration of the County Committees as may be approved by the Cabinet Secretary for the time being responsible for the National Treasury.*
- iii) The State Department has not included the actual receipts of the Fund for FY 2023/24 and the projected collections for FY 2024/25 against which the 0.5 % transfer to counties is based on.
- iv) Article 203 of the Constitution of Kenya 2010 outlines the criteria to be taken into account in determining the equitable shares provided for under Article 202 *and in all national legislation concerning county government enacted in terms of Chapter 12*

of the Constitution. Specifically, Article 203 (1) (j) requires the desirability of stable and predictable allocations of revenue to be taken into account.

- v) Article 219 of the Constitution provides that *'A county's share of revenue raised by the national government shall be transferred to the county without undue delay and without deduction, except when the transfer has been stopped under Article 225.'*

Based on the above observations, the National Treasury wishes to respond as follows: -

- i) For the CS/NT &EP to make an informed decision on approval of the allocation as provided in Section 11(4) (c) of the **Affordable Housing Act, 2024**, the State Department of Housing is requested to provide actual receipts of the Fund for FY 2023/24 and the projected collections for FY 2024/25 against which to charge the 0.5 % transfer to counties.
- ii) In order to propose stable and predictable allocations to County Governments and further to ensure the allocations are transferred without deductions as provided in line with Article 203 (1) (j) and Article 219 of the Constitution, the National Treasury recommends that the allocations be based on actual receipts of the Housing Levy for FY 2023/24. Basing the allocations to Counties on FY 2024/25 fiscal projections rather than actual collections poses potential risk of not transferring the full amount in case of underperformance of the projected Housing Levy.
- iii) The BPS 2025, Division of Revenue Bill 2025, County Allocation of Revenue Bill 2025 and the County Governments Additional Allocations Bill 2025 were approved by Cabinet on 11th February 2025 and thereafter submitted to Parliament for consideration and approval. The National Treasury therefore advises the State Department to channel the framework directly to Parliament for consideration, upon approval of the allocation by the Cabinet Secretary, National Treasury and Economic Planning pursuant to Section 11(4) (c) of the Affordable Housing Act, 2024.

The allocation by the Cabinet Secretary, pursuant to Section 11(4) (c) of the Affordable Housing Act, 2024 shall therefore be contingent to the State Department for Housing and Urban Development providing the above requested information.

The purpose of this letter, therefore, is to share the National Treasury's response on the above stated request for your further necessary action.

Yours

Sincerely


DR. CHRIS KIPTOO, CBS
PRINCIPAL SECRETARY/ THE NATIONAL TREASURY

Copy to: Hon. FCPA John Ng'ongo Mbadi, EGH
Cabinet Secretary
The National Treasury and Economic Planning
NAIROBI

Hon. Alice Wahome, EGH
Cabinet Secretary
Ministry of Lands, Public Works, Housing and Urban Development
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Mr. Jeremiah M. Nyegenye, CBS
Clerk of the Senate
Parliamentary Service Commission
Parliamentary Building
NAIROBI

Mr. Samuel Njoroge, CBS
Clerk of the National Assembly
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QS Said Athman, EBS
Housing Secretary
State Department for Housing and Urban Development
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REPUBLIC OF KENYA
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P. O. BOX 30007 - 00100
NAIROBI

25 MAR 2025
11:00:00

REF No: IGFR/AHP/01/A (8)

20th March 2025

Charles M. Hinga, CBS, CA(SA)
Principal Secretary
State Department for Housing and Urban Development
Ardhi House
NAIROBI

Dear *PS*

**RE: FRAMEWORK FOR ALLOCATION AND DISBURSEMENT OF COUNTY
CONDITIONAL GRANT UNDER THE AFFORDABLE HOUSING ACT, 2024**

Reference is made to your letter Ref: MLPWHUD/HUD/ADM/1/1/1/VOL.VIII (9) dated 4th February 2025 seeking the National Treasury's approval of the aggregate sum of KSh.414,418,251 allocated by the Affordable Housing Board. This allocation is to be shared equally among County Rural and Urban Affordable Housing Committees in the FY 2025/26 as a conditional grant as stipulated for in the Affordable Housing Act, 2024. You have further attached the accompanying framework for inclusion in the 2025 Budget Policy Statement (BPS) for FY 2025/26.

The National Treasury has reviewed your request and observe that: -

- i) The State Department is seeking the approval of the allocations by the Cabinet Secretary, National Treasury and Economic Planning and further inclusion of KSh.414,418,251 in the 2025 Budget Policy Statement (BPS) and the County Governments Additional Allocations Bill 2025.
- ii) Section 11(4) (c) provides that, the Board shall allocate out of the Fund, *not less than point five percent (0.5 %) of the monies to the county committees for the administration of the County Committees as may be approved by the Cabinet Secretary for the time being responsible for the National Treasury.*
- iii) The State Department has not included the actual receipts of the Fund for FY 2023/24 and the projected collections for FY 2024/25 against which the 0.5 % transfer to counties is based on.
- iv) Article 203 of the Constitution of Kenya 2010 outlines the criteria to be taken into account in determining the equitable shares provided for under Article 202 *and in all national legislation concerning county government enacted in terms of Chapter 12*

of the Constitution. Specifically, Article 203 (1) (j) requires the desirability of stable and predictable allocations of revenue to be taken into account.

- v) Article 219 of the Constitution provides that *'A county's share of revenue raised by the national government shall be transferred to the county without undue delay and without deduction, except when the transfer has been stopped under Article 225.'*

Based on the above observations, the National Treasury wishes to respond as follows: -

- i) For the CS/NT &EP to make an informed decision on approval of the allocation as provided in Section 11(4) (c) of the **Affordable Housing Act, 2024**, the State Department of Housing is requested to provide actual receipts of the Fund for FY 2023/24 and the projected collections for FY 2024/25 against which to charge the 0.5 % transfer to counties.
- ii) In order to propose stable and predictable allocations to County Governments and further to ensure the allocations are transferred without deductions as provided in line with Article 203 (1) (j) and Article 219 of the Constitution, the National Treasury recommends that the allocations be based on actual receipts of the Housing Levy for FY 2023/24. Basing the allocations to Counties on FY 2024/25 fiscal projections rather than actual collections poses potential risk of not transferring the full amount in case of underperformance of the projected Housing Levy.
- iii) The BPS 2025, Division of Revenue Bill 2025, County Allocation of Revenue Bill 2025 and the County Governments Additional Allocations Bill 2025 were approved by Cabinet on 11th February 2025 and thereafter submitted to Parliament for consideration and approval. The National Treasury therefore advises the State Department to channel the framework directly to Parliament for consideration, upon approval of the allocation by the Cabinet Secretary, National Treasury and Economic Planning pursuant to Section 11(4) (c) of the Affordable Housing Act, 2024.

The allocation by the Cabinet Secretary, pursuant to Section 11(4) (c) of the Affordable Housing Act, 2024 shall therefore be contingent to the State Department for Housing and Urban Development providing the above requested information.

The purpose of this letter, therefore, is to share the National Treasury's response on the above stated request for your further necessary action.

Yours

Sincerely


DR. CHRIS KIPTOO, CBS
PRINCIPAL SECRETARY/ THE NATIONAL TREASURY

Copy to: Hon. FCPA John Ng'ongo Mbadi, EGH
Cabinet Secretary
The National Treasury and Economic Planning
NAIROBI

Hon. Alice Wahome, EGH
Cabinet Secretary
Ministry of Lands, Public Works, Housing and Urban Development
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Ag. Chief Executive Officer
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QS Said Athman, EBS
Housing Secretary
State Department for Housing and Urban Development
NAIROBI



**MINISTRY OF LANDS, PUBLIC WORKS, HOUSING AND
URBAN DEVELOPMENT**

State Department for Housing and Urban Development

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NAIROBI

RE: MLPWHUD/HUD/ADM/1/1/1/VOL.VIII(128)

DATE: 17th April, 2025

Dr. Chris Kiptoo, CBS
Principal Secretary
The National Treasury
NAIROBI

Dear *PS*,

**RE: FRAMEWORK FOR ALLOCATION AND DISBURSEMENT OF COUNTY
CONDITIONAL GRANT UNDER THE AFFORDABLE HOUSING ACT,
2024**

The above subject matter refers.

Reference is made to your letter **Ref: IGFR/AHP/01/1(8)** dated **20th March 2025**, responding to our request for the National Treasury's approval of the County Committees' allocation under the Affordable Housing Act, 2024, as a conditional grant to be captured under the Draft Budget Policy Statement for FY 2025/26 in the framework we provided.

The Affordable Housing Board has reviewed the response and, based on the observations noted and the responses provided, we wish to inform the National Treasury as follows:

- Housing Levy Collection and Projection:** As per Section 11(4)(c) of the Affordable Housing Act, the Affordable Housing Board collected a total housing levy of Kshs.18,683,650,121 for FY 2023/2024. This figure represents collections from 19th March 2024, when the Affordable Housing Act was enacted, and provisions for allocation to County Committees were established. For FY 2024/2025, the Board projects to collect Kshs. 64,220,000,000, based on the analysis by the National Treasury of monthly collections since the inception of the Housing Levy in FY 2023/2024.
- Adoption of Accrual Basis Allocation Framework:** The Affordable Housing Board acknowledges and welcomes the National Treasury's recommendation to base allocations on actual receipts rather than projections to mitigate the risk of unstable and unpredictable allocations due to underperformance in Housing Levy collections. In response, the Board will adopt an accrual-based framework, wherein allocations to County Committees will be based on audited actual receipts of the Housing Levy at the end of each financial year before disbursement in the subsequent year. For FY 2023/2024, the Housing Levy has already been audited by the Office of the Auditor General, and a report has been issued.

3. **Consideration of Legislative Developments:** The Affordable Housing Board notes that the Budget Policy Statement 2025, Division of Revenue Bill 2025, County Allocation of Revenue Bill 2025, and the County Governments Additional Allocations Bill 2025 have already been approved. Consequently, the Board accepts the Treasury's advice and will directly submit the framework to Parliament for consideration, subject to approval of the allocation by the Cabinet Secretary for National Treasury and Economic Planning, pursuant to Section 11(4)(c) of the Affordable Housing Act, 2024.

Acknowledging the recommendations from the National Treasury, the Board will allocate funds to County Committees amounting to **Kshs.93,418,251** based on audited actual receipts of the Housing Levy for FY 2023/2024, using the approved allocation framework.

The purpose of this letter is to request the National Treasury's approval of the allocation for FY 2023/2024, based on the framework provided. Additionally, we seek approval for future allocations, starting from FY 2024/2025, to be conducted on an accrual basis framework using audited actual receipts to mitigate risks associated with planning and transferring funds based on projections.

Thank you for your continued support.

Yours *Sincerely*,



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

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

Hon. FCPA John Mbadi Ng'ongo, EGH
Cabinet Secretary
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**Affordable
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P.O Box 27521-00100, Nairobi
Tel: 0722832832 / 0733832832
info@affordablehousingboard.go.ke

REF: AHB/FIN/7(2)

DATE: 11th April, 2025

Charles M. Hinga, CBS CA(SA)

Principal Secretary

State Department for Housing and Urban Development

NAIROBI

Dear PS,

RE: FRAMEWORK FOR ALLOCATION AND DISBURSEMENT OF COUNTY CONDITIONAL GRANT UNDER THE AFFORDABLE HOUSING ACT, 2024

Subject matter above refers.

Reference is made to the National Treasury's letter **Ref: IGFR/AHP/01/1(8)** dated **20th March 2025**, responding to the Affordable Housing Board's request for approval of the County Committees' allocation under the Affordable Housing Act, 2024.

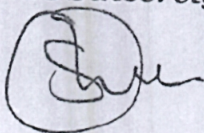
The National Treasury has reviewed the Board's request and issued recommendations to facilitate the approval of the conditional grant to the County Committees. In acknowledgment of these recommendations, the Board has allocated **Ksh 93,418,251** to the County Committees based on the audited actual receipts of the Housing Levy for FY 2023/2024, which will be based on the approved allocation framework.

Furthermore, for FY 2024/2025, the Board seeks approval to transition to an accrual-based framework. Under this approach, allocations to County Committees will be determined based on the audited actual receipts of the Housing Levy at the end of each financial year, with disbursements made in the subsequent year.

The National Treasury has also confirmed that the **Budget Policy Statement 2025, Division of Revenue Bill 2025, County Allocation of Revenue Bill 2025, and County Governments Additional Allocations Bill 2025** have already been approved. Consequently, the Board has accepted Treasury's guidance and will proceed to submit the framework directly to Parliament for consideration upon approval of the allocation by the Cabinet Secretary for National Treasury and Economic Planning, pursuant to Section 11(4)(c) of the Affordable Housing Act, 2024.

In light of the above, we kindly seek your concurrence and request that you forward the enclosed letter to the National Treasury for their approval of the proposed allocations for FY2023/24 and framework.

Yours Sincerely,



Sheila Waweru, OGW

Ag. CHIEF EXECUTIVE OFFICER

Encls.

Copy to: Hon. Alice Wahome, EGH

Cabinet Secretary

Ministry of Lands, Public Works, Housing and Urban Development

NAIROBI

Jeremiah Simu

Chairperson

Affordable Housing Board

NAIROBI



**MINISTRY OF LANDS, PUBLIC WORKS, HOUSING AND
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Fax: +254 (0) 20 2734886

RE: MTIHUD/HUD/UD/XXXX

11th April, 2025

Dr. Chris Kiptoo, CBS
Principal Secretary
National Treasury and Planning
National Treasury Building
NAIROBI

Dear PS,

**PROPOSED AMENDEMENT TO THE AFFORDABLE HOUSING ACT AND
THE TAX PROCEDURES ACT**

The Affordable Housing Act (the Act) provides for the establishment of the Affordable Housing Fund which is overseen by the Affordable Housing Board (the Board) as established under Section 16(1) of the Act. The mandate of the Board is to manage the Affordable Housing Fund and to oversee the development of affordable housing and Institutional housing and the associated social and physical infrastructure.

Under the Act, the Kenya Revenue Authority (KRA), as the appointed collector of the Housing Levy, has not been provided powers to enforce the collection of the Housing Levy.

In this regard, we hereby make the following proposals for your consideration:

We propose that the Affordable Housing Act is amended as follows:

- a. Deletion of Section 4(3) and substituting with the following new section:

"4(3) The Levy shall be payable to the collector, for remittance into the Fund, on or before the ninth day of the following month in which the gross salary was due or gross income was received or accrued"

Having the payment on the 9th day of the following month as opposed to the 9th working day will ensure smooth operations of the Board especially in cases where there is a weekend or public holiday.

b. Insertion of a new section 4(4) as follows:

“4(4) The Collector of the Levy shall be responsible for the assessment, collection and enforcement of the Levy.

(2) For the purposes of this Act, the Collector of the Levy shall have all the powers conferred on the Collector of the Levy by the Kenya Revenue Authority Act and the Tax Procedures Act, 2015.

In relation to this proposed amendment, we further propose that ***Part I of the first schedule of the Kenya Revenue Authority Act is amended to include the Affordable Housing Act*** as part of the laws which KRA shall administer and enforce.

This proposed amendment will provide a legal framework to support enforcement of levy collections by the Kenya Revenue Authority.

We look forward to your positive consideration and remain grateful for your continuous support.

Yours ***Sincerely,***

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

Copy to: **Hon. Alice M. Wahome, EGH**
Cabinet Secretary
Ministry of Lands, Public Works,
Housing and Urban Development
NAIROBI.

Jeremiah Simu
Chairperson
Affordable Housing Board
NAIROBI

Sheila Waweru, OGW
Ag. Chief Executive Officer
Affordable Housing Board
NAIROBI

HOUSING LEVY ACTUAL RECIEPTS:

A.) HOUSING LEVY COLLECTED BEFORE THE ENACTMENT OF THE AFFORDABLE HOUSING ACT, 2024

FY 2023/2024	
MONTH	AMOUNT (Kshs.)
Aug-23	2,983,338,154.60
Sep-23	7,557,759,702.75
Oct-23	5,422,773,220.05
Nov-23	5,357,769,930.10
Dec-23	5,446,602,244.60
Jan-24	5,103,407,974.85
Feb-24	1,566,834,686.25
Mar-24	1,282,192,480.65
Total	34,720,678,393.85

B.) HOUSING LEVY COLLECTED AFTER THE ENACTMENT OF THE AFFORDABLE HOUSING ACT, 2024

FY 2023/2024	
MONTH	AMOUNT (Kshs.)
Mar-24	98,242,228.00
(From 22nd March 2024)	
24-Apr	7,152,557,521.00
24-May	4,773,280,612.00
24-Jun	6,659,569,760.00
Total	18,683,650,121.00
Total FY 2023/2024	53,404,328,514.85

FY 2024/2025	
MONTH	AMOUNT (Kshs.)
24-Jul	5,593,898,450.00
24-Aug	4,863,624,211.00
24-Sep	5,782,262,188.00
24-Oct	6,854,450,490.15
24-Nov	6,145,811,812.80
24-Dec	6,284,805,322.15
25-Jan	6,209,935,774.50
25-Feb	5,705,944,151.55
25-Mar	4,888,045,152.50
Total FY 2024/2025	52,328,777,552.65



COUNCIL OF GOVERNORS

STATUS REPORT ON CONSTRUCTION OF COUNTY AGGREGATION AND INDUSTRIAL PARKS IN COUNTIES

The National and County Governments have rolled out the establishment of the County Aggregation and Industrial Parks (CAIPs) in all the Counties.

TABLE 1: 13 PRIORITIZED CAIPS COMPLETION AND FUNDS DISBURSMENT STATUS AS OF 20TH JUNE 2025

S/No.	County	Share allocated by the County Government (Ksh.)	Amount disbursed by National Gov't as of 30/06/2025	Deficit from National Govt (Ksh.) as of 30/06/2025	Amount paid to contractors as of 20/06/2025	Completion status (%)as of 20/06/2025
1.	Bungoma	250 M	250 M	0	155.16 M	54%
2.	Busia	250 M	250 M	0	224.76 M	70%
3.	Embu	250 M	250 M	0	276.63 M	83%
4.	Garissa	250 M	250 M	0	380.4 M	79%
5.	Homa Bay	250 M	250 M	0	168.8 M	47%
6.	Kirinyaga	250 M	250 M	0	350.84 M	81%
7.	Machakos	250 M	250 M	0	212.15M	61.3%
8.	Meru	250 M	250 M	0	422.05 M	92%
9.	Uasin Gishu	250 M	250 M	0	238.5 M	55%
10.	Migori	250 M	250 M	0	307.1 M	85%
11.	Kwale	250 M	174,736,842	75,263,158	123.8 M	60%
12.	Wajir	250 M	122,105,258	127,894,742	316.76M	65%
13.	Kisii	250 M	122,105,257	127,894,743	294.69 M	75%

TABLE 2: 8 REMAINING PHASE ONE COUNTIES THAT HAD BEEN FUNDED BY NATIONAL GOVERNMENT, COMPLETION AND FUNDS DISBURSMENT STATUS AS OF 20TH JUNE 2025

S/No.	County	Share allocated by the County Government (Ksh.)	Amount disbursed by National Gov't as of 20/06/2025	Deficit from National Govt (Ksh.) as of 20/06/2025	Amount paid to contractors as of 20/06/2025	Completion status (%)as of 20/06/2025
14.	Mombasa	250 M	116.63 M	133.4 M	68.1 M	10%
15.	Murang'a	250 M	116.63 M	133.4 M	0 (Nill)	20%
16.	Nakuru	250 M	116.63 M	133.4 M	134 M	30%
17.	Nandi	250 M	116.63 M	133.4 M	159.16 M	30%
18.	Nyamira	250 M	116.63 M	133.4 M	126 M	30%
19.	Siaya	250 M	116.63 M	133.4 M	48.4 M	23%
20.	Trans Nzoia	250 M	116.63 M	133.4 M	110 M	25%
21.	Kiambu	250 M	116.63 M	133.4 M	324.5 M	60%

TABLE 3: COUNTIES THAT HAVE STARTED CONSTRUCTION OF CAIPS, , COMPLETION AND FUNDS DISBURSMENT STATUS AS OF 20TH JUNE 2025

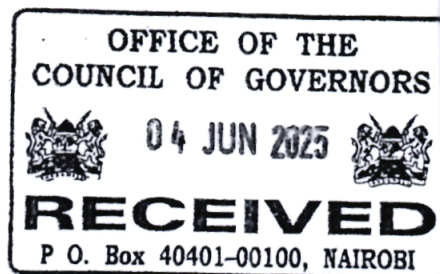
S/No.	County	Share allocated by the County Government (Ksh.)	Amount disbursed by National Gov't	Deficit from National Govt (Ksh.)	Amount paid to contractors	Completion status (%)
22.	Nyeri	250 M	-	250 M	93.16 M	25%
23.	Baringo	250 M	-	250 M	101 M	30%
24.	Nyandarua	250 M	-	250 M	56.65 M	17%
25.	Kajiado	250 M	-	250 M	30 M	16%
26.	Isiolo	250 M	-	250 M	-	0%
27.	Narok	250 M	-	250 M	25 M	10%
28.	Kericho	250 M	-	250 M	72 M	40%
29.	Kitui	250 M	-	250 M	198.4 M	41%
30.	Kilifi	250 M	-	250 M	50.26M	30%
31.	Kakamega	250 M	-	250 M	0 M	22%
32.	Taita Taveta	250 M	-	250 M	-	0%
33.	Tana River	250 M	-	250 M	150M	50%
34.	Vihiga	250 M	-	250 M	52 M	15%
35.	Elgeyo Marakwet	250 M	-	250 M	-	0%
36.	Laikipia	250 M	-	250 M	15 M	20%
37.	Tharaka Nithi	250 M	-	250 M	-	0%
38.	Marsabit	250 M	-	250 M	199.9 M	45%

PHASE THREE COUNTIES

S/No.	County	Share allocated by the County Government	Completion status (%)
39.	Kisumu	250 M	Tendering process completed. There is a budgetary allocation for the EIA and SIA in the Supplementary Budget.
40.	Samburu	250 M	To be readvertised
41.	Bomet	250 M	To be readvertised
42.	Mandera	250 M	Contractor awarded. The construction is yet to start. Feasibility and EIA done and will be taken to stakeholders for validation
43.	Lamu	250 M	Evaluation was done but not awarded. Not able to proceed due to resource constraints.
44.	Nairobi City	Ksh 250 million	a. At the procurement stage. CAIP wood and metal cluster conceptualized and 1 st draft project document developed by stakeholders b. Site identified and approved by the County Cabinet; Public Participation carried out & Architectural designs already proposed
45.	Makueni	-	Have met the minimum requirements and ready to advertise. Requesting for a meeting with CS MITI.
46.	Turkana	100M	Still in the preparation stages. Turkana has forwarded documents expressing interest to initiate CAIPs project.
47.	West Pokot	-	Still in the preparation stages

Summary of the Construction of CAIPs is as follows:

No.	Status Update	Number	Counties
1.	Above 70	7	Meru, Embu, Kirinyaga, Migori, Garissa, Busia, Kisii,
2.	Construction completion level at 50-70 %	7	Wajir, Machakos, Uasin Gishu, Bungoma, Kwale, Kiambu, Tana River
3.	Construction completion level (40% – 50%)	3	Homa Bay, Kericho, Kitui,
4.	Construction completion level (30% – 40%)	5	Nyamira, Nandi, Nakuru, Kilifi, Baringo
5.	Construction completion level (20% – 30%)	6	Siaya, Trans Nzoia, Nyeri, Laikipia, Kakamega and Marsabit
6.	Construction completion level between 0% and 20%	7	Murang'a, Mombasa, Nyandarua, Kajiado, Narok, Vihiga, Taita Taveta
7.	Construction yet to start (0%)	12	Isiolo, Tharaka Nithi, Nairobi, Kisumu, Lamu, Mandera, Elgeyo Marakwet, Samburu, Bomet, Makueni, Turkana, West Pokot



**MINISTRY OF HEALTH
STATE DEPARTMENT FOR MEDICAL SERVICES
OFFICE OF THE PRINCIPAL SECRETARY**

Telephone: Nairobi 254 -20 -2717077
Fax: 254 -20 - 2719008
Email: ps.medical@health.go.ke
When replying please quote:

CATHEDRAL ROAD
P.O Box 30016 -00100
NAIROBI

Ref No. MOH/ADM/DANIDA/I/2/I7I VOL.II

28th May, 2025

**To: County Executive Committee Members for Health and Finance
Chief Officers for Health and Finance**

Thro':

Chief Executive Officer
The Council of Governors
Delta House, Westlands
NAIROBI

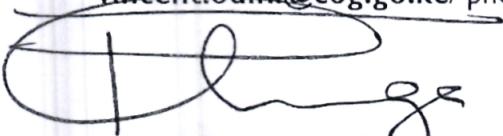
**COUNTY ALLOCATIONS FOR THE FINAL YEAR OF DISBURSEMENT (FY25/26)
UNDER THE DANIDA PRIMARY HEALTHCARE (PHC) SUPPORT PROGRAM.**

Reference is made to our earlier letter **Ref No. MOH/ADM/DANIDA/I/2/I7I Vol. II** on County Allocations for the final year of disbursement FY25/26 under the DANIDA Primary Healthcare Support Program.

The updated total budget for the financial year is **Ksh.833,428,000.00** with **Ksh.480,928,000.00** meant to support operations and maintenance costs at level 2 and 3 health facilities and **Ksh.352,500,000.00** as support to level 1. The allocation under level 1 includes **Ksh.22.5 million** carried over from the current FY24/25 given that the amount was not included in the County Governments Additional Allocations Bill (CGAAB). The allocation will also include additional funding of **Ksh.180 million** from the Royal Danish Embassy over and above the initially planned **Ksh.150 million**. Disbursement of funds will be dependent on the counties meeting all the DANIDA PHC minimum conditions and requirements as outlined in the DANIDA PHC Development Engagement Document (DED).

The purpose of this letter is to inform the counties of the FY25/26 allocations and to advise you to capture them accordingly in your workplans and budgets during the ongoing planning process. The counties are further advised to meet all minimum conditions in order to remain eligible for funding under the Grant. Attached is a summary outlining the breakdown of figures per county for inclusion in the AWP and Budgets and a letter from the Royal Danish Embassy on the same.

For further clarification, please contact the DANIDA PHC Program Officers, Michael Nyale on email michael.deche@cog.go.ke /phone **0727262539** or Vincent Odini on email vincent.odini@cog.go.ke / phone **0721976350**.



**DR. OUMA OLUGA, OGW
PRINCIPAL SECRETARY**

Copy: Henrik Larsen

Head of Cooperation and Team Leader Governance and Health
Royal Danish Embassy
NAIROBI

COUNTY ALLOCATIONS FOR FY25/26 FOR INCLUSION IN THE AWP_s AND BUDGET

COUNTY	Danida support towards O&M for L2 and L3 (40%)	County counterpart funding for FY25/26 (60%)	Danida Support to level I (including additional funds)	Funds missed out in FY23/24 to be disbursed in FY25/26 (O&M for L2 and L3 plus L1 support)
BARINGO	5,796,000.00	8,694,000.00	5,675,250.00	
BOMET	6,264,000.00	9,396,000.00	6,133,500.00	10,048,500.00
BUNGOMA	10,116,000.00	15,174,000.00	9,905,250.00	
BUSIA	6,840,000.00	10,260,000.00	6,697,500.00	
ELGEYO MARAKWET	4,392,000.00	6,588,000.00	4,300,500.00	
EMBU	4,896,000.00	7,344,000.00	4,794,000.00	
GARISSA	7,992,000.00	11,988,000.00	7,825,500.00	12,820,500.00
HOMA BAY	7,668,000.00	11,502,000.00	7,508,250.00	
ISIOLO	4,824,000.00	7,236,000.00	4,723,500.00	
KAJIADO	7,308,000.00	10,962,000.00	7,155,750.00	
KAKAMEGA	11,844,000.00	17,766,000.00	11,597,250.00	
KERICHO	6,120,000.00	9,180,000.00	5,992,500.00	
KIAMBU	10,728,000.00	16,092,000.00	10,504,500.00	
KILIFI	11,880,000.00	17,820,000.00	11,632,500.00	
KIRINYAGA	4,824,000.00	7,236,000.00	4,723,500.00	
KISII	8,856,000.00	13,284,000.00	8,671,500.00	
KISUMU	7,776,000.00	11,664,000.00	7,614,000.00	
KITUI	10,044,000.00	15,066,000.00	9,834,750.00	
KWALE	8,856,000.00	13,284,000.00	8,671,500.00	
LAIKIPIA	4,752,000.00	7,128,000.00	4,653,000.00	
LAMU	2,952,000.00	4,428,000.00	2,890,500.00	
MACHAKOS	8,820,000.00	13,230,000.00	8,636,250.00	14,148,750.00

MAKUENI	8,424,000.00	12,636,000.00	8,248,500.00	
MANDERA	11,628,000.00	17,442,000.00	11,385,750.00	18,653,250.00
MARSABIT	7,704,000.00	11,556,000.00	7,543,500.00	12,358,500.00
MERU	9,144,000.00	13,716,000.00	8,953,500.00	
MIGORI	7,704,000.00	11,556,000.00	7,543,500.00	12,358,000.00
MOMBASA	8,028,000.00	12,042,000.00	7,860,750.00	12,878,250.00
MURANG'A	7,164,000.00	10,746,000.00	7,014,750.00	
NAIROBI	18,108,000.00	27,162,000.00	17,730,750.00	
NAKURU	11,916,000.00	17,874,000.00	11,667,750.00	
NANDI	6,084,000.00	9,126,000.00	5,957,250.00	
NAROK	9,144,000.00	13,716,000.00	8,953,500.00	
NYAMIRA	5,472,000.00	8,208,000.00	5,358,000.00	
NYANDARUA	5,544,000.00	8,316,000.00	5,428,500.00	
NYERI	6,156,000.00	9,234,000.00	6,027,750.00	
SAMBURU	5,256,000.00	7,884,000.00	5,146,500.00	8,431,500.00
SIAYA	6,588,000.00	9,882,000.00	6,450,750.00	
TAITA TAVETA	4,824,000.00	7,236,000.00	4,723,500.00	
TANA RIVER	6,660,000.00	9,990,000.00	6,521,250.00	
THARAKA NITHI	4,464,000.00	6,696,000.00	4,371,000.00	
TRANS NZOIA	6,552,000.00	9,828,000.00	6,415,500.00	
TURKANA	11,988,000.00	17,982,000.00	11,738,250.00	19,230,750.00
UASIN GISHU	7,200,000.00	10,800,000.00	7,050,000.00	
VIHIGA	5,292,000.00	7,938,000.00	5,181,750.00	
WAJIR	9,720,000.00	14,580,000.00	9,517,500.00	
WEST POKOT	5,688,000.00	8,532,000.00	5,569,500.00	



ROYAL DANISH EMBASSY
Nairobi

Dr. Ouma Oluga
The Ministry of Health
Office of the Principal Secretary
State Department for Medical Services
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Enclosure
1

File
360 Ref: 24/31014

Department
Governance & Health

Date
May 28th, 2025

Dear Dr. Ouma Oluga,

Ref: Danida PHC Budget for the FY25/26.

We hereby forward you the planned budget for the Danida PHC Programme for the FY 2025/2026, broken down on counties, the Project Management Unit at MOH, and the TA Facilitation Funds for MOH and COG respectively.

Actual disbursements may vary from the budget, depending on the actual achievement of the eligibility criteria.

Please revert with any queries.

Kind regards

Henrik Larsen
Head of Cooperation

Disbursement Schedule for FY25/26 (2) - Balance of Dkk 10m or KES 180m added to FY25/26, and KES 22.5m b/f from FY24/25, added to FY25/26 to align w Gov't Budget (150m+180m+22.5m=352.5m)

COUNTY	CGAA FY23/24	FY 2025/26						COMMENTS	ACTUAL TR.1+L1+TR.2 Whole Year
		Overall L2/L3 Danida+County Budget	Danida Budget L2/L3 - Whole Year (40% of total)	Danida Budget L2/L3 - Tr.1	Danida Budget L1 - Whole Year	Danida Tr.1 + L1	Danida Tr. 2		
		900,000,000	360,000,000	180,000,000	352,500,000	532,500,000	180,000,000		712,500,000
BARINGO	1.61	14,490,000	5,796,000	2,898,000	5,675,250	8,573,250	2,898,000		11,471,250
BOMET	1.74	15,660,000	6,264,000	3,132,000	6,133,500	9,265,500	3,132,000	Added 23/24:	22,446,000
BUNGOMA	2.81	25,290,000	10,116,000	5,058,000	9,905,250	14,963,250	5,058,000		20,021,250
BUSIA	1.90	17,100,000	6,840,000	3,420,000	6,697,500	10,117,500	3,420,000		13,537,500
ELGEYO MARAKWET	1.22	10,980,000	4,392,000	2,196,000	4,300,500	6,496,500	2,196,000		8,692,500
EMBU	1.36	12,240,000	4,896,000	2,448,000	4,794,000	7,242,000	2,448,000		9,690,000
GARISSA	2.22	19,980,000	7,992,000	3,996,000	7,825,500	11,821,500	3,996,000	Added FY23/24:	28,638,000
HOMA BAY	2.13	19,170,000	7,668,000	3,834,000	7,508,250	11,342,250	3,834,000		15,176,250
ISIOLO	1.34	12,060,000	4,824,000	2,412,000	4,723,500	7,135,500	2,412,000		9,547,500
KAJIADO	2.03	18,270,000	7,308,000	3,654,000	7,155,750	10,809,750	3,654,000		14,463,750
KAKAMEGA	3.29	29,610,000	11,844,000	5,922,000	11,597,250	17,519,250	5,922,000		23,441,250
KERICHO	1.70	15,300,000	6,120,000	3,060,000	5,992,500	9,052,500	3,060,000		12,112,500
KIAMBU	2.98	26,820,000	10,728,000	5,364,000	10,504,500	15,868,500	5,364,000		21,232,500
KILIFI	3.30	29,700,000	11,880,000	5,940,000	11,632,500	17,572,500	5,940,000		23,512,500
KIRINYAGA	1.34	12,060,000	4,824,000	2,412,000	4,723,500	7,135,500	2,412,000		9,547,500
KISII	2.46	22,140,000	8,856,000	4,428,000	8,671,500	13,099,500	4,428,000		17,527,500
KISUMU	2.16	19,440,000	7,776,000	3,888,000	7,614,000	11,502,000	3,888,000		15,390,000
KITUI	2.79	25,110,000	10,044,000	5,022,000	9,834,750	14,856,750	5,022,000		19,878,750
KWALE	2.46	22,140,000	8,856,000	4,428,000	8,671,500	13,099,500	4,428,000		17,527,500
LAIKIPIA	1.32	11,880,000	4,752,000	2,376,000	4,653,000	7,029,000	2,376,000		9,405,000
LAMU	0.82	7,380,000	2,952,000	1,476,000	2,890,500	4,366,500	1,476,000		5,842,500
MACHAKOS	2.45	22,050,000	8,820,000	4,410,000	8,636,250	13,046,250	4,410,000	Added FY23/24:	31,605,000
MAKUENI	2.34	21,060,000	8,424,000	4,212,000	8,248,500	12,460,500	4,212,000		16,672,500
MANDERA	3.23	29,070,000	11,628,000	5,814,000	11,385,750	17,199,750	5,814,000	Added FY23/24:	41,667,000
MARSABIT	2.14	19,260,000	7,704,000	3,852,000	7,543,500	11,395,500	3,852,000	Added FY23/24:	27,606,000
MERU	2.54	22,860,000	9,144,000	4,572,000	8,953,500	13,525,500	4,572,000		18,097,500
MIGORI	2.14	19,260,000	7,704,000	3,852,000	7,543,500	11,395,500	3,852,000	Added FY23/24:	27,605,500
MOMBASA	2.23	20,070,000	8,028,000	4,014,000	7,860,750	11,874,750	4,014,000	Added FY23/24:	28,767,000
MURANG'A	1.99	17,910,000	7,164,000	3,582,000	7,014,750	10,596,750	3,582,000		14,178,750
NAIROBI	5.03	45,270,000	18,108,000	9,054,000	17,730,750	26,784,750	9,054,000		35,838,750
NAKURU	3.31	29,790,000	11,916,000	5,958,000	11,667,750	17,625,750	5,958,000		23,583,750
NANDI	1.69	15,210,000	6,084,000	3,042,000	5,957,250	8,999,250	3,042,000		12,041,250
NAROK	2.54	22,860,000	9,144,000	4,572,000	8,953,500	13,525,500	4,572,000		18,097,500
NYAMIRA	1.52	13,680,000	5,472,000	2,736,000	5,358,000	8,094,000	2,736,000		10,830,000
NYANDARUA	1.54	13,860,000	5,544,000	2,772,000	5,428,500	8,200,500	2,772,000		10,972,500
NYERI	1.71	15,390,000	6,156,000	3,078,000	6,027,750	9,105,750	3,078,000		12,183,750
SAMBURU	1.46	13,140,000	5,256,000	2,628,000	5,146,500	7,774,500	2,628,000	Added FY23/24:	18,834,000
SIAYA	1.83	16,470,000	6,588,000	3,294,000	6,450,750	9,744,750	3,294,000		13,038,750
TAITA TAVETA	1.34	12,060,000	4,824,000	2,412,000	4,723,500	7,135,500	2,412,000		9,547,500
TANA RIVER	1.85	16,650,000	6,660,000	3,330,000	6,521,250	9,851,250	3,330,000		13,181,250
THARAKA NITHI	1.24	11,160,000	4,464,000	2,232,000	4,371,000	6,603,000	2,232,000		8,835,000
TRANS NZOIA	1.82	16,380,000	6,552,000	3,276,000	6,415,500	9,691,500	3,276,000		12,967,500
TURKANA	3.33	29,970,000	11,988,000	5,994,000	11,738,250	17,732,250	5,994,000	Added FY23/24:	42,957,000
UASIN GISHU	2.00	18,000,000	7,200,000	3,600,000	7,050,000	10,650,000	3,600,000		14,250,000
VIHIGA	1.47	13,230,000	5,292,000	2,646,000	5,181,750	7,827,750	2,646,000		10,473,750
WAJIR	2.70	24,300,000	9,720,000	4,860,000	9,517,500	14,377,500	4,860,000		19,237,500
WEST POKOT	1.58	14,220,000	5,688,000	2,844,000	5,569,500	8,413,500	2,844,000		11,257,500
	100	900,000,000	360,000,000	180,000,000	352,500,000	532,500,000	180,000,000	Sub-total Counties:	833,428,000
								Danida TA COG FY26/27	1,700,000
								Danida TA MOH FY26/27	1,700,000
								Danida PMU FY26/27	13,000,000
								Subtotal TA/PMU FY 26/27	16,400,000
								Overall NT expected disbursement FY25/26:	849,828,000

DANIDA PHC COUNTY FUNDS TO BE DISBURSED IN FY25/26				
COUNTY	Danida support towards O&M for L2 and L3 (40%)	Danida Support to level 1 (including additional funds)	Funds missed out in FY23/24 and FY24/25 to be disbursed in FY25/26 (O&M for L2 and L3 plus L1 support)	Total Amounts
BARINGO	5,796,000.00	5,675,250.00		11,471,250.00
BOMET	6,264,000.00	6,133,500.00	10,048,500.00	22,446,000.00
BUNGOMA	10,116,000.00	9,905,250.00	13,698,750.00	33,720,000.00
BUSIA	6,840,000.00	6,697,500.00		13,537,500.00
ELGEYO MARAKWET	4,392,000.00	4,300,500.00		8,692,500.00
EMBU	4,896,000.00	4,794,000.00		9,690,000.00
GARISSA	7,992,000.00	7,825,500.00	12,820,500.00	28,638,000.00
HOMA BAY	7,668,000.00	7,508,250.00		15,176,250.00
ISIOLO	4,824,000.00	4,723,500.00		9,547,500.00
KAJIADO	7,308,000.00	7,155,750.00		14,463,750.00
KAKAMEGA	11,844,000.00	11,597,250.00	16,038,750.00	39,480,000.00
KERICHO	6,120,000.00	5,992,500.00		12,112,500.00
KIAMBU	10,728,000.00	10,504,500.00		21,232,500.00
KILIFI	11,880,000.00	11,632,500.00		23,512,500.00
KIRINYAGA	4,824,000.00	4,723,500.00		9,547,500.00
KISII	8,856,000.00	8,671,500.00		17,527,500.00
KISUMU	7,776,000.00	7,614,000.00		15,390,000.00
KITUI	10,044,000.00	9,834,750.00		19,878,750.00
KWALE	8,856,000.00	8,671,500.00		17,527,500.00
LAIKIPIA	4,752,000.00	4,653,000.00		9,405,000.00
LAMU	2,952,000.00	2,890,500.00		5,842,500.00
MACHAKOS	8,820,000.00	8,636,250.00	14,148,750.00	31,605,000.00
MAKUENI	8,424,000.00	8,248,500.00		16,672,500.00
MANDERA	11,628,000.00	11,385,750.00	18,653,250.00	41,667,000.00
MARSABIT	7,704,000.00	7,543,500.00	12,358,500.00	27,606,000.00
MERU	9,144,000.00	8,953,500.00		18,097,500.00

MIGORI	7,704,000.00	7,543,500.00	12,358,000.00	27,605,500.00
MOMBASA	8,028,000.00	7,860,750.00	12,878,250.00	28,767,000.00
MURANG'A	7,164,000.00	7,014,750.00		14,178,750.00
NAIROBI	18,108,000.00	17,730,750.00		35,838,750.00
NAKURU	11,916,000.00	11,667,750.00		23,583,750.00
NANDI	6,084,000.00	5,957,250.00		12,041,250.00
NAROK	9,144,000.00	8,953,500.00		18,097,500.00
NYAMIRA	5,472,000.00	5,358,000.00		10,830,000.00
NYANDARUA	5,544,000.00	5,428,500.00		10,972,500.00
NYERI	6,156,000.00	6,027,750.00		12,183,750.00
SAMBURU	5,256,000.00	5,146,500.00	8,431,500.00	18,834,000.00
SIAYA	6,588,000.00	6,450,750.00		13,038,750.00
TAITA TAVETA	4,824,000.00	4,723,500.00		9,547,500.00
TANA RIVER	6,660,000.00	6,521,250.00		13,181,250.00
THARAKA NITHI	4,464,000.00	4,371,000.00		8,835,000.00
TRANS NZOIA	6,552,000.00	6,415,500.00		12,967,500.00
TURKANA	11,988,000.00	11,738,250.00	19,230,750.00	42,957,000.00
UASIN GISHU	7,200,000.00	7,050,000.00		14,250,000.00
VIHIGA	5,292,000.00	5,181,750.00		10,473,750.00
WAJIR	9,720,000.00	9,517,500.00		19,237,500.00
WEST POKOT	5,688,000.00	5,569,500.00		11,257,500.00
TOTALS:	360,000,000.00	352,500,000.00	150,665,500.00	863,165,500.00

38	Siaya	1,987,622.36
39	Taita Taveta	1,987,622.36
40	Tana River	1,987,622.36
41	Tharaka Nithi	1,987,622.36
42	Trans Nzoia	1,987,622.36
43	Turkana	1,987,622.36
44	Uasin Gishu	1,987,622.36
45	Vihiga	1,987,622.36
46	Wajir	1,987,622.36
47	West Pokot	1,987,622.36
	TOTAL	93,418,251.00

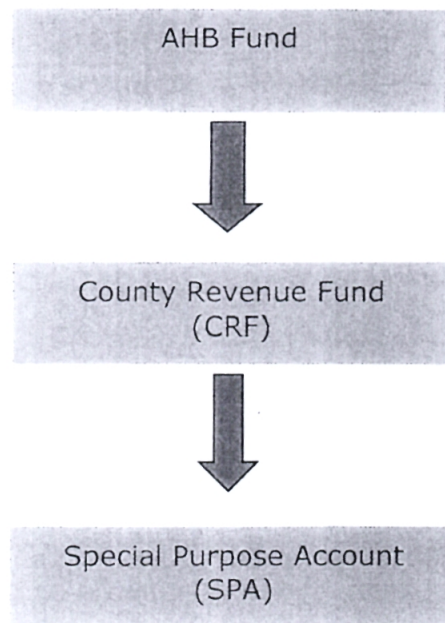
STEPS ON APPROVAL PROCESS OF THE COUNTY ALLOCATION FRAMEWORK

Steps	Activity	Deliverable	Responsible entity
01	Develop draft county allocation framework based on audited accounts	Draft County allocation framework	AHB
02	Submission of the Draft County allocation to stakeholders for consensus	Comments of draft allocation framework	AHB/COG
03	Approval by the Board on the agreed framework	Board approval	AHB
04	Submission to National Treasury for approval	Approval by NT	AHB
05	Submission to parliament for approval	Approval of County allocation framework by the County	AHB
06	Communication by the Board to the Counties on the approved framework	Approved framework	AHB
07	Disbursement of approved County allocation grant to Counties based on fulfillment of the set conditions	Actual disbursement to Counties	AHB
08	Monitoring and reporting – Submission of reports on implementation status and progress	Reports	Counties/AHB

Second Schedule

Conditional Grant to County Governments Rural and Urban Housing Committees Under Affordable Housing Programme in the Financial Year 2025/26 (KSh. 93,418,251.00)		
S/No	County	Column A (KSh.)
1	Baringo	1,987,622.36
2	Bomet	1,987,622.36
3	Bungoma	1,987,622.36
4	Busia	1,987,622.36
5	Elgeyo/Marakwet	1,987,622.36
6	Embu	1,987,622.36
7	Garissa	1,987,622.36
8	Homa Bay	1,987,622.36
9	Isiolo	1,987,622.36
10	Kajiado	1,987,622.36
11	Kakamega	1,987,622.36
12	Kericho	1,987,622.36
13	Kiambu	1,987,622.36
14	Kilifi	1,987,622.36
15	Kirinyaga	1,987,622.36
16	Kisii	1,987,622.36
17	Kisumu	1,987,622.36
18	Kitui	1,987,622.36
19	Kwale	1,987,622.36
20	Laikipia	1,987,622.36
21	Lamu	1,987,622.36
22	Machakos	1,987,622.36
23	Makueni	1,987,622.36
24	Mandera	1,987,622.36
25	Marsabit	1,987,622.36
26	Meru	1,987,622.36
27	Migori	1,987,622.36
28	Mombasa	1,987,622.36
29	Murang'a	1,987,622.36
30	Nairobi	1,987,622.36
31	Nakuru	1,987,622.36
32	Nandi	1,987,622.36
33	Narok	1,987,622.36
34	Nyamira	1,987,622.36
35	Nyandarua	1,987,622.36
36	Nyeri	1,987,622.36
37	Samburu	1,987,622.36

Proposed Funds Flow



i. Develop Annual Investment Programme as an integral Part of Annual Development Plan (ADP) adopted by county executive and approved by the county assembly.	Yes/No
ii. Prepare annual workplans, budget and procurement plan	Yes/No
iii. Submit quarterly written reports on the implementation of affordable housing programme for the County to the Board in the prescribed format, 15 days after end of a quarter.	Yes/No
iv. Submit annual reports on the implementation of affordable housing programme for the County to the Board in the prescribed format.	Yes/No
v. Prepare quarterly Statement of Expenditure signed by accounting officer.	Yes/No
vi. Funds utilized only on matters related to affordable housing.	Yes/No

Disbursement instruments

- i. County Government Additional Allocation Act (CGAAA)
- ii. Approved Budget of the Board
- iii. Approved Budget of the counties
- iv. Approved Disbursement schedule
- v. Compliance with the conditions

The functions of the County Committee as per the Act are:

- (a) In consultation with the Board, develop a framework for the attainment of affordable housing in the county
- (b) Advise the Governor on affordable housing programmes within the county
- (c) Develop a five-year affordable housing investment programme for the county and annual housing investment programme for the county
- (d) Collaborate with the boards of cities and municipalities in developing plans for social and physical infrastructure related to affordable housing pursuant to section 21 of the Urban Areas and Cities Act
- (e) Make periodical written reports on the five-year affordable housing investment programme for the county and annual housing investment programme for the county to the Board
- (f) Make annual reports to the county assembly on the implementation of affordable housing in the county and
- (g) Perform such other duties as may be assigned by the county governor in writing.

4.0 CONDITIONS AND RESPONSIBILITIES FOR DISBURSEMENT OF THE CONDITIONAL GRANT

ITEM	DESCRIPTION
Ministry/State Department/Agency Responsible	Affordable Housing Board (AHB)
Accounting Officer Responsible for the National Government	Chief Executive Officer-Affordable Housing Board
Responsibilities of the National Government Accounting Officer	i. Jointly with the Council of Governors, prepare an engagement framework for allocation and disbursement of county conditional grants. ii. Seek approvals from the National Treasury on Disbursement Framework and allocation of County conditional grants iii. Sign Inter-governmental Participation Agreement (IPA) with the County Governments iv. Ensure county allocation grants funds are included in the approved budget of the Board. v. Disburse county allocation as per the Act. vi. Submit quarterly and annual financial and performance reports to the National Treasury. vii. Monitor and evaluate performance of the allocation and report to the National Treasury.
Conditions to the County Governments	i. An established County Rural and Urban Affordable Housing Committee as per Section 34 of the Act.

	ii. A signed Inter-governmental Participation Agreement (IPA) with the Affordable Housing Board. iii. Open a Special Purpose Account (SPA) for disbursement of the funds with the authority of the County Treasury and communicate to the Board. iv. Transfer of funds from County Revenue Fund (CRF) to Special Purpose Account within 14 days. v. Develop a county specific policy framework for the attainment of affordable housing in the County in consultation with the Board. vi. Develop Annual Investment Programme as an integral Part of Annual Development Plan (ADP) adopted by the county executive and approved by the county assembly and adopted by county executive. vii. Prepare and submit to the AHB the annual workplan, budget and procurement plan. viii. Submit quarterly written reports on the implementation of affordable housing programme for the County to the Board in the prescribed format, 15 days after end of a quarter. ix. Prepare and submit to the Board quarterly Statement of Expenditure signed by the accounting officer. x. Share Audited accounts report with the Board 15 days after receipt of the report from the Auditor General. xi. Ensure that the funds are utilized only on matters related to affordable housing as per the Act. xii. Provide proof of levy payment by the County.
Accounting Officer of the County Government responsible	The Chief Officer responsible for housing in the county government
Accounting Officer of the County Government responsibility	i. Facilitate signing of Inter-governmental Participation Agreement (IPA) with the Affordable Housing Board. ii. Facilitate opening of Special Purpose Account into which the grant will be deposited and managed. iii. Prepare Annual Work Plan, budget and procurement plan and share with the Affordable Housing Board. iv. Ensure prudent management of the resources. v. Support the Committee in developing a county specific policy framework for the attainment of affordable housing in the County in consultation with the Board. vi. Ensure submission of quarterly and annual reports on the implementation of affordable housing programme for the County to the Board within the prescribed timelines. vii. Facilitate securing of housing site(s) and getting concurrence and necessary approvals as applicable. viii. Entering into a project funding agreement with the Board as

	applicable.
Purpose of the grant	For the administration of the county committees as per Section 11 (4) (c) of the Affordable Housing Act, 2024.
Allocation: FY 2025/26	i. There is an allocation of Kshs 93,418,251 in the FY 2025/26 budget being 0.5% of the collections of the Actual Affordable Housing Levy that was collected and remitted to the Affordable Housing Board as per the most recent audited accounts (FY 2023/24) pursuant to Section 11(4)(c) of the Act ii. Therefore, each of the 47 counties gets an average allocation of Ksh 1,987,622.36 as illustrated in the schedule. iii. This grant is allocated for the purpose of defraying recurrent expenses of the County Rural and Urban Affordable Housing Committees. iv. Notwithstanding (iii) above, the funds allocated under the grant shall not be utilized to procure vehicles or salaries and wages other than what is provided under section 37 of the Act
Allocation criteria	The funds will be allocated to all Counties equally, based on Affordable Housing Board's Audited Financial Accounts of the previous Financial Year and on actual housing levy collected since roles to be played by all County Committees are similar.

Protocol/criteria of assessment of meeting the conditions for the performance

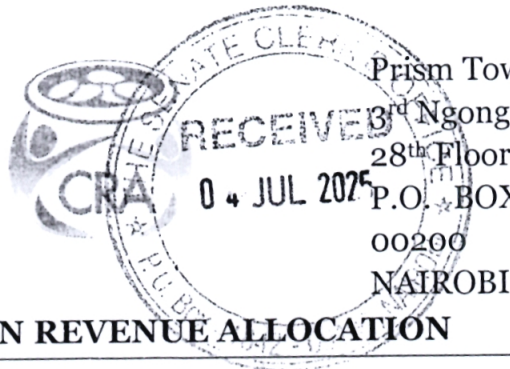
a. Minimum access conditions	
Conditions for the performance	Protocol/criteria of assessment
i. County Rural and Urban affordable Housing Committee	i. Letters of appointment by the Governor
ii. A signed Inter-governmental Participation Agreement (IPA) with the Affordable Housing Board.	i. Copy of signed IPA
ii. Open a Special Purpose Account (SPA) for disbursement of the funds with authority of National Treasury and communicate to the Board	i. Authority from The County Treasury to open an SPA ii. Account details of the SPA including: Bank name, bank account, branch and signatories to the Account.
a. Minimum performance conditions	

i. Transfer of funds from County Revenue Fund (CRF) to Special Purpose Account within 7 days.	i. Quarterly Bank statements ii. Quarterly Bank reconciliation statements
ii. Develop a county specific policy framework for the attainment of affordable housing in the County in consultation with the Affordable Housing Board.	i. A Copy of approved policy framework
iii. Develop Annual Investment Programme as an integral Part of Annual Development Plan (ADP) approved by the county assembly and adopted by county executive.	Copy of approved annual Investment programme
iv. Prepare annual workplans, budget and procurement plan approved by county assembly and adopted by county executive	Approved annual workplans, budget and procurement plan
v. Submit quarterly written reports on the implementation of affordable housing programme for the County to the Board in the prescribed format, 15 days after end of a quarter.	Quarterly reports
vi. Submit annual reports on the implementation of affordable housing programme for the County to the Board in the prescribed format.	Annual reports
vii. Prepare and submit to the Board quarterly Statement of Expenditure signed by accounting officer.	Quarterly Statements of Expenditure
viii. Funds utilized only on matters related to affordable housing.	Quarterly Statements of Expenditure reports

Installments disbursement for meeting the conditions for the performance

Conditions for the performance	Meet condition
i. Establishment of the County Rural and Urban affordable Housing Committee	Yes/No
ii. A signed Inter-governmental Participation Agreement (IPA) with the Affordable Housing Board.	
iii. Open a Special Purpose Account (SPA) for disbursement of the funds with authority of County Treasury and communicate to the Board	

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



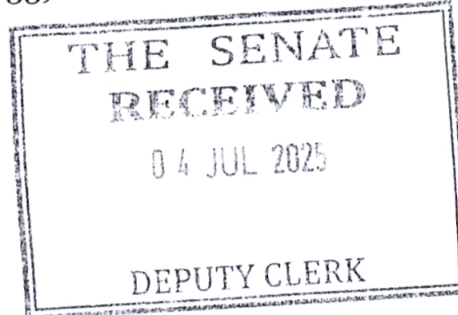
Prism Towers
3rd Ngong Avenue
28th Floor
P.O. BOX 1310 -
00200
NAIROBI

COMMISSION ON REVENUE ALLOCATION

REF: CRA/ADM/SEN/o2 Vol. III (133)

DATE: 2nd July 2025

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



Dear *Nyegenye*

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

The Commission acknowledges receipt of your letter reference number SEN/DSEC/F&B/2025/092 (h) dated 30th June, 2025. The letter invited the Commission to submit its views on the following Bills: the Equalisation Fund Appropriation Bill, 2025 (Senate Bills No. 7 of 2025); the County Governments Additional Allocations (No. 2) Bill, 2025 (Senate Bills No. 8 of 2025) and the County Allocation of Revenue Bill, 2025 (Senate Bills No. 9 of 2025).

The Commission has reviewed the Bills and wishes to submit a memorandum with the comments attached herein as Appendix I. Also attached, find the Kenya Roads Board allocations from the RMLF to the county governments.

Thank you for your continued cooperation.

Yours sincerely,

[Signature]
CPA. Roble Said Nuno
Ag. Commission Secretary/CEO

Encl:



② DSEC (BL)
Kindly deal
[Signature]
08/07/2025

① DSEC
DK
Kindly deal -
[Signature]
07/07/2025

③ Mr. Gitonga
Kindly deal
[Signature]
08/07/2025



Promoting an Equitable Society

MEMORANDUM ON BILLS REFERRED TO THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET

1. Equalisation Fund Appropriation Bill, 2025

No.	Provision of the Bill	Issue	Proposal	Justification
1.	Section 2: Issue of monies out of the Equalisation Fund	The Equalisation Fund Secretariat may issue the sum of Kenya Shillings sixteen billion, eight hundred million, being the allocation for FY 2025/26 , out of the Equalisation Fund and apply it towards the supply granted for the service of the year ending on the 30 th June, 2026	Further clarity is required on the sum total of Kenya Shillings sixteen billion, eight hundred million (Ksh16,800,000,000) allocated to the fund which is at variance with the allocations provided in the Division of Revenue Bill, 2025 - The DoRB, 2025 provides for a total allocation to the Equalisation Fund of Ksh. 10,589,554,076 of which: Ksh.7,852,814,125 is equivalent to 0.5% of FY 2020/21 account of revenue and, - Arrears of Ksh. 2,736,739,351	The Bill need to define the allocation to the Equalisation Fund of Ksh. 6,210,445,924, which is over and above the DoRB provision of Ksh. 10,589,554,076. The Commission notes that previous Equalisation Fund Appropriation Acts provide that approval granted shall continue in force until all the projects identified are completed. In this case, the previous Acts do not lapse until all the money is spent.
2.	Schedule S2: Allocation to beneficiary counties from the Equalisation Fund	The Bill allocates the Equalisation Fund development expenses at the constituency level	The Bill to introduce a column further allocating the Equalisation Fund expenses at the ward level	The Second Policy identifying marginalised areas provided for an implementation framework of the Equalisation Fund through the Project Implementation Units (PIUs) at the Divisional level- currently Ward level.

2. County Government Additional Allocations Bill, 2025

No.	Provision of the Bill	Issue	Proposal	Justification
1.	Section 2: Interpretation of the Bill	The meaning of additional allocation has excluded the unconditional allocations to county governments from court fines and mineral royalties	Include the unconditional allocations to county governments from court fines and mineral royalties in the meaning of additional allocation	Unconditional allocations to county governments from court fines and mineral royalties are provided in the Bill in the First Schedule
2.		Non-inclusion of the Road Maintenance Levy Fund (RMLF) in the Bill	The Senate to consider including the RMLF allocation to the county governments in the Bill for the financial year 2025/26 based on 15 percent estimate by the Kenya Roads Board, as the Fourth Schedule	The judgement on case number: HCCHRPET/E423/2024 ruled as follows with respect to the RMLF: i. A declaration that the decision of the National Assembly dated 28th September 2023 to unilaterally remove and/or fail to provide for the County Governments as beneficiaries of funds of the Road Maintenance Levy Fund ('RMLF') in the financial year 2024/2025 and 2025/2026 and its further decision of 13th August 2024 to further remove County Governments as beneficiaries of Kshs. 10,522,211,853.00 conditional grants from funds derived from Road Maintenance Levy Fund ('RMLF' in the financial year 2024-2025- amounts to a threat to undermine devolution and is thus unconstitutional for violating Article 10, 118, 186 and Section 18 of Part I of Fourth Schedule of the Constitution.

No.	Provision of the Bill	Issue	Proposal	Justification
				ii. A declaration that any appropriation of funds from Road Maintenance Levy Fund (RMLF) that does not provide for the county governments as beneficiaries of the RMLF undermines the principles of devolution, is unconstitutional, unenforceable, illegal null and void. iii. Notwithstanding the fact that there is an appeal on the court ruling on RMLF, the Kenya Roads Board disbursed Ksh 3,662,774,150 from the RMLF to the county governments on the 17th June 2025. (attached)
3.	Section 3(a), line 2	Despite reference to Article 202(2), Section 3(a) has not specified the additional allocation that it refers to	Add after... <i>additional allocation...</i> 'from the national government's share of revenue' after allocation	For clarity
5.	Section 5(2), line 5	Citation of Public Finance Management Act 2012 is incomplete	Insert '2012' after Act	For clarity
6.	Section 6(1)(a), line 1	The noun 'doctor' is incorrectly singularised	Replace "doctor" with the plural possessive form doctors'	Editorial
7.	Section 5(1)(a)	Section 5(1)(a) indicates that proceeds of court fines are set out on Column A of the First Schedule	The correct reference column for proceeds of court fines is Column B of the First Schedule	Editorial

No.	Provision of the Bill	Issue	Proposal	Justification
		However, Column A of First Schedule on page 138 sets out the total unconditional additional allocation to county governments for FY 2024/25		
8.	Section 5(1)(b)	Section 5(1)(b) makes wrong reference to Column B	The correct reference is Column C	Editorial
9		Sections 6(1)(a) to (d) make wrong references to Columns A to D of the Second Schedule respectively	The correct column referencing is as follows: Sections 6(1)(a) – refers to Column B Sections 6(1)(b) – refers to Column C Sections 6(1)(c) – refers to Column D Sections 6(1)(d) – refers to Column E	Editorial
10.	Sections 6(2)(a) to (z)	Sections 6(2)(a) to (z) make wrong references to Columns A to R of the Third Schedule	Correct the column references to start from Section 6(2)(a) which refers to Column B and adjust the rest accordingly	Editorial

General observation: The Bill presents details of the formulas on how the various Development Partners funds are shared among county governments. This are already in the financing agreements and therefore they should be presented as memorandum items.

3. County Allocation of Revenue Bill, 2025

No.	Provision of the Bill	Issue	Proposal	Justification
1.	Section 2, line 4	Citation of Commission on Revenue Allocation Act 2011 is incomplete	Insert '2011' after Act	For clarity
2.	Section 4(2), line 6	Citation of Public Finance Management Act 2012 is incomplete	Insert '2012' after Act	For clarity
3.	Section 6: Funding of transferred function	Section 6(1) to (6) only considers a situation where function(s) are transferred from a county government to the National Government in line with Article 187 of the Constitution and excludes a situation to the contrary	Amend Section 6 to include a situation where function(s) are transferred from the National Government to a county government in line with Article 187 of the Constitution	The Constitution provides for transfer of functions to either level of government
4.	Memorandum of objects and reasons	Indicates that Section 10 of the Bill provides for use of the third determination of the basis of the allocation of revenue among counties as approved by Parliament pursuant to Article 217(7) of the Constitution	Section 10: For the avoidance of doubt the allocation of the equitable share of revenue to county governments under section 4 of this Act shall be in accordance with the fourth determination of the basis of the division of revenue among counties approved by Parliament pursuant to Article 217(7) of the Constitution.	The Senate through a resolution, has determined the Fourth Basis for revenue sharing among county governments
5.	Appendix: explanatory memorandum	Section 17 of the explanatory memorandum provides that Ksh. 9.6 billion has been set	-Harmonize the figure provided towards the Equalisation Fund allocation	The assumption is that the figure provided in the Equalisation Fund Appropriations Bill, 2025 of Ksh.

No.	Provision of the Bill	Issue	Proposal	Justification
	to the County Allocation of Revenue Bill, 2025	aside for the Equalisation Fund in the Financial year 2025/26. This amount is different from the amount of Ksh.16.8 billion provided in the Equalisation Fund Appropriations Bill, 2025	in the financial year 2025/26 in the Division of Revenue Bill, County Allocation of Revenue Bill and Equalisation Fund Appropriations Bill, 2025.	16.8 billion constitutes arrears from the previous year's allocation, either way this needs to be harmonized with the Division of Revenue Bill and County Allocation of Revenue Bill.

In conclusion:

- The Commission has no issue on the First Schedule on allocation of each county government's equitable share of revenue raised nationally in the FY 2025/26. The Commission confirms that the Fourth Basis for revenue sharing is correctly applied as approved by the Senate.
- The Commission has also no issue on the Second Schedule on County Government Budget Ceilings on Recurrent Expenditure in Financial Year 2025/26.



KENYA ROADS BOARD

3rd Floor, Kenya Re Towers, off Ragati Road, Upper Hill
P.O. Box 73718 - 00200, Nairobi, Kenya
ISDN Tel: +254 20 498 0000, 020 272 3185, 020 272 2865
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Email: info@krb.go.ke | Website: www.krb.go.ke

ISO 9001:2015 Certified

KRB/DRCR/1/VOL. II/ (47) A

His Excellency the Governor,
47 County Governments

Dear Sir/Madam,



17th June 2025

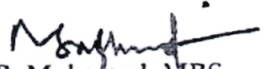
RE: RELEASE OF KShs 3,682,774,150.00 ROAD MAINTENNACE LEVY FUND (RMLF) TO THE 47 COUNTY GOVERNMENTS.

The Board has released funds amounting to Kshs 3,682,774,150.00 (Kshs. Three Billion Six Hundred Eighty Two Million Seven Hundred Seventy Four Thousand One Hundred Fifty Only) directly to the CRF accounts of the 47 County Governments held at Central Bank of Kenya. The funds are to be applied for maintenance of county roads and the specific allocation to each County Government is attached.

You are required to prepare and submit to the Board an Annual Road Works Programme (ARWPs) for the funds released in accordance with section 19 of the KRB Act.

Submitted for your action.

Yours faithfully,


R. Mohamed, MBS
DIRECTOR GENERAL

//Attached

Cc: Eng. Joseph M. Mbugua, CBS
Principal Secretary
State Department for Roads
Ministry of Roads and Transport
NAIROBI.

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

KENYA ROADS BOARD
RELEASE OF RMLF TO COUNTIES

County Code.	County Name	Allocation (Kshs)
1	Mombasa	45,601,067.00
2	Kwale	71,758,747.00
3	Kilifi	85,820,621.00
4	Tana River	69,459,630.00
5	Lamu	47,403,262.00
6	Taita Taveta	78,389,752.00
7	Garissa	63,863,645.00
8	Wajir	90,533,914.00
9	Mandera	66,010,855.00
10	Marsabit	83,508,017.00
11	Isiolo	64,255,720.00
12	Meru	102,835,642.00
13	Tharaka Nithi	55,944,250.00
14	Embu	73,706,112.00
15	Kitui	152,421,270.00
16	Machakos	111,125,100.00
17	Makueni	146,891,738.00
18	Nyandarua	78,019,732.00
19	Nyeri	100,348,699.00
20	Kirinyaga	67,262,744.00
21	Murang'a	94,718,150.00
22	Kiambu	118,951,472.00
23	Turkana	88,140,833.00
24	West Pokot	57,829,022.00
25	Samburu	60,855,995.00
26	Trans-Nzoia	52,848,312.00
27	Uasin Gishu	86,288,947.00
28	Elgeyo Marakwet	52,755,391.00
29	Nandi	65,154,809.00
30	Baringo	71,309,826.00
31	Laikipia	80,806,317.00
32	Nakuru	183,432,688.00
33	Narok	97,352,834.00
34	Kajiado	106,350,427.00
35	Kericho	59,568,948.00
36	Bomet	57,185,813.00
37	Kakamega	81,318,878.00
38	Vihiga	37,535,760.00
39	Bungoma	63,910,688.00
40	Busia	45,520,243.00
41	Siaya	57,316,842.00
42	Kisumu	68,301,577.00
43	Homabay	61,056,106.00
44	Migori	56,919,675.00
45	Kisii	60,713,540.00
46	Nyamira	41,412,736.00
47	Nairobi	120,057,803.00
TOTAL		3,682,774,149.00





SUBMISSION ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS (No. 2) BILL, 2025

JULY 2025

A. INTRODUCTION

The Institute of Certified Public Accountants of Kenya (ICPAK) is a statutory body of accountants established under the Accountants Act of 1978, and as repealed under the Accountants Act Number 15 of 2008, mandated to develop and regulate the Accountancy Profession in Kenya. It is also a member of the International Federation of Accountants (IFAC), the global umbrella body for the accountancy profession and Pan Africa Federation of Accountants (PAFA), the continental body of Accountants.

This submission is in response to the publication of the *County Governments Additional Allocations Bill, 2025*, which seeks to allocate additional funding to county governments in the financial year 2025/26. These funds include conditional allocations for specific county projects, unconditional allocations from sources such as court fines, and grants from international partners.

A key allocation in the Bill is the Community Health Promoters (CHPs) initiative, which will ensure stipends for healthcare workers essential to the Universal Health Coverage (UHC) program.

The County Governments Additional Allocations (No. 2) Bill, 2025 allocates Kshs. 4,500,000,000 to County Aggregation and Industrial Parks, with each of 17 counties allocated Kshs. 250,000,000 in the FY 2025/26. This is aimed at developing industrial parks aimed at boosting local manufacturing and agribusiness. The Institute has provided a set of specific recommendations on the implementation of CAIPS.

B. SUMMARY OF INSTITUTE'S PROPOSALS

No.	KEY ISSUE	DISCUSSION	RECOMMENDATION	JUSTIFICATION
1.	Clause 5 Mineral Royalties	The total mineral royalties for the FY2023/24 and 2025/26 are Kshs. 2.93 billion, suggesting no growth in mining activity, under reporting or inaccurate calculations.	Insert new Clause 5A: Transparency in Royalty Computation 5A. Publication of Royalty Computation Data <i>(1) The Cabinet Secretary shall, every financial year, publish and publicize a report that includes:</i> <i>(a) Total royalties collected from each mineral and from each county.</i> <i>(b) The list of licensed mining operations per county.</i> <i>(2) The report shall be gazetted and posted on the Ministry of Mining and National Treasury websites before disbursement.</i>	To enhance equity and accuracy.

Submission on the County Governments Additional Allocations (No. 2) Bill, 2025

No.	KEY ISSUE	DISCUSSION	RECOMMENDATION	JUSTIFICATION
2.	Clause 5(1)b Unconditional additional allocations.	Section 183 of the Mining Act provides that twenty percent of the Mineral Royalties shall be distributed to the County Government and 10% to the community where the mining operations occur. However, 10% is not provided in the County Government Additional Allocation Bill.	Amend Clause 5(1)b 1(b)unconditional allocations to the beneficiary county governments to be shared between the National Government, County Government, and to the Community where the mining operations in 70:20:10 share of mineral royalties pursuant to Section 183 of the Mining Act as set out in Column B of the First Schedule. Further to that, the Institute proposes an amendment to Column B of the First Schedule of the Bill to provide for the 10% of the mineral royalties to the communities where the mining operations occur.	To comply with the Mining Act
3.	Clause 5	Lack of Clarity on the Basis of Unconditional Allocations.	Amend by including a new sub-clause 3 to read:	To enhance transparency and accountability

Submission on the County Governments Additional Allocations (No. 2) Bill, 2025

No.	KEY ISSUE	DISCUSSION	RECOMMENDATION	JUSTIFICATION
	Unconditional Allocations	The Bill does not disclose the underlying data e.g. total amount of fines collected per county and mineral extraction volumes used to compute allocations	<i>"The Cabinet Secretary shall publish annually a detailed technical report explaining the computation and basis of all unconditional allocations under this Act, including audited data on court fines and mineral royalties by source and location."</i>	
4.	New Provision	There is need to include an annual audited report detailing collection and distribution of court fines per county.	Amend the Bill by introducing a new Fourth Schedule with the Audited Financial Report detailing court fines per County.	To provide a base for allocation of Court Fines per County and promote fiscal predictability and accountability.

C. FOCUS ON COUNTY AGGREGATION AND INDUSTRIAL PARKS

The The County Governments Additional Allocations (No. 2) Bill, 2025 allocates Kshs. 4,500,000,000 to County Aggregation and Industrial Parks, with each of 17 counties allocated Kshs. 250,000,000 in the FY 2025/26.

The initial phase of the County Aggregation and Industrial Parks (CAIPs) was projected to cost Ksh 4.7 billion, with Ksh 4.5 billion allocated for the establishment of the industrial parks and Ksh 200 million designated for project coordination and monitoring.

In FY 2023/2024, the County Governments Additional Allocation Act 2023 facilitated the disbursement of Ksh 4.5 billion from the National Treasury to 18 counties under Phase One of the CAIP program. This was disbursed in four (4) tranches as indicated below:

Table 2: Disbursement of the Conditional allocation from nationally raised revenue

Date of Disbursement	Monthly in Million (25%)	Cumulative in Million
15/3/2024	1,125	1,125
15/4/2024	1,125	2,250
15/5/2024	1,125	3,375
15/6/2024	1,125	4,500

Source: Report of the Standing Committee on Finance and Budget, March 2024

The 18 counties covered in the Phase one of the project included: Busia, Bungoma, Embu, Garissa, Homa Bay, Meru, Mombasa, Nyamira, Siaya, Migori, Trans Nzoia, Kiambu, Kirinyaga, Machakos, Murang’a, Nakuru, Nandi and Uasin Gishu. The table below shows the amount projected to be allocated to each of the counties between the months of March and June 2024

Table 3: Amount per County per tranche

Tranche	Amounts per County (Ksh.)	Total Allocation (Ksh.)
1	62.5 million	1.125 billion
2	62.5 million	1.125 billion
3	62.5 million	1.125 billion
4	62.5 million	1.125 billion

Source: Own Calculation

However, discrepancies have been observed from the information provided in the controller of budget reports as demonstrated below:

Table 4: Budget analysis towards CAIPs implementation in 18 counties, FY 2023/24

County	Conditional Grant from National Government			Development Projects with the Highest Expenditure			
	Annual Budget Allocation (million)	Actual Receipts ('000)	% of actual receipts/annual allocation	Project Location	Contract Sum	Amount Paid	Implementation Status (%)
Busia	-	62,500	-	Nasewa	250,000,000	100,000,000	40%
Bungoma	250	-	0%	Sang'alo West Ward	474,153,714	50,011,448	11%
Embu	250	64,000	26%	County Wide	10,000,000	10,000,000	100%
Garissa	250	102,500	41%	Township	490,600,000	80,000,000	16%
Homa Bay	217	62,500	29%	Rachuonyo North	62,500,000	62,500,000	100%
Meru	250	62,500	25%	Ruiru-Rware Ward	480,000,000	137,155,806	29%
Mombasa	250	62,500	25%	-	-	-	-
Nyamira	250	62,500	25%	-	-	-	-
Siaya	250	62,500	25%	Central Alego	483,688,922	48,368,892	-
Migori	250	62,500	25%	-	-	-	-
Trans Nzoia	250	62,500	25%	Namandala	499,166,766	110,000,000	22%
Kiambu	250	64,000	26%	Githunguri	500,000,000	62,500,000	13%
Kirinyaga	250	-	-	-	-	-	-
Machakos	250	64,000	26%	Mikuyu	476,634,987	106,000,000	22%
Murang'a	100	62,500	63%	-	-	-	-
Nakuru	250	62,500	-	-	-	-	-
Nandi	250	62,500	25%	-	-	-	-
Uasin Gishu	250	62,500	25%	Moiben	510,000,000	309,886,242	61%

Source: Office of the Controller of Budget, 2024

From the table 3 above, 14 counties were allocated Ksh. 250 million earmarked for the construction of CAIPs. The other 4 showed a deviation from the expected. Murang'a and Homa bay had a lower allocation of 100 million and 217 million respectively, while Kirinyaga and Busia did not have any amount allocated for CAIPs construction. On the other hand, the data shows that although there was an allocation for Nakuru and Bungoma county, the 2 did not receive any amount.

It is observed that the amount paid out towards the construction of CAIPs by some counties was higher than the actual receipts. These include Busia, Bungoma, Meru, Trans Nzoia, Machakos and Uasin Gishu.

A further analysis demonstrates that some counties did not prioritize the CAIPs, yet they had an allocation earmarked towards the project. These include Mombasa, Nyamira, Migori, Murang'a and Nandi.

This review raises budget credibility and financial accountability concerns by the project implementers.

1. Implementation Gaps and Concerns

1. Pre-feasibility and feasibility studies

Good project management practice requires that prior to investing in a capital investment project, the investors, should carry out a pre-feasibility and feasibility studies to ascertain the viability of the project. This should inform the investor/s of the capital required, return on investment and the period within which they would recoup their investments. Based on these parameters, the investor then determines the capital required and the period within which the project should be carried out.

However, there is no evidence of these studies being carried out. This is shown by the absence of reports to confirm the same, the prolonged period taken to complete the project and inefficiencies in utilization of funds.

2. Funding

- (i) *Availability of funding:* The Standing Committee on Finance and Budget (March 2024) report highlighted that the disbursement of County Aggregation and Industrial Parks (CAIP) funds was tied to national revenue performance, creating budgetary uncertainty for counties. This means that in case the national revenue falls

Submission on the County Governments Additional Allocations (No. 2) Bill, 2025

short of target, counties may face reduced allocations, leading to delays or cancellations of crucial infrastructure projects.

In addition, the timing of disbursement towards funding of the project by the SDI and counties may vary hence hindering timely implementation.

- (ii) *Unclear Utilization of Funds*: Despite the allocation of funds for FY 2023/24 and FY 2024/25, the project remains stuck in Phase 1 (covering 18 counties). It is paramount that the Controller of Budget does not authorize withdrawal of funds earmarked for CAIPs from the exchequer without supporting documentations.

3. Reduced County Coverage/Inconsistency in the county coverage

Under the original plan, 40 counties were expected to benefit by Phase 2. However, in the Ministry's strategic Plan 2023-2027, only 36 counties will receive funding by this stage, resulting in delays for four counties that would miss out on timely project implementation.

The BPS 2025 and the Strategic Plan of the Ministry 2023-2027 indicates that the entire project will have been completed by the FY 2025/26. However, this is highly unlikely owing to non-completion of a single CAIP.

2. Recommendations on CAIPs

Based on global best practices, the following are some of the policy issues identified and recommended actions.

#	Policy Issue	Current Position in Kenya	Recommendation for Kenya
1.	Pre-feasibility and feasibility studies	Lack of publicly available evidence of the studies having been conducted	County Governments to carry out feasibility analysis for the remaining counties under phase 2 and 3.
2.	Availability of funding	Budgetary uncertainty for counties and SDI	Counties to advertise the opportunity for entrepreneurs to provide venture capital.

Submission on the County Governments Additional Allocations (No. 2) Bill, 2025

#	Policy Issue	Current Position in Kenya	Recommendation for Kenya
			Office of the Controller of Budget to interrogate the request for withdrawal of funds to ensure budget credibility.
3.	Adapting park models to fit local conditions and capacities and customizing parks to meet the needs of specific industries and counties.	Lack of feasibility study reports to provide this information.	When expanding or replicating industrial parks in different regions of Kenya, adapt the model to local conditions, ensuring that political, institutional, and market factors are considered. Design parks with flexibility to cater to county/sector-specific needs. Tailor-park dimensions, location, and design to the industries being targeted, ensuring adaptability to market changes.
4.	Promoting private-sector leadership in park development and management.	The County Governments to supervise the construction of works and operationalization of CAIP project at the Counties. The Ministry to support the Counties with the sample designs, drawings and Bills of quantities	Counties should empower local entrepreneurs to lead the implementation of industrial parks by ensuring that they are central to park design, operations, and management, while maintaining oversight.
5.	Training and Capacity building for CAIPs users	Not operational as the project is at its formative stage	Ministry and County Governments to implement training and capacity building

Submission on the County Governments Additional Allocations (No. 2) Bill, 2025

#	Policy Issue	Current Position in Kenya	Recommendation for Kenya
			programs for CAIPs users for sustained growth.
6.	Continuous Program Refinement	Lack of avenues for stakeholder to provide feedback	Establish mechanisms for ongoing feedback and adaptation in park programs. Ensure that lessons learned are integrated into program design and implementation.

Conclusion

The County Aggregation and Industrial Parks (CAIPs) initiative presents a significant opportunity to accelerate Kenya's industrialization and economic growth. This is by ensuring that Kenyan products are competitive as well as expanding the tax base.

However, there are gaps observed in the implementation process. Based on lessons from best global practices on the establishment of CAIPs, Kenya may have missed out on the most important aspect of this, i.e. carrying out the feasibility studies. This is shown by the glaring gaps in the CAIPs implementation project.

There is thus need to seal the gaps identified to ensure that Kenya remains on course towards the realization of vision 20% by 2030.



COUNTY ASSEMBLIES FORUM (CAF)

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Email: communication@countyassembliesforum.org www.countyassembliesforum.org

CAF MEMORANDUM ON THE COUNTY GOVERNMENT ADDITIONAL ALLOCATIONS (NO.2) BILL, (*Senate Bill No.8 Of 2025*).

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

FROM: The County Assemblies Forum.

DATE: 4th July 2025

SUBJECT: CAF Memorandum on The County Government Additional Allocations
(No.2) Bill, No.8 of 2025.

1.0 INTRODUCTION

1. The County Assemblies Forum (CAF) is the coordinating body of the 47 County Assemblies in Kenya. The primary mandate of CAF is to promote networking and synergy among the 47 County Assemblies, coordinate intergovernmental relations and enhance good practice in legislative development. Our Mission is to provide effective leadership and coordination of the 47 County Assemblies and through policy and legislative action, promote a conducive working environment for all its members, and in that way deliver quality services to the people.
2. As one of the pillars of the devolved government system, CAF is committed to engage in processes that lead to the further strengthening of funding mechanisms to County Governments.

2.0. BACKGROUND

- 2.1. The principal object of the Bill is to make provision for the transfer of unconditional and conditional additional allocations from National Government's share of revenue and from development partners to county governments for the financial year 2024/25.
- 2.2. The Bill concerns county governments as it provides for the allocation and transfer of additional allocations from National Government's share of revenue and from development partners to county governments.
- 2.3. The Bill deals with matters other than those listed in the definition of a money Bill under Article 114 (3) of the Constitution and is therefore not a money Bill within the meaning of Article 114 of the Constitution.

3.0. GENERAL COMMENTS.

- 3.1. The Forum appreciates the Senate standing committee for Finance and Budget for providing the opportunity to give views on The County Government Additional Allocations (No.2) Bill, No.8 of 2025.
- 3.2. It worth noting that, The Bill allocates funds to programs like Community Health



Promoters, Industrial Parks, and donor-backed projects such as KDSP II and FLLoCA. However, their implementation is constrained by Sections 191A-191E of the PFM Act, which, though meant for accountability, have caused delays and planning disruptions due to bureaucratic complexity.

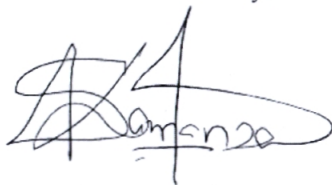
- 3.3. Another area of concern is the handling of donor-supported funds. In the 2024/25 fiscal year, over KSh 38.4 billion in grants were reallocated without stakeholder consultation. The Bill lacks provisions preventing such unilateral actions by the National Treasury.
- 3.4. Equally critical is the absence of robust mechanisms to resolve disagreements arising from funding shortfalls, late disbursements, or cutbacks. Cooperative governance, which the Constitution envisions, demands clear processes for mediation and dispute settlement.
- 3.5. Finally, CAF notes with concern the persistent issue of low absorption rates in externally funded programs. For instance, in FY 2023/2024, fourteen donor-backed projects with total allocations of KSh 515.1 billion failed to utilize KSh 304.4 billion, representing 59.1% of available funding. Several of these projects were approaching their conclusion, raising the risk that planned outputs would remain incomplete and objectives unmet. Moreover, some funding agreements included commitment fee clauses on undrawn balances, resulting in financial waste and poor value for money.
- 3.6. On basis of the foregoing the forum proposes the following amendments: -

4.0 SUMMARY MATRIX OF THE PROPOSED AMENDMENTS.

NO.	CLAUSE	PROPOSED AMENDMENT	JUSTIFICATION
1.	Clause 6: " 6. (1) Conditional allocations to each county government from the National Government's share of revenue for the financial year 2025/26 shall be as set out in the Second Schedule, comprising – (a) conditional allocation for the settlement of doctor salary arrears as set out in Column A of the Second Schedule; (b) conditional allocation for the Community Health Promoters (CHP) Project as set out in Column B of the Second Schedule; (c) conditional allocations for the construction of county headquarters as	Amend the clause as follows:- - "6. (1) Conditional allocations to each county government from the National Government's share of revenue for the financial year 2025/26 shall be as set out in the Second Schedule, comprising – (a) conditional allocation for the settlement of doctor salary arrears as set out in Column A of the Second Schedule; (b) conditional allocation for the Community Health Promoters (CHP) Project as set out in Column B of the Second Schedule; (c) conditional allocations for the	➤ The proposed amendment clarifies and expands the categories of conditional allocations from the National Government share of revenue for the financial year 2024/25. By explicitly introducing allocations for proceeds from the Road Maintenance Fuel Levy (RMLF) Fund, the amendment ensures that all key county-level priorities are both recognized and funded under the law. ➤ Further, The omission of RMLF allocations contravenes the ruling in HCCHR Petition No. E423 of 2024 affirming counties' right to road maintenance funding. This threatens compliance with Article

	set out in Column C of the Second Schedule; and (d) conditional allocations for the County Aggregation and Industrial Parks (CAIP) Programme as set out in Column D of the Second Schedule."	construction of county headquarters as set out in Column C of the Second Schedule; and (d) conditional allocations for the County Aggregation and Industrial Parks (CAIP) Programme as set out in Column D of the Second Schedule. (e) Conditional allocations financed by proceeds from the Road Maintenance Fuel Levy (RMLF) Fund shall be as set out in the Second Schedule"	185(2) and the Fourth Schedule of the Constitution of Kenya.
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Yours Sincerely,



HON. SETH KAMANZA,
CHAIRPERSON

REPUBLIC OF KENYA



THIRTEENTH PARLIAMENT | FOURTH SESSION
THE SENATE

INVITATION FOR SUBMISSION OF MEMORANDA

The Equalisation Fund Appropriation Bill, 2025 [Senate Bills No. 7 of 2025]

**The County Governments Additional Allocations (No. 2) Bill, 2025
[Senate Bills No. 8 of 2025]**

The County Allocation of Revenue Bill, 2025 [Senate Bills No. 9 of 2025]

The Equalisation Fund Appropriation Bill, 2025 [Senate Bills No. 7 of 2025], the County Governments Additional Allocations (No. 2) Bill, 2025 [Senate Bills No. 8 of 2025] and the County Allocation of Revenue Bill, 2025 [Senate Bills No. 9 of 2025] were read a First Time in the Senate on Friday, 27th June, 2025.

Thereafter, the Bills stood committed to the Standing Committee on Finance and Budget for consideration. The Committee is required, pursuant to standing order 145(5) of the Senate Standing Orders, to facilitate public participation on the Bills and to take into account the views and recommendations of the public when the Committee makes its report on the Bills to the Senate.

The Equalisation Fund Appropriation Bill, 2025 [Senate Bills No. 7 of 2025] seeks to authorize issuance of a sum of money out of the Equalisation Fund and its application towards provision of public basic services for Financial Year 2025/2026.

The County Governments Additional Allocations (No. 2) Bill, 2025 [Senate Bills No. 8 of 2025] seeks to make provisions for the transfer of conditional and unconditional allocations from the National Government's share of revenue and from proceeds of loans and grants from development partners to the county governments for Financial Year 2025/2026.

The County Allocation of Revenue Bill, 2025 [Senate Bills No. 9 of 2025] provides for the equitable allocation of revenue raised nationally among the county governments for Financial Year 2025/2026 and responsibilities of national and county governments pursuant to such allocation.

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

The memoranda may be submitted to the Clerk of the Senate, P.O. Box 41842-00100, Nairobi, hand-delivered to the Office of the Clerk of the Senate, Main Parliament Buildings, Nairobi or emailed to clerk.senate@parliament.go.ke and copied to financebudgetcomm.senate@parliament.go.ke to be received on or before **Friday, 4th July, 2025 at 2.00 p.m.**

The Bills and the digests that summarize the contents and context of the Bills may be accessed on the Parliament website at <http://www.parliament.go.ke/the-senate/house-business/bills>.

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