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THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON:

**THE CONSIDERATION OF THE PENSIONS (AMENDMENT) BILL, 2024
(NATIONAL ASSEMBLY BILLS NO. 25 OF 2024)**

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 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 03 APR 2025	DAY: THURSDAY
TABLED BY:	CHAIRPERSON, DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING (HON. J. K. KURIA)
CLERK-AT THE-TABLE:	J. Lemeche APRIL 2025

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LIST OF ABBREVIATIONS AND ACRONYMS

COK	-	Constitution of Kenya
COLA	-	Cost of Living Adjustment
DB	-	Defined Benefit
MP	-	Member of Parliament
ODM	-	Orange Democratic Movement
SRC	-	Salaries and Remuneration Commission
UDA	-	United Democratic Alliance

ANNEXURES

Annexure 1: Adoption Schedule

Annexure 2: Adoption Minutes

Annexure 3: The Pensions (Amendment) Bill, 2024 (National Assembly Bills No. 25 of 2024)

Annexure 5: Advertisement inviting the public to submit memoranda on the Bill.

Annexure 6: Letter from the Clerk of the National Assembly inviting relevant stakeholders to attend the public participation forum.

Annexure 7: Memoranda by Stakeholders

CHAIRPERSON'S FOREWORD

This report contains the proceedings of the Departmental Committee on Finance and National Planning on its consideration of the Pensions (Amendment) Bill (National Assembly Bills No. 25 of 2024). The Bill was published in the Kenya Gazette Supplement No. 88 on 12th April, 2024 and read a first time on 5th June, 2024. The Bill was committed to the Committee for consideration and tabling of the report to the House pursuant to Standing Order 127.

The principal object of the Bill is to amend the Pensions Act, Cap. 189, to include the automatic cost of living adjustment to the pensions earned by all retired public servants. In addition, the Bill seeks to provide for the use of the most current salary applicable to a job group as the basis for the calculation of the pensions payable to public servants who have retired in that job group or its equivalent.

In compliance with Article 118 (1) (b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly placed an advertisement in the print media on 12th June 2024, inviting the public to submit memoranda by way of written statements on the Bill.

In addition, the Clerk of the National Assembly, vide letter Ref. No.NA/DDC/F&NP/2025/022 dated 14th March 2025 invited key stakeholders to submit views on the Bill and attend a public participation forum on Wednesday, 26th March 2025. The memoranda were to be received on or before 2nd July 2024 at 5.00 pm (East African Time). The Committee received three memoranda.

The Committee observed that, although the Bill proposes to amend the Pension Act, Cap 189, there is an existing Pensions (Increase) Act, Cap. 190 that provides a legal framework for pension increases. Further, it noted that implementing the proposals in the Bill would substantially strain the Exchequer within Kenya's tight fiscal space. Finally, the Committee also observed that the Bill is discriminatory and is in breach of Article 27 of the Constitution since it provides for different treatment of two tiers of retirees.

On behalf of the Departmental Committee on Finance and National Planning and pursuant to the provisions of Standing Order 199(6), it is my singular honour to present to this House the Report of the Committee on its consideration of the Pensions (Amendment) Bill (National Assembly Bills No. 25 of 2024).

The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support accorded to it during its consideration of the Bill. Similarly, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat, who made invaluable contributions towards preparing and producing this report.

It is my pleasure to report that the Committee has considered the Pensions (Amendment) Bill (National Assembly Bills No. 25 of 2024) and wish to report to this August House with the recommendations that the House **rejects** the Bill in its entirety as proposed in the Schedule of Amendments.

Hon. CPA. Kuria Kimani, CBS, M.P.

Chairperson, Departmental Committee on Finance and National Planning

CHAPTER ONE

I.0 PREFACE

I.1 ESTABLISHMENT AND MANDATE OF THE COMMITTEE

1. The Departmental Committee on Finance and National Planning is one of twenty departmental committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows:
 - a) *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - b) *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
 - c) *To, on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - d) *To study and review all legislation referred to it;*
 - e) *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - f) *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - g) *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
 - h) *To examine treaties, agreements and conventions;*
 - i) *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
 - j) *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - k) *To examine any questions raised by Members on a matter within its mandate.*
2. The Second Schedule to the National Assembly Standing Orders assigns the Committee the mandate to consider matters in relation to public finance, public audit policies, monetary policies, financial institutions, economy, investment policies, competition, banking, insurance, national statistics, population, revenue policies including taxation, national planning and development, digital finance, including digital currency.
3. In executing its mandate, the Committee oversees the following Ministries/Departments:
 - a) The National Treasury.
 - b) State Department for Economic Planning.

- c) State Department of Public Investment & Asset Management
- d) The Commission on Revenue Allocation (CRA)
- e) Office of the Controller of Budget.

I.2 COMMITTEE MEMBERSHIP

4. The Departmental Committee on Finance and National Planning was constituted by the House on 27th October 2022 and comprises the following Members:

Chairperson

Hon. CPA Kuria Kimani, CBS, MP

Molo Constituency

UDA Party

Vice-Chairperson

Hon. (Amb.) CPA Langat Benjamin Kipkirui, CBS, MP

Ainamoi Constituency

UDA Party

Members

Hon. Peter Kaluma, CBS, MP
Homa Bay Town Constituency

ODM Party

Hon. CPA Oyula, Joseph H. Maero, MP
Butula Constituency

ODM Party

Hon. Mboni, David Mwalika, MP
Kitui Rural Constituency

WDM Party

Hon. Okuome Adipo Andrew, MP
Karachuonyo Constituency

ODM Party

Hon. Hon Mangale Chiforomodo, MP
Lunga Lunga Constituency

UDM Party

Hon. CPA Rutto Julius Kipletting, MP
Kesses Constituency

UDA Party

Hon. Paul Biego, MP
Chesumei Constituency

UDA Party

Hon. Sunkuyia, R. George, MP
Kajiado West Constituency

UDA Party

Hon. Betty Maina, MP
Murang'a County

UDA Party

Hon. Sheikh Umul Kassim, MP
Mandera County

UDM Party

Hon. (Dr.) Shadrack Mwiti, MP
South Imenti Constituency

Jubilee Party

Hon. (Dr.) Ariko John, MP
Turkana South Constituency

ODM Party

Hon. Machele M. Soud, MP
Mvita Constituency

ODM Party

I.3 COMMITTEE SECRETARIAT

5. The following staff facilitates the Committee:

Mr. Benjamin Magut
Principal Clerk Assistant II /Head of Secretariat

Ms. Jennifer Ndeto
Deputy Director Legal Services

Mr. Benson Kamande
Clerk Assistant III

Mr. Salem Lorot
Legal Counsel I

Ms. Winfred Kambua
Clerk Assistant III

Mr. George Ndenjeshe
Fiscal Analyst III

Mr. James Macharia
Media Relations Officer I

Mr. Andrew Jumanne Shangarai
Principal Serjeant-At-Arms

Ms. Joyce Wachera
Hansard Reporter II

Mr. Benson Muthuri
Assistant Serjeant-At-Arms

Ms. Nelly W. Ondieki
Research Officer III

Mr. Mwangi Muchiri
Audio Officer III

Mr. Allan Ngugi
Committee Intern

CHAPTER TWO

2.0 OVERVIEW OF THE PENSIONS (AMENDMENT) BILL, 2024 (NATIONAL ASSEMBLY BILLS NO. 25 OF 2024)

2.1 Background

6. The Pensions (Amendment) Bill, 2024 (National Assembly Bills No. 25 of 2024), sponsored by the Honourable Tandaza Sawa, MP, was published on 12th April 2024. It was read for a first time on 5th June, 2024 and was then committed to the Committee for consideration and tabling of report.

2.2 Summary of Legal Provisions

7. The principal object of the Bill is to amend the Pensions Act, Cap. 189, to include an automatic cost-of-living adjustment to the pensions earned by all retired public servants. In addition, the Bill seeks to provide for the use of the most current salary applicable to a job group as the basis for the calculation of the pensions payable to public servants who have retired in that job group or its equivalent.

8. Clause 2 of the Bill seeks to amend section 3 of the Pensions Act to insert the following new subsections—

(1A) An officer who has been in service of the government shall be entitled to an automatic cost of living adjustment increase to the pension, gratuities or other allowances issued under the Act, where the rate of inflation is high enough to substantiate a cost of living adjustment increase.

(1B) The automatic cost of living adjustment under subsection (1A) shall be calculated based on an increase in the consumer price index within a period of twelve months ending on the 30th of June in each financial year.

(1C) The Consumer price index shall be determined by the Kenya National Bureau of Statistics established under the Statistics Act.

(1D) The Cabinet Secretary shall cause to be published such information relating to automatic cost of living adjustment in the Gazette.

(1E) The provisions of this section shall apply to an officer who has been in service of the government who retires after the commencement of this section.

(1F) In this section—

“Consumer Price Index” means an index number that measures a change in the prices of goods and services purchased or otherwise acquired by households and which are used directly or indirectly by a household to satisfy their own needs and wants;

“Cost of living” means an amount of money needed to cover basic expenses including housing, food, health care, clothing and education;

“Cost of living adjustment” means a change in income or benefits that correspond with the current rate of cost of living.

9. Clause 2 of the Bill also seeks to amend section 3 of the Pensions Act to provide that the most current salary applicable to a job group shall be the basis for computation of the pensions payable to an officer who has been in service of the government who retired in that job group or its equivalent. It deletes subsection (5) and substitutes with a new subsection providing as follows;-

“(5) Subject to the provisions of any other written law, the most current salary applicable to a job group shall be the basis for computation of the pensions payable to an officer who has been in service of the government who retired in that job group or its equivalent.”

10. Section 3(5) of the Pensions Act provides as follows; -

3. (5) Any pension or gratuity granted under this Act shall be computed in accordance with subsections (1), (2) and (3) of section 112 of the Constitution.

11. Section 112(1), (2), (3) of the repealed Constitution provided as follows; -

112. (1) The law to be applied with respect to pensions benefits that were granted to a person before 12th December, 1963 shall be the law that was in force at the date on which those benefits were granted or any law in force at a later date that is not less favourable to that person.

(2) The law to be applied with respect to pensions benefits (not being benefits to which subsection (1) applies) shall—

(a) in so far as those benefits are wholly in respect of a period of service as a public officer that commenced before 12th December, 1963, be the law that was in force on 11th December, 1963; and

(b) in so far as those benefits are wholly or partly in respect of a period of service as a public officer that commenced after 11th December, 1963, be the law in force on the date on which that period of service commenced, or any law in force at a later date that is not less favourable to that person.

(3) Where a person is entitled to exercise an option as to which of two or more laws shall apply in this case, the law for which he opts shall, for the purposes of this section, be deemed to be more favourable to him than the other law or laws.

CHAPTER THREE

3.0 PUBLIC PARTICIPATION AND STAKEHOLDER ENGAGEMENT ON THE BILL

3.1 LEGAL FRAMEWORK ON PUBLIC PARTICIPATION

12. Article 118 (1)(b) of the Constitution provides that:

“Parliament shall facilitate public participation and involvement in the legislative and other business of Parliament and its Committees.”

13. The National Assembly Standing Order 127 (3) and (3A) stipulates that:

*“(3) The Departmental Committee to which a Bill is committed shall **facilitate public participation on the Bill** through an appropriate mechanism including-*

- (a) inviting submission of memoranda;*
- (b) holding public hearings;*
- (c) consulting relevant stakeholders in a sector; and*
- (d) consulting experts on technical subjects.*

(3A) The Departmental Committee shall take into account the views and recommendations of the public under paragraph (3) in its report to the House.”

3.2 MEMORANDA RECEIVED ON THE BILL

14. Pursuant to the aforementioned provisions, the Clerk of the National Assembly placed an advertisement in the print media on 12th June 2024, inviting the public to submit memoranda on the Bill. Further, the Clerk of the National Assembly, vide letter Ref. No. NA/DDC/F&NP/2025/022, dated 21st March 2025, invited key stakeholders to submit their views on the Bill and attend a public participation forum on Wednesday, 26th March 2025, respectively.

15. The Committee received three memoranda from the following stakeholders: The National Treasury, the Salaries and Remuneration Commission and the Office of the Attorney General.

16. The memoranda are annexed to this report as Annexure 7.

GENERAL SUBMISSIONS

3.2.1 THE NATIONAL TREASURY

The Director of Pensions in the National Treasury appeared before the Committee and submitted as follows;

17. The National Treasury noted that these proposals are commendable in their intent to enhance retirees' welfare. However, careful consideration is necessary to ensure sustainability, equity, and alignment with ongoing reforms in the pensions sector.

18. The pensions scheme under consideration is a defined benefit arrangement governed by the **Pensions Act, Cap 189**. This arrangement provides for predetermined benefits based on an employee's salary and years of service, funded directly by the Exchequer. This scheme is different from a Contributory arrangement where both employee and employer contribute to a pension fund, under the Defined Benefit, the government assumes responsibility for the payment of pensions, which are funded directly from the Consolidated Fund. Therefore, the current framework is designed to provide long-term security for retirees but must also ensure financial sustainability for the Government of Kenya.
19. The National Treasury noted that introducing automatic COLA and salary-based pension computation would have significant fiscal implications, particularly given the rising number of pensioners and increasing life expectancy. Therefore, they stated that an actuarial valuation should inform these changes to assess the long-term financial sustainability of such adjustments. The Pensions Department is currently conducting an **actuarial study/valuation** of the public service pension scheme, which will provide a data-driven foundation for decisions affecting the scheme, including any adjustments to pension benefits such as COLA.
20. Additionally, the National Treasury noted that the pensions review is currently facilitated through the Pensions Increase Act. The **Pensions Increase Act (Cap. 190)** provides a structured framework for adjusting pensions for retired public servants. The Act mandates that beginning on 1st July 2005 and subsequently every two years on the same date, all specified pensions, along with any previously granted increases, shall be adjusted with a three percent increment based on the pension amount in effect at the time of the adjustment, subject to the provisions of the Act.
21. Therefore, duplicating provisions already addressed under the Pensions Increase Act, the proposed amendments may create redundancy or potential conflicts between statutes. Instead, the National Treasury suggested that the existing mechanism under Cap. 190 should be strengthened and guided by data from regular actuarial valuations.
22. The National Treasury stated that automatic adjustments could introduce significant financial strain on the Exchequer, particularly during periods of high inflation. This may destabilize budgetary planning and compromise the ability to fund other critical public services. Globally, countries with DB schemes such as Canada, the UK, and the US, incorporate discretionary rather than automatic adjustments, considering fiscal sustainability. Kenya could adopt a similar approach, guided by periodic actuarial advice and the same actualized through the Pensions Increase Act.
23. Further, Article 201 of the Constitution of Kenya emphasizes the prudent and responsible use of public funds. In alignment with this principle, it is important to ensure that adjustments are sustainable and equitable across generations.

24. Additionally, revising pensions based on the most current salary applicable to a job group raises significant concerns that could introduce disparities among retirees who served in similar capacities but retired at different times, create administrative challenges, increase litigation risks, and lead to an unsustainable escalation of pension liabilities.
25. The National Treasury noted an ongoing actuarial valuation study, which is expected to provide evidence-based recommendations to guide decisions on COLA and pension recalibrations. This study will ensure that any adjustments are financially sustainable and do not compromise the scheme's long-term stability. In addition, the National Treasury proposed retaining the Pensions (Increase) Act, Cap 190, as the primary framework for pension adjustments, with amendments proposed where necessary to enhance its effectiveness rather than introducing parallel mechanisms of automatic adjustments.
26. Further, they proposed introducing a provision for periodic stakeholder consultations and actuarial reviews before any adjustments are made to pension benefits. This ensures alignment with constitutional principles of equity, fiscal responsibility, and transparency.
27. Lastly, they proposed considering COLA and salary-based pension computation as part of broader reforms under the legal review process undertaken by the National Treasury, as this will ensure coherence and sustainability.

3.2.2 SALARIES AND REMUNERATION COMMISSION (SRC)

The Salaries and Remuneration Commission (SRC) appeared before the Committee and submitted as follows.

28. The Commission is cognizant of the prevailing disparities in pension payments for current, retired officers covered by the Pensions Act Cap 189.
29. They noted that to address the challenges and disparities, the Commission undertook a study on pension payment in FY 2013/2014, which culminated in three key recommendations as follows:
 - i. A discretionary one-off pension increase for retirees for the period 1991 to 2005. Based on the review of the levels of pensions payable to existing public service pensioners, the Commission noted the need for a pension review for pensioners who retired between 1991 and 2005 and recommended a special one-off discretionary pension increase to compensate them for the stagnation of their Pension. The one-off pension increase was to be on the following basis: to increase the pension in payment in line with inflation for the period between 1991 and 2005 but subject to a maximum annual increment of 3% with a minimum monetary increase of Kshs.1,000 per month (Kshs. 12,000 per annum).

- ii. Amendment of the Pension Increase Act Cap 190 to provide for a triennial review of pensions in payment over and above the existing biennial one. The Commission noted that the limited indexation of pensions provided for in the Pension Increase Act (of 3% every two years) does impact the purchasing power of the future pensions of current and future pensioners when inflation is higher than the increases provided. Accordingly, the Commission recommended an amendment of the Pension Increase Act Cap 190 to provide for a triennial review of pensions in payment over and above the existing biennial one.
 - iii. Cap the increase in pension expenditure to not more than 1.5% of GDP for public service pension liabilities.
30. SRC further noted that an automatic cost of living adjustment to the pensions earned by all retired public servants would address the diminishing purchasing power arising from inflation.
31. Also, they stated that it is unclear if the proposed amendments to the Bill will apply to all pensioners, especially those who retired between 1991 and 2005, who are most affected by the prevailing disparities in pension payment.
32. SRC noted that owing to the cost implications of the proposed amendments, it is anticipated that the amendments will cause a steep increase in the pension bill. Therefore, the proposed increment's cost and fiscal sustainability need to be considered.
33. SRC proposed that for fairness and equity, the proposed amendments apply to all pensioners and dependents covered under the Pensions Act Cap 189. In view of the anticipated cost implications of the proposed amendments, the National Treasury should consider the phased implementation of the amendments, and the pension should be calculated based on the last payslip.

3.2.3 OFFICE OF THE ATTORNEY GENERAL

Through a written memoranda Ref: AG/LDD/498/1/20 dated 24th March 2025, the Office of the Attorney General submitted as follows;

34. The proposed automatic cost-of-living adjustments and using the most current salary for pension calculations may create disparities among retirees. They stated that while the aim is to enhance pension benefits, it may result in a two-tier system- post-enactment and pre-enactment retirees. This distinction may unfairly favor newer retirees while disadvantaging those who retired earlier, raising concerns under Article 27 of the Constitution, which guarantees equality and freedom from discrimination. Therefore, it is necessary to address potential concerns regarding equality and non-discrimination under Article 27 of the Constitution before its enactment.

35. Further, the Attorney General stated that the proposal has financial implications that require policy guidance from the National Treasury and Economic Planning before implementation.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS

36. The Committee observed that:

- (a) **The Bill seeks to amend the Pensions Act, Cap. 189, to provide for the automatic cost of living adjustment increase in the pensions earned by all retired public servants. Further, the Bill seeks to provide for the use of the most current salary applicable to a job group as the basis for the calculation of the pensions payable to public servants who have retired in that job group or its equivalent;**
- (b) **While the objects of the Bill are laudable and seek to address some of the challenges retired public servants face, the existing Pensions (Increase) Act, Cap. 190, provides for the legal framework for pension adjustments;**
- (c) **The passage of the Bill would result in a parallel framework for adjustments to pensions, and to prevent this, amendments, if any, may be proposed to the Pensions (Increase) Act, Cap. 190; it is also noteworthy that the Pensions (Increase) Act, Cap. 190, is an old piece of legislation that came into force on 1st July 1956 and may require amendments to address current pension challenges;**
- (d) **The National Treasury, the Salaries and Remuneration Commission, and the Attorney-General had raised the cost implication of the Bill and the challenge it may pose in implementing the proposals within the tight fiscal space Kenya is operating within;**
- (e) **Despite the observations in paragraph (d), there is a need to ensure effective implementation of the Pensions (Increase) Act, Cap. 190 and passage of any amendments to address retirees' pension erosion due to inflation; and**
- (f) **The Bill, in its current form, may be discriminatory for breach of Article 27 of the Constitution since it seeks to apply to public servants who retire after the commencement of the Act; thus, it may result in discrimination against those who might have retired earlier.**

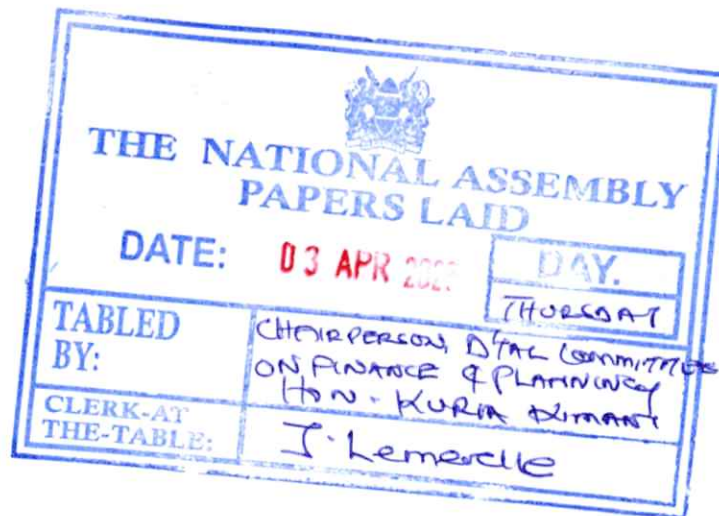
CHAPTER FIVE

5.0 COMMITTEE RECOMMENDATION

37. The Committee, having considered the Pensions (Amendment) Bill, 2024 (National Assembly Bills No. 25 of 2024), recommends that the House **rejects** the Bill in its entirety as proposed in the Schedule of Amendments.

SIGNED..........DATE.....*3rd April, 2025*.....

**HON. CPA KURIA KIMANI, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL
PLANNING**



SCHEDULE OF AMENDMENTS

CLAUSE 1

THAT, clause 1 of the Bill, be deleted.

Justification

There is an existing Pensions (Increase) Act, Cap. 190 that provides a legal framework for pension increases. Implementation of the proposals would substantially strain the Exchequer within Kenya's tight fiscal space. Also, the Bill is discriminatory and is in breach of Article 27 of the Constitution since it provides for different treatment of two tiers of retirees.

CLAUSE 2

THAT, clause 2 of the Bill, be deleted.

Justification

There is an existing Pensions (Increase) Act, Cap. 190 that provides a legal framework for pension increases. Implementation of the proposals would substantially strain the Exchequer within Kenya's tight fiscal space. Also, the Bill is discriminatory and is in breach of Article 27 of the Constitution since it provides for different treatment of two tiers of retirees.



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

**DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING.
ADOPTION LIST**

REPORT ON THE PENSIONS (AMENDMENT) BILL, 2024 (NATIONAL ASSEMBLY BILLS NO 25 OF 2024).

We, the Members of the Departmental Committee on Finance and National Planning have pursuant to Standing Order 199, adopted this Report and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity today, **1st April, 2025.**

S/NO.	NAME	SIGNATURE
1.	HON. (CPA). KURIA KIMANI, CBS, MP - CHAIRPERSON	
2.	HON. (AMB). BENJAMIN KIPKIRUI LANGAT, MP - VICE CHAIRPERSON	
3.	HON. KALUMA PETER OPONDO, CBS, MP	
4.	HON. GEORGE SUNKUYIA RISA, MP	
5.	HON. (CPA) JOSEPH MAERO OYULA, MP	
6.	HON. ANDREW ADIPO OKUOME, MP	
7.	HON. DAVID MWALIKA MBONI, MP	
8.	HON. CHIFOROMODO MANGALE MUNGA, MP	
9.	HON. MAINA BETTY NJERI, MP	
10.	HON. (CPA) JULIUS KIPLETING RUTTO, MP	
11.	HON. PAUL KIBICHIY BIEGO, MP	
12.	HON. UMUL KER SHEIKH KASSIM, MP	
13.	HON. DR. SHADRACK MWITI ITHINJI, MP	
14.	HON. DR. JOHN ARIKO NAMOIT, MP	
15.	HON. MOHAMED SOUD MACHELE, MP	

**MINUTES OF THE 17TH SITTING OF DEPARTMENTAL COMMITTEE ON
FINANCE AND NATIONAL PLANNING HELD ON TUESDAY, 1ST APRIL, 2025
IN COMMITTEE ROOM 26 BUNGE TOWER, AT 10.00 A.M**

PRESENT

1. Hon. David Mwalika Mboni, MP - Session Chair
2. Hon. Kaluma Peter Opondo, CBS MP
3. Hon. CPA. Joseph Maero Oyula, MP
4. Hon. Andrew Adipo Okuome, MP
5. Hon. George Sunkuyia Risa, MP
6. Hon. Paul Kibichiy Biego, MP
7. Hon. Joseph Makilap Kipkoros, MP
8. Hon. (Dr.) John Ariko Namoit, MP
9. Hon. (Dr.) Shadrack Mwiti Ithinji, MP

ABSENT WITH APOLOGY

1. Hon. CPA. Kuria Kimani, CBS, MP - Chairperson
2. Hon. (Amb.) Benjamin Kipkirui Langat, CBS, MP - Vice-Chairperson
3. Hon. Mohamed Soud Machele, MP
4. Hon. Julius Kipletting Rutto, MP
5. Hon. Maina Betty Njeri, MP
6. Hon. Umul Ker Sheikh Kassim, MP

IN-ATTENDANCE.

COMMITTEE SECRETARIAT

1. Mr. Benjamin Magut - Principal Clerk Assistant II
2. Mr. Salem Lorot - Legal Counsel I
3. Mr. Benson Kamande - Clerk Assistant III
4. Ms. Winfred Kambua - Clerk Assistant III
5. Mr. George Ndenjeshe - Fiscal Analyst III
6. Ms. Nelly Ondieki - Research Officer II
7. Mr. Benson Muthuri - Serjeant-At-Arms
8. Mr. Ian Kinuthia - Intern

AGENDA

1. Prayers
2. Preliminaries/Introductions
3. Confirmation of Minutes/Matters Arising
4. Agenda. **-Consideration and adoption of the Pensions (Amendment) Bill, 2024(National Assembly Bill No. 25 of 2024)**
5. Any other Business
6. Adjournment/Date of the Next Sitting.

MIN No. NA/F & NP/2025/074:

PRELIMINARIES

The meeting was called to order at 10.29 a.m. The Committee proposed the Hon David Mwalika Mboni, MP, as the session Chairperson owing to the absence of the substantive Chairperson. The Session Chair then invited Members to adopt the day's agenda.

MIN No. NA/F & NP/2025/075: CONFIRMATION OF MINUTES

Confirmation of minutes of the previous sittings was deferred to the next sitting.

MIN No. NA/F & NP/2025/076: CONSIDERATION AND ADOPTION OF THE PENSIONS (AMENDMENT) BILL, 2024 (NATIONAL ASSEMBLY BILLS NO. 25 OF 2024).

The meeting deliberated at length and agreed on the observations and recommendations contained in Chapters Four and Five of the Report as follows__.

Committee Observations

The Committee observed that:

- (a) The Bill seeks to amend the Pensions Act, Cap. 189, to provide for the automatic cost of living adjustment increase in the pensions earned by all retired public servants. Further, the Bill seeks to provide for the use of the most current salary applicable to a job group as the basis for the calculation of the pensions payable to public servants who have retired in that job group or its equivalent;
- (b) While the objects of the Bill are laudable and seek to address some of the challenges retired public servants face, the existing Pensions (Increase) Act, Cap. 190, provides for the legal framework for pension adjustments;
- (c) The passage of the Bill would result in a parallel framework for adjustments to pensions, and to prevent this, amendments, if any, may be proposed to the Pensions (Increase) Act, Cap. 190; it is also noteworthy that the Pensions (Increase) Act, Cap. 190, is an old piece of legislation that came into force on 1st July 1956 and may require amendments to address current pension challenges;
- (d) The National Treasury, the Salaries and Remuneration Commission, and the Attorney-General had raised the cost implication of the Bill and the challenge it may pose in implementing the proposals within the tight fiscal space Kenya is operating within;
- (e) Despite the observations in paragraph (d), there is a need to ensure effective implementation of the Pensions (Increase) Act, Cap. 190 and passage of any amendments to address retirees' pension erosion due to inflation; and
- (f) The Bill, in its current form, may be discriminatory for breach of Article 27 of the Constitution since it seeks to apply to public servants who retire after the commencement of the Act; thus, it may result in discrimination against those who might have retired earlier.

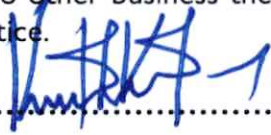
The Report was then adopted having been proposed by Hon. Paul Kibichiy Biego, MP and seconded by Hon. Andrew Adipo Okuome, MP.

(Comprehensive details of the Committee's Observations and Justifications are contained in chapter four of the Report on the The Pensions (Amendment) Bill, 2024 [National Assembly Bills No. 25 of 2024].

MIN No. NA/F & NP/2025/077:

ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business the meeting was adjourned at 12.14 p.m. The next meeting will be held on notice.

SIGNED:  DATE: 3rd April, 2025

**HON. CPA. KURIA KIMANI, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON FINANCE AND
NATIONAL PLANNING.**



LENANA SCHOOL
P.O BOX 30253-00100
NAIROBI

TENDER NOTICE

Tenders are invited from interested and eligible bidders for the supply of goods and provision of Services for the following categories in the financial year 2024/2025.

Table with columns: S/N, TENDER NO., ITEM DESCRIPTION, ELIGIBLE CATEGORIES. It lists 44 items under two sections: A. INVITATION TO TENDER 2024/2025 and B. PREQUALIFICATION FOR 2024/2025.

Tender documents giving detailed specifications can be obtained from the procurement office during office hours upon payment of a non-refundable fee of Kshs 1,000 per set of tender documents at cash office. Prices quoted must be inclusive of V.A.T and other charges attracted by the commodity delivered to the school. Tender documents may be obtained electronically from the Public Procurement Information Portal Website (PIPP) tenders.gov.ke. Tender documents obtained electronically or prequalification documents will be free of charge.

Completed documents in plain sealed envelopes bearing no indication of the sender indicating Tender Reference No. for should be addressed to:

The Chief Principal,
Lenana School,
P.O box 30253-00100, Nairobi.

And be placed in the tender box located within administration block next to the principal's office so as to reach the undersigned on or before 21/06/2024 at 10:00 am.

Tenders will be opened immediately thereafter in the presence of candidates' representatives who choose to attend in the school boardroom.

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

IN THE MATTER OF ARTICLE 116(1) (b) OF THE CONSTITUTION AND

- IN THE MATTER OF CONSIDERATION BY THE NATIONAL ASSEMBLY OF—
1. THE KENYA ROADS BOARD (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 20 OF 2024)
2. THE NATIONAL POLICE SERVICE COMMISSION (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 23 OF 2024)
3. THE PENSIONS (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 25 OF 2024)

INVITATION TO SUBMIT MEMORANDA

WHEREAS Article 116(1) (b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees and Standing Order 127(3) of the National Assembly Standing Orders require House Committees considering Bills to facilitate public participation;

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

IT IS NOTIFIED that—

- 1. The Kenya Roads Board (Amendment) Bill (National Assembly Bill No. 20 of 2024) is a Bill sponsored by Hon. Charles Gikome, MP that seeks to amend the Kenya Roads Board Act, (Cap. 406) to include the members of the National Government Constituency Development Fund Committee in the Constituency Road Committee and provide for a mandatory consultative mechanism between the National Government Constituency Development Fund (NG-CDF) and the Kenya Roads Board.
- 2. The National Police Service Commission (Amendment) Bill (National Assembly Bill No. 23 of 2024) is a Bill sponsored by Hon. Peter Francis Masara, MP that seeks to provide for the mental wellness and well-being of police officers by, among others, requiring the establishment of psychosocial support centres for police officers.
- 3. The Pensions (Amendment) Bill (National Assembly Bill No. 25 of 2024) is a Bill Sponsored by Hon. Kassim Sawa Tandaza, MP that seeks to amend the Pensions Act (Cap. 189) to include an automatic cost of living adjustment in the pensions earned by all retired public servants. In addition, the Bill seeks to provide for the use of the most current salary applicable to a job group as the basis for the calculation of the pension payable to a public servant who has retired in that job group or its equivalent.

NOW THEREFORE, in compliance with Article 116(1) (b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly hereby invites the public and stakeholders to submit memoranda on the Bills to the respective Departmental Committees listed below—

Table with columns: S/N, BILL, COMMITTEE. Lists three bills and their respective committees: Transport and Infrastructure, Administration & Internal Security, Social Protection.

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

The memoranda may be forwarded to the Clerk of the National Assembly, P.O. Box 41842-00100, Nairobi; hand-delivered to the Office of the Clerk, Main Parliament Buildings, Nairobi; or emailed to cn@parliament.go.ke to be received on or before Tuesday, 2nd July 2024 at 5:00 p.m.

S. NJOROGE, CBS
CLERK OF THE NATIONAL ASSEMBLY

12th JUNE 2024

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

THE COUNTY GOVERNMENT OF KISUMU



DEPARTMENT OF MEDICAL SERVICES, PUBLIC HEALTH & SANITATION
JARAMOGI OGINGA ODINGA TEACHING & REFERRAL HOSPITAL

EXPRESSION OF INTEREST (EOI)

Jaramogi Oginga Odinga Teaching and Referral Hospital (Jothrh) Would Like to Invite Interested Candidates to Bid for The Under listed Tender.

This opportunity is open to LOCAL and INTERNATIONAL FIRMS; you may bid as individual or as consortium.

Table with columns: No, Tender No., Tender Description, Cost. Row 1: KSM/JOTRH/PRO/EOI/23-24/001, EXPRESSION OF INTEREST (EOI) ON LEASING OF SHREEDER MACHINE, INCINERATOR & MANAGEMENT OF HOSPITAL WASTE AT JARAMOGI OGINGA ODINGA TEACHING AND REFERRAL HOSPITAL - KISUMU, Open

Mandatory Requirements for the Above Tenders

- 1) Provide letter of Expression of Interest (EOI) of the Firm
- 2) Provide Valid Certificates of Registration of the Firm.
- 3) Provide Valid Certificate of Regulatory Body Where Applicable.
- 4) Provide Current Company profile.
- 5) Provide VAT/PIN Certificate where applicable.

The EOI Documents to be submitted in **HARD COPY or SOFT COPY** via e-mail (madsuptngbh@yahoo.com / ceof@jotrhr.go.ke) in an enclosed plain sealed in an envelope marked with tender reference number addressed to

THE CHIEF EXECUTIVE OFFICER,
JARAMOGI OGINGA ODINGA TEACHING & R H
P O BOX 849 - 40100, KISUMU

In addition, placed in the Tender Box located at The Administration Block of the Hospital On or Before **Monday 1st July 2024 At 12:00 NOON Kenyan time.** Thereafter Tenders Will Be Opened Immediately in The Presence of the Bidders or The Respective Representatives of the Firms, Who Choose to attend.

APPROVED BY
THE CHIEF EXECUTIVE OFFICER
JARAMOGI OGINGA ODINGA
TEACHING & REFERRAL HOSPITAL

Ministry needs Sh4trn to modernise all roads - CS

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

► Roads destroyed by recent floods require Sh 37 billion for repair

EDWIN NYARANGI, NAIROBI

To raise all Kenya's roads to modern standards the Ministry of Transport needs Sh4 trillion, Cabinet Secretary for Transport Kipchumba Murkomen has told Parliament

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

The CS said Sh315 billion was required for maintenance in the next five years with the roads destroyed by recent floods requiring Sh37 billion

for repair and that if the MPs want Kenyans to have good roads they should allocate money where it is required.

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

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

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

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

He said that the President William

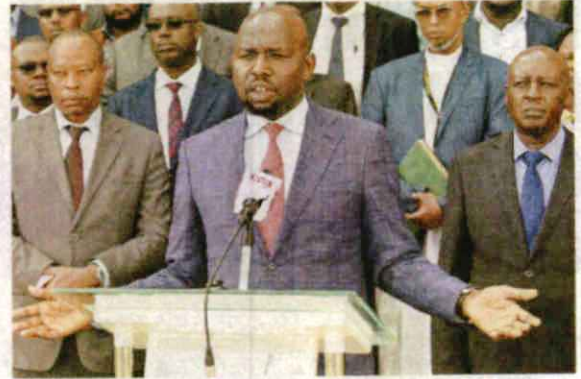
Ruto promised to eliminate taxes on the first 100,000 electric vehicles in the country which are imported or locally manufactured with removal of all taxes whether they are vehicles, motorcycles or Tuk Tuk and that the country currently has only 4,000 electric vehicles.

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

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

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

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



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

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

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

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

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

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

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

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

enyarangi@standardmedia.co.ke

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

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

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

Training Duration: 24 months, full time

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

Starting Date: September, 2024

Entry Requirements:

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

Application: Applicants should download and fill the biodata form available on www.feltp.or.ke or www.afenet.net and attach full Curriculum Vitae (CV), a personal statement not longer than 500 words, three (3) references including one from the current supervisor, and mobile telephone contact and email address. County employees must apply through their respective County Directors and/or County Executives. Persons with disabilities are encouraged to apply. All applications must be received before 5.00pm on 5th July, 2024 addressed to the attention of the undersigned.

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

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

IN THE MATTER OF ARTICLE 118(1) (b) OF THE CONSTITUTION AND
IN THE MATTER OF CONSIDERATION BY THE NATIONAL ASSEMBLY OF:-

1. THE KENYA ROADS BOARD (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 20 OF 2024)
2. THE NATIONAL POLICE SERVICE COMMISSION (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 23 OF 2024)
3. THE PENSIONS (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 25 OF 2024)

INVITATION TO SUBMIT MEMORANDA

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

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

IT IS NOTIFIED that:-

1. The Kenya Roads Board (Amendment) Bill (National Assembly Bill No. 20 of 2024) is a Bill sponsored by Hon. Charles Glimosa, MP that seeks to amend the Kenya Roads Board Act, (Cap. 405) to include the members of the National Government Constituency Development Fund Committee in the Constituency Road Committee and provide for a mandatory consultative mechanism between the National Government Constituency Development Fund (NG-CDF) and the Kenya Roads Board.
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NOW THEREFORE, in compliance with Article 118(1) (b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly hereby invites the public and stakeholders to submit memoranda on the Bills to the respective Departmental Committees listed below:

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

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

The memoranda may be forwarded to the Clerk of the National Assembly, P.O. Box 41842-00100, Nairobi; hand-delivered to the Office of the Clerk, Main Parliament Buildings, Nairobi; or emailed to csa@parliament.go.ke to be received on or before Tuesday, 2nd July 2024 at 5.00 p.m.

**S. NJOROGE, CBS
CLERK OF THE NATIONAL ASSEMBLY**

12th June, 2024

"For the Welfare of Society and the Just Government of the People"



THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK

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

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

When replying, please quote:

REF: NA/DDC/F&NP/2025/021

14th March 2025

Dr. Chris K. Kiptoo, CBS

Principal Secretary
The National Treasury
Ministry of National Treasury and Economic Planning
Treasury Buildings
NAIROBI

Ms. Ann R. Gitau, PhD, EBS, MBS, CHRP

Commission Secretary/ CEO,
Salaries and Remuneration Commission
Williamson House 6th Floor, 4th Ngong Avenue,
NAIROBI

Hon. Shadrack John Mose, CBS

Solicitor General
Office of the Attorney-General and Department of Justice
Sheria House, Harambee Avenue
NAIROBI

CPA Dr. Grace Kamau Ph.D

Chief Executive Officer
Institute of Chartered Public Accountants of Kenya (ICPACK)
CPA Center, Ruaraka, Thika road.
NAIROBI

Ms. Faith Mony Odhiambo

President, Law Society of Kenya
Lavington, Opposite Valley Arcade,
Gitanga Road
NAIROBI

Mr. James K. Muraguri

Chief Executive Officer,
Institute of Public Finance
Rosami Court, Muringa Road off Elgeyo Marakwet Road.
NAIROBI

Dear Mr Othman

RE: STAKEHOLDER ENGAGEMENT ON THE PENSIONS (AMENDMENT) BILL, 2024 (NATIONAL ASSEMBLY BILLS NO 25 OF 2024) BY THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

The Departmental Committee on Finance and National Planning is established pursuant to National Assembly Standing Order 216 which mandates it *inter alia*, to *study and review all the legislation referred to it*.

The Parliamentary Pensions (Amendment) Bill, 2024 (*National Assembly Bill No. 25 of 2024*), underwent the First Reading pursuant to Standing Order 127(3) on **Wednesday, 5th June, 2024** and was committed to the Departmental Committee on Finance and National Planning for consideration and reporting back to the House.

The principal object of the Bill is to amend the Pensions Act Cap 189 to include an automatic cost of living adjustment to the pensions earned by all retired public servants. In addition, the Bill seeks to provide for the use of the most current salary applicable to a job group as the basis for the calculation of the pensions payable to public servants who have retired in that job group or its equivalent.

Pursuant to the provisions of Article 118(1) (b) of the Constitution of Kenya and Standing Order 127 (3), the Committee hereby invites you for a meeting to receive your submissions and comments on the said Bill.

The meeting will be held on **Thursday, 27th March, 2025** at a venue to be communicated, as per the attached schedule.

Copies of the Bill are available at the National Assembly Table Office, Main Parliament Buildings, or on <http://www.parliament.go.ke/the-national-assembly/house-business/bills>.

You are requested to prepare a comprehensive submission on any representations you may have on the Bill and email a soft copy to the cna@parliament.go.ke on or before the day of the meeting. The Committee's Liaison Officers for the meeting are **Mr. Benjamin Magut**, who may be contacted on Tel. No. **0712974966** or email address: benjamin.magut@parliament.go.ke or **Mr. Benson Kamande** of Tel. No **0789459387** or email address benson.kamande@parliament.go.ke and **Ms. Winfred Kambua Kilonzo** of Tel. **0720571777** or email address winfred.kilonzo@parliament.go.ke

Yours



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

Encl:

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

Mr. Sammy Chepkwony, CHRP (K), FIHRM, MIOD
Chairperson
Salaries and Remuneration Commission
Williamson House 6th Floor, 4th Ngong Avenue,
NAIROBI

Hon. Dorcas Oduor, OGW, EBS, SC
Attorney General of the Republic of Kenya
Office of the Attorney General and Department of Justice
State Law Office
Sheria House, Harambee Avenue
NAIROBI



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Mr. James K. Muraguri

Chief Executive Officer,
Institute of Public Finance
Rosami Court, Muringa Road off Elgeyo Marakwet Road.
NAIROBI

Dear *Mr. Muraguri*

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Yours



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NAIROBI

Dear

RE: STAKEHOLDER ENGAGEMENT ON THE PENSIONS (AMENDMENT) BILL, 2024 (NATIONAL ASSEMBLY BILLS NO 25 OF 2024) BY THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

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Pursuant to the provisions of Article 118(1) (b) of the Constitution of Kenya and Standing Order 127 (3), the Committee hereby invites you for a meeting to receive your submissions and comments on the said Bill.

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Yours

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

Encl:

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



Mr. Sammy Chepkwony, CHRP (K), FIHRM, MloD
Chairperson
Salaries and Remuneration Commission
Williamson House 6th Floor, 4th Ngong Avenue,
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Hon. Dorcas Oduor, OGW, EBS, SC
Attorney General of the Republic of Kenya
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When replying, please quote:

REF: NA/DDC/F&NP/2025/021

14th March 2025

Dr. Chris K. Kiptoo, CBS

Principal Secretary
The National Treasury
Ministry of National Treasury and Economic Planning
Treasury Buildings
NAIROBI

Ms. Ann R. Gitau, PhD, EBS, MBS, CHRP

Commission Secretary/ CEO,
Salaries and Remuneration Commission
Williamson House 6th Floor, 4th Ngong Avenue,
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Hon. Shadrack John Mose, CBS

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Ms. Faith Mony Odhiambo

President, Law Society of Kenya
Lavington, Opposite Valley Arcade,
Gitanga Road
NAIROBI

Mr. James K. Muraguri

Chief Executive Officer,
Institute of Public Finance
Rosami Court, Muringa Road off Elgeyo Marakwet Road.
NAIROBI

Dear

RE: STAKEHOLDER ENGAGEMENT ON THE PENSIONS (AMENDMENT) BILL, 2024 (NATIONAL ASSEMBLY BILLS NO 25 OF 2024) BY THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

The Departmental Committee on Finance and National Planning is established pursuant to National Assembly Standing Order 216 which mandates it *inter alia*, to **study and review all the legislation referred to it.**

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REPUBLIC OF KENYA
THE NATIONAL TREASURY & ECONOMIC PLANNING

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

WEDNESDAY 26TH MARCH, 2025

Honorable Chairperson,
Hon. Committee Members,
Ladies and Gentlemen,

Good afternoon,

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

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

1. Context of the Defined Benefit (DB) Arrangement

Hon. Chairman,

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

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

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

2. Provisions for Pensions Increases under Current Law

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

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

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

3. Ongoing Actuarial Study/Valuation

Hon. Chairman and Members,

We wish to highlight that an actuarial valuation of the pension scheme is currently underway. This comprehensive review assesses the scheme's liabilities, funding status, and sustainability under current and proposed frameworks. Among other issues, the valuation will provide empirical data on the feasibility of adjusting pensions based on cost-of-living metrics and the financial implications of using the "most current salary" for pensions computation.

This study will enable evidence-based decision-making and should guide any adjustments to pensions to ensure alignment with the scheme's financial and actuarial sustainability.

4. Tax Relief

Hon. Chairman and Members,

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

retirement age due to ill health or after completing twenty years of membership in the fund.

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

5. Key Observations on the Proposed Amendments

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

(i) Automatic Cost-of-Living Adjustment

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

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

(ii) Using the Most Current Salary for Pension Computation

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

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

6. Recommendations

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

1. Await the completion of the ongoing actuarial valuation study, as it will provide evidence-based recommendations to guide decisions on COLA and pension recalibrations. This study will ensure that any adjustments are financially sustainable and do not compromise the scheme's long-term stability. We, therefore, recommend postponing decisions on these proposed amendments until the valuation is finalized, as it will offer critical insights into the scheme's liabilities, funding gaps, and the financial impact of the suggested changes.
2. Retain the Pensions (Increase) Act, Cap 190, as the primary framework for pension adjustments, with amendments proposed where necessary to enhance its effectiveness rather than introducing parallel mechanisms. We recommend that the Committee build upon the existing provisions of the Pensions (Increase) Act, strengthening it to facilitate periodic, evidence-based pension reviews informed by actuarial valuations (which in effect would factor inflation trends), rather than implementing automatic adjustments.
3. Introduce a provision for periodic **stakeholder consultations** and **actuarial reviews** before any adjustments are made to pension benefits. This ensures alignment with constitutional principles of equity, fiscal responsibility, and transparency.
4. Consider COLA and salary-based pension computation as part of broader reforms under the legal review process being undertaken by the National Treasury. This will ensure coherence and sustainability.

7. Conclusion

In Conclusion Hon. Chairman,

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

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

Thank you.

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



Salaries & Remuneration
Commission
Rewarding productivity

Ref. No: SRC/TS/8 VOL II(17)

25th March, 2025

Mr. Samuel Njoroge, CBS
Clerk of the National Assembly
National Assembly
Parliament Buildings
P.O Box 41842- 00100
NAIROBI

Dear *Mr. Njoroge*

MEMORANDUM ON THE PENSIONS (AMENDMENT) BILL, 2024

Reference is made to the captioned Bill and the proposed amendments to the Pensions Act Cap 189.

The Salaries and Remuneration Commission (SRC) has reviewed the Bill and notes that the Memorandum and Objects of the Bill is to amend the Pensions Act Cap 189, to include an automatic cost of living adjustment to the pensions earned by all retired public servants. In addition, the Bill seeks to provide for the use of the most current salary applicable to a job group as the basis for the calculation of the pensions payable to public servants who have retired in that job group or its equivalent.

SRC has examined the proposed amendments to the Pensions Act Cap 189 as set out in the Pensions (Amendment) Bill, 2024 and wishes to submit its views as indicated in the **Table** below:

Table: Proposed Amendments to the Pensions Act Cap 189 as set out in the Pensions (Amendment) Bill, 2024

Proposed Amendments	SRC Observations	SRC Views
The Pensions (Amendment) Bill, 2024 seeks to amend section 3 of the Pensions Act Cap 189 by: (a) inserting the following new subsections immediately after sub section (1): 1A An officer who has been in service of the government shall be entitled to an automatic cost	Previous Recommendations by SRC 1. The Commission is cognizant of the prevailing disparities in pension payments for current retired officers covered by the Pensions Act Cap 189. 2. To address the challenges and	(a) For fairness and equity, the proposed amendments to apply to all pensioners and dependants covered under the Pensions Act Cap

Proposed Amendments	SRC Observations	SRC Views
<p>of living adjustment increase to the pension, gratuities or other allowances issued under the Act, where the rate of inflation is high enough, to substantiate, a cost of living adjustment increase.</p> <p>1B The automatic cost of living adjustment under subsection (1 A) shall, be calculated based on an increase in the consumer price index within a period of twelve months, ending on the 30th of June in each financial year.</p> <p>1C The Consumer price index shall be determined by the Kenya National Bureau of Statistics established under the Statistics Act.</p> <p>1D The Cabinet Secretary shall cause to be published such information relating to automatic cost of living adjustment in the gazette.</p> <p>1E The provisions of this section shall apply to an officer who has been in service of the Government who retires after the commencement of this section.</p> <p>1F In this section:</p> <p>“Consumer Price Index” means an index number that measures a change in the prices of goods and services purchased or otherwise acquired by households and which are used directly or indirectly by a household to satisfy their own needs and wants.</p> <p>“Cost of living” means an amount of money needed to cover basic expenses including housing, food, health care, clothing and</p>	<p>disparities, the Commission undertook a study on pension in payment in FY 2013/2014 which culminated in three key recommendations as follows:</p> <p>(a) A discretionary one-off pension increase for retirees for the period 1991 to 2005.</p> <p>Based on the review of the levels of pensions payable to existing public service pensioners, the Commission noted the need for a pension review for pensioners who retired between 1991 and 2005 and made a recommendation for a special one-off discretionary pension increase to compensate them for stagnation of their Pension.</p> <p>The one – off pension increase was to be on the following basis: to increase the pension in payment in line with inflation for the period between 1991 and 2005 but subject to a maximum annual increment of 3% with a minimum monetary increase of Kshs. 1,000 per month (Kshs. 12,000 per annum).</p> <p>The projected cost of implementing the one-off pension increase would have then resulted in an additional pension cost of Kshs. 112 million per month for all the affected pensioners who were on payroll then and who retired between the years 1991 and July 2005.</p> <p>(b) Amendment of the Pension increase Act Cap 190 to provide for a triennial review of pensions in payment over and above the existing biennial one.</p> <p>The Commission noted that the limited</p>	<p>189; and</p> <p>(b) In view of the anticipated cost implication of the proposed amendments, the National Treasury to consider phased implementation of the amendments.</p> <p>(c) The Commission recommends Pension to be calculated based on the last pay slip.</p>

Proposed Amendments	SRC Observations	SRC Views
<p>education.</p> <p>"Cost of living adjustment" means a change in income or benefits that correspond with the current rate of cost of living.</p> <p>(b) by deleting subsection (5) and substituting therefor the following new subsection:</p> <p>(5) Subject to the provisions of any other written law , the most current salary applicable to a job group shall be the basis for computation of the pensions payable to an officer who has been in service of the government who retired in that job group or its equivalent.</p>	<p>indexation of pensions provided for in the Pension Increase Act (of 3% every two years) does impact the purchasing power of the future pensions of current and future pensioners when inflation is higher than the increases provided.</p> <p>Accordingly, the Commission recommended amendment of the Pension increase Act Cap 190 to provide for a triennial review of pensions in payment over and above the existing biennial one.</p> <p>In order to meet the affordability and sustainability criteria, the Commission proposed that the revised pension policy provides that such pension increases be on a discretionary basis, but with a framework within which this discretion is exercised by the Government of Kenya.</p> <p>(c) Cap the increase in pension expenditure to not more than 1.5% of GDP for public service pension liabilities.</p> <p>The recommendation was aimed at keeping the pension expenditure in control.</p> <p>3. The recommendations were shared with the National Treasury vide a letter dated 2nd October, 2014. However, they have not been implemented with the National Treasury citing budgetary constraints.</p> <p>Proposed Amendments</p> <p>4. Inclusion of an automatic cost of living adjustment to the pensions earned by all retired public servants will address the diminishing purchasing power arising from inflation.</p> <p>5. Using the most current salary</p>	

Proposed Amendments	SRC Observations	SRC Views
	<p>applicable to a job group as the basis for computation of the pensions payable to an officer who has been in service of the government would be fair and equitable to all retirees to whom the amendment applies.</p> <p>6. It is not clear if the proposed amendments in the Pensions (Amendment) Bill, 2024 will apply to all pensioners especially those who retired between 1991-2005 who are most affected by the prevailing disparities in pension payment.</p> <p>7. Owing to the cost implication of the proposed amendments, it is anticipated that the amendments will occasion a steep increase in the Pension Bill. There is, therefore, need to consider the cost of the proposed increment and the fiscal sustainability thereof.</p>	

The purpose of this letter is to submit the SRC's views on the Pensions (Amendment) Bill, 2024 for your consideration. The views herein supersede earlier views submitted by SRC on the Bill.

The Commission appreciates your continued cooperation and support as we discharge our respective mandates.

Yours



Dr. Anne R. Gitau, PhD, EBS, CHRP
COMMISSION SECRETARY/CEO



REPUBLIC OF KENYA
OFFICE OF THE ATTORNEY GENERAL
&
DEPARTMENT OF JUSTICE

AG/LDD/498/1/20

24th March 2025

Mr. Samuel Njoroge, CBS
Clerk of the National Assembly
Clerk's Chambers, Parliament Buildings
P. O. Box 41842-00100
NAIROBI

**RE: STAKEHOLDER ENGAGEMENT OF PENSIONS (AMENDMENT) BILL,
2024 (BILL NO.25 OF 2024)**

The Office of the Clerk of the National Assembly, vide the letter dated the 14th March 2025, Ref:NA/DDC/F & NP/2025/021 has forwarded the Pensions (Amendment) Bill, 2024 (National Assembly Bill No. 25 of 2024) for our written comments prior to the meeting to be held on Thursday 27th March 2025.

Upon review of the Pensions (Amendment) Bill, 2024, we note that the proposed automatic cost-of-living adjustment and the use of the most current salary for pension calculations may create disparities among retirees. While the aim is to enhance pension benefits, it may result in a two-tier system—post-enactment retirees and pre-enactment retirees. This distinction may unfairly favor newer retirees while disadvantaging those who retired earlier, raising equity concerns under Article 27 of the Constitution, which guarantees equality and freedom from discrimination.

It is necessary to address potential concerns regarding equality and non-discrimination under Article 27 of the Constitution before its enactment.

Further to this, the proposal has financial implications which shall require policy guidance from National Treasury & Economic Planning before implementation.

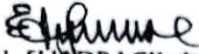
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ISO 9001:2008 Certified



We trust this is in order.



HON. SHADRACK J. MOSE, CBS
SOLICITOR GENERAL