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REPORT OF THE STANDING COMMITTEE ON FINANCE AND BUDGET

ON

THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL
(SENATE BILLS NO. 2 OF 2022)

CLERK CHAMBERS
THE SENATE
PARLIAMENT OF KENYA
NAIROBI

MAY 2022

DC-E.G.
Recommended & Forwarded for Approval
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PREFACE

Mandate and Functions of the Committee

Article 124 of the Constitution of Kenya provides for the establishment of Committees by either House of Parliament. Committees are central to the workings, roles and functions of Parliament as set out in Article 94 and specifically in Article 96 of the Constitution as regards the Senate.

Parliamentary Committees consider policy issues, scrutinize the workings and expenditure 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 Standing Committee on Finance and Budget is established under Section 8(1) of the Public Finance Management, 2012 and Standing Order 218(3) of the Senate Standing Orders and is mandated-

- a) *To investigate, inquire into and report on all matters relating to coordination, control and monitoring of the county budgets and to examine –*
 - i. *the Budget Policy Statement presented to the Senate;*
 - ii. *report on the Budget allocated to Constitutional Commissions and independent offices;*
 - iii. *the Division of Revenue Bill, County Allocation of Revenue Bill, and cash disbursement schedule for county governments.*
 - iv. *to consider all matters related to resolutions and Bills for appropriations, share of national revenue amongst the counties and all matters concerning the National Budget, including public finance and monetary policies and public debt, planning and development policy; and*

- b) *To 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 House on Thursday 14th December, 2017 during the First Session of the Twelfth Parliament. The Committee was later reconstituted on Wednesday, 24th June, 2020, during the Fourth Session of the Twelfth (12th) Parliament. The Committee as currently constituted, comprises the following Members-

1. Sen. Charles Kibiru, M.P. - Chairperson
2. Sen. (Dr.) Ochillo Ayacko, EGH, MP - Vice Chairperson
3. Sen. Wetang'ula Moses Masika, EGH, MP - Member
4. Sen. Mutula Kilonzo Junior, CBS, MP - Member
5. Sen. Aaron Cheruiyot, MP - Member
6. Sen. Kimani Wamatangi, MP - Member
7. Sen. Rose Nyamunga, CBS, MP - Member
8. Sen. CPA Farhiya Haji, MBS, MP - Member
9. Sen. Millicent Omanga, MP - Member

BACKGROUND

The County Governments Additional Allocation Bill (Senate Bills No. 2 of 2022) was introduced in the Senate by Sen. Charles Kibiru, MP the Chairperson of the Standing Committee on Finance and Budget. The Bill was published on 10th May, 2022 and subsequently tabled in the House for First Reading on 12th May, 2022. Thereafter, it was committed to the Standing Committee on Finance and Budget for consideration pursuant to standing order 140(1) of the Senate Standing Orders.

The principle object of the Bill is to provide for transfer of conditional or unconditional allocation from national governments share of revenue and from proceeds of loans and grants from development partners to the county governments. The bill seeks to provide for additional allocations to county governments for the Financial Year 2022/23. The Bill also has provisions on the responsibilities of national government and county governments pursuant to such allocation.

Upon enactment, this legal instrument will facilitate the transfer of these additional allocations from the Consolidated Fund to the County Revenue Fund and from the County Revenue Fund to spending units or special purpose accounts. This will ensure that additional funds are available for vital devolved functions which may require more funding.

In considering the Bill, the Committee invited members of the public and stakeholders *inter alia* the National Treasury, the Commission on Revenue Allocation, the Council of Governors, the County Assembly Forum, the Institute of Certified Accountants of Kenya, the Institute of Social Accountability and the International Budget Partnership-Kenya Chapter to submit their comments on the Bill.

Committee Observations

The Committee observes as follows-

- a) Implementation of transfer of library function to thirty-three (33) county governments had remained outstanding for an inordinately long period of time. The Committee noted that the National Treasury had set aside Kshs.

424,616,047.20, to effect the transfer of the library function (a total of 59 libraries) to their respective county governments.

- b) To ensure implementation of the Equalization Fund, a Third Schedule needs to be introduced in the Bill to provide for additional allocation in form of conditional grant to the identified beneficiary counties.
- c) There was a variance between the proposed allocations submitted by the National Treasury during the consideration of the 2022 Budget Policy Statement and the proposed allocations submitted in the budget estimates. This has led to a huge difference between the allocations in the Bill and the actual allocations submitted by MDAs through the National Treasury.
- d) Delays in disbursements of funds to counties affected implementation of their budgeted activities and service delivery. It was therefore important that the National Treasury endeavours to ensure that counties receive their allocations according to the Cash Disbursement Schedules as stipulated in Section 17(7) of the Public Finance Management Act, 2012 to allow for seamless implementation of the budget.

Committee Recommendations

The Committee recommends that the House approves the Bill with the following amendments -

1. Deletion of the First Schedule and Second Schedule and replacing with new schedules attached in this report. This is to ensure the proposed additional allocation are consistent with proposed allocations in the budget estimates.
2. Introduction of a new schedule –Third Schedule – on additional allocation on equalization fund. The fund is to be implemented through allocation of conditional grant to the affected counties pursuant to regulation 24 of the PFM Equalization Fund Administration Regulations, 2021.

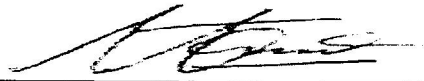
Acknowledgements

The Committee acknowledges all the stakeholders who submitted memorandum on the Bill. Further, the Committee thanks the Offices of the Speaker and the Clerk of the Senate for the support extended to the Committee in execution of its mandate.

Appreciation is expressed to all Members of the Committee for their patience, sacrifice and commitment to public service, which enabled the Committee complete the assigned task within the stipulated time.

It is now my pleasant duty and privilege, on behalf of the Standing Committee on Finance and Budget, to present to the Senate, this Report of the Committee on the County Governments Additional Allocations Bill (Senate Bills No. 2 of 2022).

SIGNATURE: _____



SEN. CHARLES KIBIRU, MP.

(CHAIRPERSON, STANDING COMMITTEE ON FINANCE AND BUDGET)

DATE: 19th May, 2022

CHAPTER ONE

1.0 HIGHLIGHTS OF THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2022

1.1. Overview of the County Governments additional allocations Bill, 2022

1. The County Governments Additional Allocation Bill, 2022 is an Act of Parliament that provides for the transfer of additional allocations from both the National government's share of revenue as per the Division of Revenue Act, 2022, external loans and grants from development partners to the county governments for the FY 2022/23.
2. The Bill complies with the High Court Ruling No.252 of 2016 which held that conditional and non-conditional grants should be channeled to counties through an agreement that respects the institutional and functional integrity of both levels of government but not in the Annual Division of Revenue Act as it was previously the case.
3. The Bill is in line with Article 190 of the Constitution which provides that Parliament may legislate for additional support to county governments in which the support would be financial and take the form of conditional or unconditional allocation. Equally, the bill is consistent with Article 202 (2) of the Constitution, which provides for the transfer of additional allocations from the National governments share of revenue.

1.2. Contents of the County Governments Additional Allocation Bill, 2022

4. The County Governments Additional Allocation Bill 2022 proposes to allocate county governments additional allocations amounting to Kshs. 37.49 billion for the FY 2022/23 as contained in two schedules as follows-
 - (i) First Schedule on additional allocations to county governments from the National Governments share of revenue; and
 - (ii) Second Schedule on additional allocations to county governments as loans and grants from development Partners.

1.3. First Schedule: Additional allocations to County Governments from the National Governments Share of Revenue for FY 2022/23

5. The bill proposes to allocate county governments additional allocations amounting to Kshs. 5.64 billion from the national government share of revenue raised in line with Article 202 (2) of the Constitution.
6. There are two additional allocations from the national governments share of revenue to support specific national policy objectives to be implemented by County Governments. These are:
 - (i) Supplement for construction of County Headquarters at Kshs. 454 million. The allocations are towards funding Nyandarua, Tana River, Tharaka Nithi, Isiolo and Lamu Counties. The cumulative project allocation over the period 2017/18-2020/21 stood at Kshs. 2.33 billion.
 - (ii) Leasing of medical equipment amounting to Kshs. 5.2 billion with each County receiving a total of Kshs. 110.64 million.
7. As shown in table 1 below, the allocations towards the construction of county headquarters have increased when compared to the FY 2020/21 and FY 2021/22. The annual allocations have increased as compared to FY2021/22 and the projects are still on-going. The proposed allocation for the FY 2022/23 is Kshs 454 million in which each of the five counties is expected to receive Kshs. 90.80 million.
8. The objective of leasing of the medical equipment was to attain equitable, affordable and quality healthcare services of the highest attainable standard for citizens and equipping Level 4 and Level 5 hospitals with specialized, modern and state of the art equipment, quality and specialized healthcare services.
9. The leasing of medical equipment program had a contract of seven years and was financed from the FY 2015/16 meaning that if the contract was implemented as per the plan it should have ended in the FY 2021/22, yet there is a proposed allocation for the FY 2022/23.
10. Table 1 shows a breakdown of the allocations to these projects from the FY 2015/16-2022/23.

| Table 1: Additional Allocations between 2015/16 and 2022/23 Kshs. Millions | | | | | | | | | |
|---|---|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| N o. | GoK Conditional Grant | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| 1 | Supplement for construction of county headquarters | - | - | 605.00 | 605.00 | 485.15 | 300.00 | 332.00 | 454.00 |
| 2 | Conditional grant leasing of medical equipment | 4,500.00 | 4,500.00 | 4,500.00 | 9,400.00 | 6,200.00 | 6,205.00 | 7,205.00 | 5,200.00 |
| | Total | 4,500.00 | 4,500.00 | 5,105.00 | 10,005.00 | 6,685.15 | 6,505.00 | 7,537.00 | 5,654.00 |

SOURCE: CARA, Various

1.4. Second Schedule: Additional Allocations from the Proceeds of Loans and Grants from Development Partners for FY 2022/23

11. The second schedule is with respect to additional allocations to county governments from loans and grants from development partners during the financial year 2022/23. The disbursement criterion of these additional allocations from loans and grants vary according to the financing agreement.
12. In the financial year 2022/23, the total additional allocations from the development partners amount to Kshs. 31.38 billion, translating to a negative growth of three (3) percent compared to the 2021/22 allocation of Kshs. 32.34 billion.
13. It is important to note that there is a new project which is financed by IDA World Bank and is a financing for locally led climate change action program with an allocation of Kshs. 5.87 billion which is shared equally among the 47 counties.
14. As shown in table 2, the transforming health systems for universal care project's objective is to improve delivery, utilization and quality of primary health care services with focus on reproductive, maternal, new-born, child and adolescent health (RMNCAH) at the county level. The project has not been allocated any funds in the FY 2022/23. According to the financing agreement and previous allocations, FY 2021/22 marked the final year of its implementation.
15. DANIDA Grant - Primary Health Care in Devolved Context: The program was re-structured in December 2020 and the new financing agreement provided that donor allocations to the programme shall be on a reducing balance of 25 % each financial year beginning FY 2021/22 for three financial years, with the county governments

expected to co-finance the difference in each financial year. In this regard, conditional allocation to the project declined from an allocation of Kshs. 900 million in FY 2020/21 to an allocation of Kshs.701 million in FY 2021/22 and to an allocation of Kshs. 667 million in the FY 2022/23, a decline which should be co-financed by the respective county governments. This envisages gradual decrease of the amounts allocated to the project in each financial year, for sustainability before the donor exits after the three financial years.

16. The Kenya Informal Settlement Improvement Project II (KISIP II) is a World Bank project whose objective is to improve access to basic services and tenure security of residents in participating urban informal settlements and to strengthen institutional capacity for slum upgrading in Kenya. This additional conditional allocation, will be in its second year of implementation in the FY 2022/23.
17. Table 2 shows the additional allocations provided for in the FY 2022-23 and the changes in allocations between the FY 2021/22 and FY 2022/23.

Table 2: Changes in allocations to additional allocations financed by Development Partners

| No | Additional Allocation | FY 2021/22 | FY 2022/23 | Difference |
|----|---|---------------|---------------|-----------------|
| 1. | IDA (World Bank) Transforming Health Systems for Universal Care Project | 2,234,664,077 | - | (2,234,664,077) |
| 2. | IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)) | 6,394,997,409 | 6,394,997,409 | - |
| 3. | IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP) | 7,838,338,490 | 7,838,338,490 | - |
| 4. | EU Grant (Instruments for Devolution Advice and Support IDEAS) | 230,730,934 | 119,997,019 | (110,733,915) |
| 5. | IDA (World Bank) credit: Water & Sanitation Development Project (WSDP) | 5,000,000,000 | 5,900,000,000 | 900,000,000 |
| 6. | DANIDA Grant - Primary Health Care in Devolved Context | 701,250,000 | 667,000,000 | (34,250,000) |
| 7. | IDA (World Bank) credit: Kenya Devolution Support Project (KDSP)" Level 2 grant" | 4,599,999,996 | - | (4,599,999,996) |
| 8. | IDA (World bank) Credit (Financing Locally-Led Climate Action Program, FLLoCA) | - | 5,875,000,000 | 5,875,000,000 |
| 9. | Sweden- Agricultural Sector Development Support Programme (ASDSP) II | 1,300,042,904 | 462,000,000 | (838,042,904) |

| | | | | |
|-----|---|-----------------------|-----------------------|----------------------|
| 10. | German Development Bank (KfW)- Drought Resilience Programme in Northern Kenya (DRPNK) | 370,000,000 | 825,000,000 | 455,000,000 |
| 11. | World Bank - Emergency Locust Response Project (ELRP) | 800,000,001 | 600,000,000 | (200,000,001) |
| 12. | World bank - Kenya Informal Settlement Improvement Project(KISIP II) | 2,800,000,000 | 2,700,000,000 | (100,000,000) |
| 13. | UNFPA - 9th Country Programme Implementation | 73,866,705 | - | (73,866,705) |
| | Total | 32,343,890,516 | 31,382,332,918 | (961,557,598) |

Source: National Treasury

CHAPTER TWO

2.0 SUBMISSIONS FROM STAKEHOLDERS

This Chapter presents the submissions to the Committee from various stakeholders.

2.1 Submission by the National Treasury and Planning

The Cabinet Secretary for National Treasury submitted to the committee that-

18. The objective of the Bill was to provide for additional allocations to the County Government in the financial year 2022/23.
19. The Bill had been customized to County Government Additional Allocation Act 2022 that provided for additional allocation to the County Government in the financial year 2021/22
20. One of the responsibilities assigned to the National Treasury in Section 191 (1) of the Finance Management Act, 2012 was preparing County Government Additional Allocation Bill annually.
21. The National Treasury requests that the transfer of libraries functions and the attendant costs amounting to **Ksh. 424,616,047.20** being total amount for personnel emoluments, Operations and Maintenance (O&M) and Leave allowance, be held in abeyance until the next financial year 2023/24. This is meant to allow submission of the list of the staff to be transferred to each and every County Government.
22. The National Treasury requests review of the proposed allocations in the Bill to reflect the submissions made by the Ministries State Departments and Agencies (MDAs) and as contained in the draft Budget Estimates for FY 2022/23 to ensure consistency in the proposed amounts allocations.
23. The National Treasury also proposes inclusion of IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant (Level 1) for capacity building to counties amounting to KSh. 517,000,000.

The National Treasury Analysis

| | Clause/Section | The National Treasury Proposal | Rationale/justification |
|----|-------------------------|--|---|
| 1. | Clause 2 Interpretation | Cabinet Secretary means the Cabinet Secretary responsible for matters relating to finance; | The concept of finance carries along other related matters and hence the need to be broad in the way it is captured in the bill |

| | | | |
|----|------------------|--|---|
| 2. | Clause 4 (1) | Additional allocations shall be funds agreed upon by the National Assembly and the Senate during the consideration of the Budget Policy Statement and shall comprise of- | The bill makes reference to additional allocations and not grants |
| 3. | Clause 4 (1)(a) | Include in Article 190 of the Constitution in the Bill. This will introduce objective to provide for additional allocations financed from proceeds of loans and grants | Article 187 of the Constitution that provides for the transfer of functions to the county government does not limit the funding to the development partners. Therefore the section should be amended to also allow for funding/allocations from GOK |
| 4. | Clause 4 (1)(c) | Additional allocation financed from loans and grants from development partners | To capture that it is indeed an additional allocation |
| 5. | Clause 5 (2) | Conditional allocations financed by proceeds of loans or grants from development partners to each county government for the financial year 2022/23 shall be as set out in Column M of the Second Schedule, comprising of- | There was need to include an extra column on the grant from the World Bank to Finance Locally- Led Climate Program (FLLoCA) for County Climate Institutional Support (CCIS) which was not reflected in the Senate Bill. The NT proposed that the grant be included in the FY 2022/2023. |
| 6. | Clause 5 (2) (f) | Conditional allocations financed by a grant from the World Bank to finance Locally- Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) grant as set out in Column G of the Second Schedule which shall be allocated among county governments on the basis of a criteria to be determined as follows: i. The accounting officer responsible for the grant shall for each eligible county government carry out or cause to be carried out, in accordance with the intergovernmental agreement between the National Government and each eligible county government, an assessment to | The grant was a performance based Additional Allocations and so the disbursements would be made upon carrying out an assessment of the respective MDA's to determine the allocations to each county. There was therefore need to provide a basis for determining the criterion. |

| | | | |
|----|--|---|---|
| | | <p>determine the eligible county governments' performance score for purposes of determining the Performance Grant allocation for the financial year 2022/2023</p> <p>ii. The allocation to the eligible county governments shall be on the basis of the criteria comprising of the Performance score determined in paragraph (i) above and the Revenue Sharing formula approved by Parliament in accordance with Article 217 of the Constitution; and</p> <p>iii. The Cabinet Secretary shall publish in the Kenya Gazette, the allocations determined in terms of paragraph (ii) above</p> | |
| 7. | Clause 5 (2) (k) | Conditional allocations financed by a grant from the World Bank to finance Locally-Led Climate Program (FLLoCA) for County Climate Institutional Support (CCIS) Grant as set out in Column L of the Second Schedule; | The National Treasury proposed that the grant be included in the FY 2022/2023. |
| | New Clause 5 (b) Equalization Fund | Inclusion of allocation from the equalization fund to the respective counties | The PFM (Equalization Fund Administration) Regulations 2021 provide for the utilization of Equalization fund as conditional grants to county governments |
| 8. | Clause 6 Report on actual transfers | The Cabinet Secretary shall publish, by the 15 th day of each subsequent month, a monthly report on actual transfers of all conditional and unconditional allocations to county governments disbursed pursuant to this Act | The bill as it was, was only limited to conditional allocations yet it covered all the additional allocations both conditional and unconditional allocations. That also applied to Section 7 of the Bill. |

2.2 Submission by the Council of Governors

24. The Council of Governors submitted their memorandum to the Committee stating as follows-

| | Clause/Section | COG Proposal | Rationale/justification |
|----|---|--|---|
| 1. | Clause 5 (1) Conditional allocations to county governments | Addition to Clause 5 (1) (c) Conditional allocation for the library function as set out in column D of the First Schedule. | The IGTRC vide letter Ref. No. IGR/ADM/1/110/Vol. 1 (53) dated 14th December 2021 submitted the attendant resources earmarked for transfer of library function to the County Governments through the budget process of the financial year 2022/2023. The total resources earmarked to be transferred for the 59 libraries to the 33 Counties amounted to Ksh. 424,616,047.20. |
| 2. | Clause 5 (2) Conditional allocations to county governments | Addition to Clause 5 (2) (k) conditional allocations from a World Bank credit to finance Locally-Led Climate Action Program, (FLLoCA) as set out in Column L of the Second Schedule. | This is to include the County Climate Institutional Support (CCIS) under the World Bank credit to finance Locally-Led Climate Action Program, (FLLoCA) which is not included in the Senate Bill. |

2.3 Submission by International Budget Partnership –Kenya (IBP-Kenya)

The Country Manager, IBP-Kenya Dr. Abraham Rugo submitted a memorandum to the Committee stating as follows-

25. That there was no clear criteria for allocating conditional grants from the national government revenue. As was highlighted in Column C of the First Schedule of the County Governments Additional Allocations Bill, 2022, all the counties were to receive an equal amount of KShs.110,638,298 for medical equipment leasing. However, it was apparent that not all the counties were at the same level, and their requirements were pretty diverse. The same applied to Column G of the Second Schedule that allocated an equal amount of KShs. 125 million towards each of the counties. The allocation was to finance the locally led Climate Action Program. There needed to be a clear criterion for determining equitable allocations to the counties to ensure resources were distributed equitably.

26. That IBP was concerned that ten years since the onset of devolution, counties were still receiving funds to supplement the construction of county headquarters. The County Governments Additional Allocations Bill had identified five counties in 2022 to receive an additional KShs. 90.8 million to supplement the construction of county headquarters. They raised the following questions
- i. Did it mean that the counties did not have headquarters to operate from?
 - ii. Had there been assessment reports toward all the previous allocations that had been directed towards the county allocations to construct their headquarters?
 - iii. How far were they, and when were they likely to be completed?
 - iv. It would also be good for the Senate to highlight the criteria that had been used to arrive at the five counties listed in Column B of the Bill.

2.4 Submission by the County Assemblies Forum

27. The County Assemblies Forum submitted their memorandum to the Committee stating as follows-

| | Clause/Section | CAF Proposal | Rationale/justification |
|----|---|--|--|
| 1. | Clause 4 (1) Additional grants shall be funds agreed upon by the National Assembly and the Senate during consideration of the Budget Policy Statement and shall comprise of- | Amend to state- “Additional grants shall be funds agreed upon by the National Assembly and the Senate during the consideration of the Budget Policy Statement and after consultation with county Government shall comprise of-” | It would be reasonable to include county governments at this stage |

2.5 Submission by the University of Nairobi - African Women's Studies Centre- Women's Economic Empowerment (WEE) Hub

The Women's Economic Empowerment (WEE) Hub under African Women's Studies & Research Centre (AWSRC) submitted the following views on the County Governments Additional Allocations Bill (Senate Bills No.2 of 2022)-

28. The conditional grant for leasing medical equipment from the National Government given as Kshs.110,638,298 uniformly for all the 47 counties as part of the MES program in place since 2015 targets healthcare improvement which is a vital aspect in improving the livelihoods of women across the country.
29. Though not uniformly provided in the 47 counties, the loans and grants from development partners target agriculture through the National Agricultural and Rural Inclusive Growth Project (NARIGP), the Kenya Climate Smart Agriculture (KCSAP) and the Agricultural Sector Development Support Programme (ASDSP). The Water and Sanitation Development Project (WSDP) by the IDA also given as a credit by the World Bank targets access to clean and affordable water and sanitation services in the selected counties which is also at the core of AWS UON WEE Hub services.
30. Clean and affordable energy sources is targeted by the loans and grants in the selected counties through the Locally-Led Climate Action Program (FLLoCA). Access to primary health care is targeted by the DANIDA Grant for supporting primary health care in developed contexts that is given in all 47 counties.
31. The Kenya Informal Settlement Improvement Project (KISIP 11) and the Drought Resilience Programme in Northern Kenya (DRPNK) are also key areas of interest for the AWS UON WEE Hub as they all contribute to the overall objective of empowering women economically. Unfortunately, the issue of domestic care and unpaid work has remained unmentioned despite the significant role that it plays in enhancing women's economic empowerment.
32. Reduction in the proposed allocations-a comparison between Financial Year 2021/2022 and the proposals for the Financial Year 2022/2023 additional allocations to county governments from the National Government share of revenue and loans and grants from development partners show a significant drop as illustrated-

| | Financial Year 2021/2022 | Financial Year 2022/2023 | Decrease | % Decrease |
|---|-------------------------------------|-------------------------------------|----------------------|-----------------------|
| Additional Allocations from National Government Share of Revenues. | 7,537,000,000 | 5,654,000,000 | 1,883,000,000 | 24.98% |
| Conditional Allocations of Loans and Grants from Development Partners | 32,343,890,515 | 31,382,332,918 | 961,557,597 | 2.97% |
| TOTAL | 39,880,890,515 | 37,036,332,918 | 2,844,557,597 | 7.13% |

33. Whereas the current 2022 Budget Policy Statement is guided by the intent to tighten the fiscal operating environment and avoid exceeding the debt ceiling, the reduction in the key funding as is the case above will hamper the quest to empower women economically and improve their livelihoods. As indicated in the key areas of focus, the conditional allocation from the National Government revenues and the loans and grants from the development partners have a direct impact on areas that have an impact on the economic empowerment of women and hence the AWS UON WEE- Hub would request that the amounts be maintained to the same levels.
34. The 24.98% reduction from the National Government's share of revenue will reduce the gains that are currently being targeted by the program. The reductions in the amount especially in areas that are considered as most vulnerable will have huge consequences on measures such as fighting droughts and increasing acreage under irrigation.
35. Whereas the County Governments Additional Allocations Bill, 2022 has evidently targeted the MES program with the intent of ensuring that it runs to full completion, it is notable that the expansion of referral health care infrastructure has been slow and not uniform across the country.
36. As revealed by the studies undertaken by the Ministry of Health (MOH), the number of referral facilities increased by 35 between 2012 and 2018. Under the MES, most counties expanded and equipped existing hospitals to provide specialized treatment, while a few counties added new hospitals or upgraded

- primary facilities to referral facilities. It shows that the adopted uniform and one-fit-all strategy for the MES Program is not working in some areas of the country.
37. The leasing of medical equipment (Managed Equipment Services-MES) project initiated in 2015 as an alternative health care financing option to scale up health infrastructure for provision of specialized medical care has majorly been skewed towards developed parts of the country while the other parts continue to lag behind. The additional allocations should not be uniformly done but be undertaken in a way that prioritizes the areas which have less facilities and difficulties in accessing primary health care.
 38. The design of the MES project was not informed by a comprehensive disease burden and health infrastructure needs assessment for each of the county governments and it is clear that not all those counties are homogenous.
 39. The proposed one size fit all approach adopted as a mechanism of providing the counties with the additional allocations is not appropriate. With the highlighted disparities, the additional funding should be based on the affirmative need to improve the situation of counties that are way below average when it comes to the distribution of the services.
 40. The AWS UON WEE Hub recommends-
 - (i) a review of the MES program and prioritize allocation towards counties that have lagged in terms of acquiring and equipping their hospitals since that is clearly a challenge.
 - (ii) a further evaluation and reconfiguration of the project before it lapses to ensure that citizens receive value for investment in terms of better health outcomes to avoid a situation where all the intended benefits are not achieved.
 - (iii) While the AWS UON WEE Hub appreciates the role that the development partners are doing in funding the areas that are key in uplifting the plight of women, it is important that the government also offers additional funds to such areas. The national government should have strategies in place to enhance such donor funded projects if the donors exit the country so that the livelihoods depended on the funds are not affected.

2.6 Submission by CPF Financial Services Limited

The Group Managing Director, CPF Financial Services Limited Mr. Hosea Kili submitted to the Committee as follows-

41. That CPF was an administrator of retirement benefits schemes in Kenya registered by the Retirements Benefits Authority and administered the following schemes among others-

(a) County Pension Fund (previously called “Laptrust (Umbrella) Fund”) which is a defined contribution pension scheme for employees of County Governments in Kenya. The scheme was established and registered with Retirements Benefits Authority in 2011 and had grown in Membership and fund value to 57,106 members and Kshs.27,388,794,000/= respectively. The Scheme faced the challenge of unremitted contributions by County Governments that amounted to Kshs.3,129,802,000/= as at 31st December 2021.

(b) Local Authorities Pension Trust (Laptrust DB Scheme) that dated back to 1928. It was the successor of the Kenya Local Governments Officers Superannuation Fund and was established under the Local Authorities Pension Trust Rules as a scheme for employees of the defunct Local Authorities. However, the scheme was closed to new members but operated normally for its existing members. It had **17,109** members and a fund value of Kshs.**31,791,391,000/=**. Just like the County Pension Fund, the scheme had serious challenges of unremitted contributions, actuarial deficits, penalties and interests that as at 31st December 2021 stood at **Kshs.30,517,071,000/=**.

42. The arrears revealed that County Governments were unable to remit their portion of statutory deductions or had deducted from their employees’ salary statutory deductions but failed to remit the same to the relevant statutory bodies.

43. CPF Financial Services Limited thus observed that there was need for the government to address the challenge of unremitted pension contributions through policy and legislative interventions. Failure to do so would impact the retirement scheme adversely to the disadvantage of the members who were county employees.

44. Failure to remit statutory deductions had posed great challenges to pension such as lost investment opportunities, accumulation of actuarial deficits, reductions of benefits of members at retirement and violation of law.

45. CPF Financial Services Limited further observed that the bill provided statutory bodies such as NHIF, County Pension Fund and Laptrust DB an opportunity to remedy the wrongs highlighted above by indirectly sanctioning county governments to pay and/ remit statutory deductions as per law required.
46. They therefore proposed that the bill be amended by inserting the following new clause immediately after Clause 5-

“5A. (1) As a final stage for accessing conditional grants under this Act, a county government shall demonstrate that it has paid all outstanding statutory debts and had received a clearance certificate from a statutory creditor.

(2) The outstanding statutory debts shall include any amounts owed to employees or county state officers for salaries, allowances or other emoluments, including any amounts deducted from such salaries, allowances or other emoluments that the county government is required to pay to a third party.

(3) The requirement of this Section shall be deemed to have been met if a county enters into a statutory debt repayment agreement with the relevant entity or creditor.”

47. The Local Authorities Transfer Fund Act No.8 of 1998 and Regulations thereunder had requirements akin to the above proposed amendment and the same assisted the Laptrust DB Scheme and other statutory entities to recover unremitted contributions, thus to a large extent solved the problem of pension contribution debt, actuarial deficits, penalties and interests for the benefit of employees of the defunct local authorities.

CHAPTER THREE

3.0 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

3.1 Observations

48. The Committee, having considered the bill and the submissions from the stakeholders, made the following observations-

- e) Article 190 of the Constitution states that Parliament shall by Legislation ensure that county governments have adequate support to enable them perform their functions. It is in accordance with this provision that the Senate published the Governments Additional Allocation Bill (Senate Bills No. 2 of 2022) to provide a legislative framework for transfer of conditional grants and proceeds from loans from the National Government to County Governments.
- f) Included in the amounts to be disbursed to county governments in the FY 2022/2023 was a grant from the World Bank amounting to Kshs. 5,875,000,000. The objective of the grant is to Finance Locally- Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI). The allocation to counties will be based on the initiatives/performance of the counties towards climate resilience.
- g) Implementation of transfer of library function to thirty-three (33) county governments had remained outstanding for an inordinately long period of time. The Committee noted that the National Treasury had set aside Kshs. 424,616,047.20, to effect the transfer of the library function (a total of 59 libraries) to their respective county governments.
- h) To ensure implementation of the Equalization Fund, a Third Schedule needs to be introduced in the Bill to provide for additional allocation in form of conditional grant to the identified beneficiary counties.
- i) There was avariance between the proposed allocations submitted by the National Treasury during the consideration of the 2022 Budget Policy Statement and the proposed allocations submitted in the budget estimates. This has led to a huge difference between the allocations in the Bill and the actual allocations submitted by MDAs through the National Treasury.

- j) Delays in disbursements of funds to counties affected implementation of their budgeted activities and services delivery. It was therefore important that the National Treasury endeavours to ensure that counties receive their allocations according to the Cash Disbursement Schedules as stipulated in Section 17(7) of the Public Finance Management Act, 2012 to allow for seamless implementation of the budget.

3.2 Recommendations

49. The Committee recommends that

A. The Bill be approved with the following amendments-

a) The definition of the cabinet secretary to be amended to read as follows-
“Cabinet Secretary” means the Cabinet Secretary responsible for matters relating to finance.

b) Clause 4 be amended by replacing the word grants with additional allocations.

c) Clause 5(2) be amended by-

(i) deleting paragraph (f) and substituting new paragraph to read- (f) conditional allocations from a World Bank credit to finance Locally-Led Climate Action Program, (FLLoCA) for County Climate Institutional Support (CCIS) as set out in Column G of the Second Schedule.

(ii) inserting a new paragraph immediately after paragraph to read- (k) conditional allocations financed by a grant from the World Bank to finance Locally- Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) grant as set out in Column L.

(iii) inserting a new paragraph 2A to provide that conditional allocations under subsection 2(k) shall be allocated among county governments on the basis of a criteria to be determined as follows-

(a) The accounting officer responsible for the conditional allocation shall in each eligible county government carry out or cause to be carried out, in accordance with the intergovernmental agreement between the National Government and each eligible county government, an assessment to determine the eligible county

governments' performance score for purposes of determining the Performance allocation for the financial year 2022/2023.

- (b) The allocation to the eligible county governments shall be on the basis of the criteria comprising the performance score determined under paragraph (a) and the Revenue Sharing formula approved by Parliament in accordance with Article 217 of the Constitution; and
- (c) The Cabinet Secretary shall publish in the Kenya Gazette the allocations determined in terms of paragraph (b).

d) Introducing a new clause 5A to provide for additional allocations in form of conditional grant for implementation of Equalisation Fund. The clause to read as follows- Additional allocation to each county government from National Government for purposes of the library function for the financial year 2022/23 shall be as set out in the Third Schedule.

e) Deleting the First and Second Schedules and replacing with the new schedule as attached below.

f) Introducing a new 'Third Schedule' additional conditional allocations on equalization fund.

B. The National Treasury in collaboration with the Council of Governors, State Department of Culture and Heritage and the Intergovernmental Relations Technical Committee should ensure, within the next four (4) months, that all the mechanisms are put in place to allow seamless operations once the transfer of the library function is implemented.

APPENDIXES

- (a) Amended First and Second Schedules**
- (b) New (Third) Schedule on Equalization Fund**
- (c) Committee Stage Amendments**
- (d) Minutes of the Committee Sittings**
- (e) Submission from stakeholders**

| First Schedule: Additional allocations to County Governments from National Government Revenue in Financial year 2022/23 (Kenya Shillings) | | | | | |
|--|-----------------|---|--|--|---|
| S/N | County | FY 2021/22 | FY 2022/23 | | |
| | | Total Conditional Grants from the National Government Revenue | Supplement for construction of county headquarters | Conditional Grant-Leasing of Medical Equipment | Total Conditional Grants from the National Government Revenue |
| | | Column A | Column B | Column C | Column D |
| 1 | Baringo | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 2 | Bomet | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 3 | Bungoma | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 4 | Busia | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 5 | Elgeyo/Marakwet | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 6 | Embu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 7 | Garissa | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 8 | Homa Bay | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 9 | Isiolo | 221,297,872 | 102,000,000 | 110,638,298 | 212,638,298 |
| 10 | Kajiado | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 11 | Kakamega | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 12 | Kericho | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 13 | Kiambu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 14 | Kilifi | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 15 | Kirinyanga | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 16 | Kisii | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 17 | Kisumu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 18 | Kitui | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 19 | Kwale | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 20 | Laikipia | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 21 | Lamu | 191,297,872 | 24,000,000 | 110,638,298 | 134,638,298 |
| 22 | Machakos | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 23 | Makueni | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 24 | Mandera | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 25 | Marsabit | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 26 | Meru | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 27 | Migori | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 28 | Mombasa | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 29 | Muranga | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 30 | Nairobi | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 31 | Nakuru | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 32 | Nandi | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 33 | Narok | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 34 | Nyamira | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 35 | Nyandarua | 228,297,872 | 121,000,000 | 110,638,298 | 231,638,298 |
| 36 | Nyeri | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 37 | Samburu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 38 | Siaya | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 39 | Taita Taveta | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 40 | Tana River | 228,297,872 | 104,000,000 | 110,638,298 | 214,638,298 |
| 41 | TharakaNithi | 229,297,872 | 103,000,000 | 110,638,298 | 213,638,298 |
| 42 | Trans Nzoia | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 43 | Turkana | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 44 | Uasin Gishu | 153,297,872 | - | 110,638,298 | 110,638,298 |

| | | | | | |
|----|------------------------|----------------------|--------------------|----------------------|----------------------|
| 45 | Vihiga | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 46 | Wajir | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 47 | West Pokot | 153,297,872 | - | 110,638,298 | 110,638,298 |
| | GRAND TOTAL | 7,537,000,000 | 454,000,000 | 5,200,000,000 | 5,654,000,000 |

| Second Schedule: Additional allocations from loans and grants from development partners for financial year 2022/2023 (Figures in Kenya Shillings) | | FY 2022/23 | | | | | | | | | | | | | |
|---|-----------------|------------------------|---|--|--|--|--|--|--|--|---|---|--|------------------------|--|
| S/N | County | FY 2022/23 | | | | | | | | | | | | | |
| | | Column A | Column B | Column C | Column D | Column E | Column F | Column G | Column H | Column I | Column J | Column K | Column L | Column M | |
| | | Total Loans and Grants | IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)) | IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP) | EU Grant (Instruments for Devolution Advice and Support IDEAS) | IDA (World Bank) credit: Water & Sanitation Development Project (WSDP) | DANIDA Grant - Primary Health Care in Devolved Context | IDA (World Bank) Credit (Financing Locally-led Climate Action (FLLoCA) Program, County | Sweden- Agricultural Sector Development Support Programme (ASDSP) II | German Development Bank (KfW) - Drought Resilience Programme in Northern Kenya | World Bank - Emergency Locust Response Project (ELRP) | World bank - Kenya Informal Settlement Improvement Project (KISIP II) | IDA (World Bank) Credit (Financing Locally-led Climate Action (FLLoCA) | Total Loans and Grants | |
| 1 | Baringo | 528,317,166 | 100,298,617 | 95,457,110 | 15,626,168 | - | 10,738,700 | 11,000,000 | 15,157,989 | - | 69,207,700 | - | - | 317,486,284 | |
| 2 | Bomet | 653,181,658 | - | 83,323,430 | - | - | 11,605,800 | 11,000,000 | 15,590,699 | - | - | - | - | 121,519,929 | |
| 3 | Bungoma | 542,772,196 | - | - | - | - | 18,742,700 | 11,000,000 | 15,837,026 | - | - | 36,424,018 | - | 82,003,744 | |
| 4 | Busia | 447,133,112 | - | 125,328,154 | - | - | 12,673,000 | 11,000,000 | 15,096,539 | - | - | - | - | 164,097,693 | |
| 5 | Elgeyo/Marakwet | 702,054,383 | - | 85,593,752 | - | - | 8,137,400 | 11,000,000 | 14,162,596 | - | 75,879,000 | 8,324,295 | - | 203,097,043 | |
| 6 | Embu | 453,821,524 | 260,577,564 | - | - | - | 9,071,200 | 11,000,000 | 17,252,897 | - | 67,688,700 | - | - | 365,590,361 | |
| 7 | Garissa | 1,087,727,785 | - | 75,269,050 | - | 450,000,000 | 14,807,400 | 11,000,000 | 19,237,689 | - | 80,912,850 | - | - | 651,226,989 | |
| 8 | Homa Bay | 454,463,421 | 169,429,682 | - | - | - | 14,207,100 | 11,000,000 | 16,961,327 | - | - | 150,000,000 | - | 361,598,109 | |
| 9 | Isiolo | 592,196,554 | - | 59,773,034 | - | - | 8,937,800 | 11,000,000 | 15,458,346 | - | 84,469,550 | - | - | 179,638,730 | |
| 10 | Kajiado | 576,204,540 | - | 75,231,220 | - | - | 13,540,100 | 11,000,000 | 15,549,570 | - | - | - | - | 115,320,890 | |
| 11 | Kakamega | 691,090,920 | - | 99,110,439 | - | - | 21,944,300 | 11,000,000 | 16,691,828 | - | - | - | - | 148,746,567 | |
| 12 | Kericho | 569,054,323 | - | 72,680,579 | - | - | 11,339,000 | 11,000,000 | 16,995,122 | - | - | - | - | 112,014,701 | |
| 13 | Kiambu | 589,239,254 | 400,318,542 | - | - | - | 19,876,600 | 11,000,000 | 17,814,189 | - | - | 42,456,908 | - | 491,466,239 | |
| 14 | Kilifi | 2,154,008,617 | 219,997,606 | - | - | 2,000,000,000 | 22,011,000 | 11,000,000 | 16,633,495 | - | - | 200,000,000 | - | 2,469,642,101 | |
| 15 | Kirinyaga | 573,638,600 | 148,043,801 | - | - | - | 8,937,800 | 11,000,000 | 15,419,509 | - | - | - | - | 183,401,110 | |
| 16 | Kisii | 575,643,577 | 131,476,562 | - | - | - | 16,408,200 | 11,000,000 | 15,840,849 | - | - | - | - | 174,725,611 | |

| | | | | | | | | | | | | | | |
|----|---------------------|---------------|-------------|-------------|------------|---------------|------------|------------|------------|-------------|------------|-------------|---|---------------|
| 17 | Kisumu | 769,632,733 | - | 70,007,432 | 15,626,168 | - | 14,407,200 | 11,000,000 | 17,503,544 | - | - | 278,640,055 | - | 407,184,399 |
| 18 | Kitui | 505,225,111 | 153,298,172 | - | - | - | 18,609,300 | 11,000,000 | 17,077,037 | - | 70,223,000 | - | - | 270,207,509 |
| 19 | Kwale | 1,084,696,427 | 129,364,832 | - | - | 1,150,000,000 | 16,408,200 | 11,000,000 | 16,384,932 | - | - | - | - | 1,323,157,964 |
| 20 | Laikipia | 594,808,504 | - | 66,193,250 | - | - | 8,804,400 | 11,000,000 | 14,580,064 | - | - | - | - | 100,577,714 |
| 21 | Lamu | 387,821,812 | - | 5,236,636 | - | - | 5,469,400 | 11,000,000 | 15,214,470 | - | - | 200,000,000 | - | 236,920,506 |
| 22 | Maehakos | 563,831,924 | - | 68,040,614 | - | - | 16,341,500 | 11,000,000 | 15,404,784 | - | 67,674,400 | - | - | 178,461,298 |
| 23 | Makueni | 600,213,719 | 182,245,441 | - | - | - | 15,607,800 | 11,000,000 | 16,187,773 | - | - | - | - | 225,041,014 |
| 24 | Mandera | 607,418,422 | - | 81,191,951 | - | - | 21,544,100 | 11,000,000 | 18,686,862 | - | 91,274,250 | - | - | 223,697,163 |
| 25 | Marsabit | 753,314,489 | - | 55,194,559 | 16,140,048 | - | 14,273,800 | 11,000,000 | 18,451,009 | 387,000,000 | 93,873,850 | - | - | 595,933,266 |
| 26 | Meru | 778,344,871 | 206,960,478 | - | - | - | 16,941,800 | 11,000,000 | 15,209,642 | - | 75,983,000 | - | - | 326,094,920 |
| 27 | Migori | 391,091,244 | 115,188,436 | - | - | - | 14,273,800 | 11,000,000 | 18,146,589 | - | - | - | - | 158,608,825 |
| 28 | Mombasa | 1,313,902,680 | - | - | - | 950,000,000 | 14,874,100 | 11,000,000 | 14,414,211 | - | - | 219,423,444 | - | 1,209,711,755 |
| 29 | Murang'a Nairobi | 454,929,372 | 202,429,735 | - | - | - | 13,273,300 | 11,000,000 | 14,410,294 | - | - | - | - | 241,113,329 |
| 30 | City | 866,791,349 | - | - | - | - | 33,550,100 | 11,000,000 | 20,945,243 | - | - | 350,000,000 | - | 415,495,343 |
| 31 | Nakuru | 819,285,259 | 92,144,660 | - | - | - | 22,077,700 | 11,000,000 | 15,827,494 | - | - | 300,000,000 | - | 441,049,854 |
| 32 | Nandi | 524,798,208 | 155,424,837 | - | - | - | 11,272,300 | 11,000,000 | 14,501,837 | - | - | 16,519,088 | - | 208,718,062 |
| 33 | Narok | 645,965,988 | 235,246,719 | - | - | - | 16,941,800 | 11,000,000 | 18,136,451 | - | - | - | - | 281,324,970 |
| 34 | Nyamira | 563,367,518 | 171,924,054 | - | - | - | 10,138,400 | 11,000,000 | 14,787,054 | - | - | - | - | 207,849,508 |
| 35 | Nyandarua | 683,889,689 | - | 75,718,650 | 11,000,000 | - | 10,271,800 | 11,000,000 | 14,157,337 | - | - | 25,497,691 | - | 147,645,478 |
| 36 | Nyeri | 680,265,672 | - | 124,713,230 | - | - | 11,405,700 | 11,000,000 | 13,627,489 | - | - | 102,139,147 | - | 262,885,566 |
| 37 | Samburu | 470,939,351 | 89,792,536 | - | 15,626,168 | - | 9,738,200 | 11,000,000 | 19,131,435 | - | 91,588,750 | - | - | 236,877,089 |
| 38 | Siaya | 540,152,675 | - | 75,368,050 | - | - | 12,206,100 | 11,000,000 | 14,538,059 | - | - | - | - | 113,112,209 |
| 39 | Taita Taveta | 1,379,682,318 | - | 124,522,005 | 15,624,929 | 800,000,000 | 8,937,800 | 11,000,000 | 14,868,457 | - | - | 60,000,000 | - | 1,034,953,191 |

| | | | | | | | | | | | | | |
|----|---------------|----------------|---------------|---------------|-------------|---------------|-------------|-------------|-------------|-------------|---------------|---------------|----------------|
| 40 | Tana River | 468,563,507 | - | 82,386,194 | 14,727,370 | - | 12,339,500 | 11,000,000 | 20,261,832 | - | - | - | 140,714,896 |
| 41 | Tharaka Nithi | 600,288,742 | - | 122,240,640 | - | - | 8,270,800 | 11,000,000 | 13,846,340 | - | 68,827,500 | 80,575,354 | 304,760,634 |
| 42 | Trans Nzoia | 571,686,484 | 207,126,690 | - | - | - | 12,139,400 | 11,000,000 | 14,675,225 | - | - | 200,000,000 | 444,941,315 |
| 43 | Turkana | 786,247,615 | 124,429,694 | - | - | - | 22,211,100 | 11,000,000 | 24,393,829 | 438,000,000 | 101,918,500 | - | 721,953,123 |
| 44 | Uasin Gishu | 608,853,967 | - | 84,379,280 | - | - | 13,340,000 | 11,000,000 | 14,385,267 | - | - | 200,000,000 | 323,104,547 |
| 45 | Vihiga | 417,314,928 | 67,413,552 | - | - | - | 9,804,900 | 11,000,000 | 13,982,977 | - | - | - | 102,201,429 |
| 46 | Wajir West | 1,160,065,181 | - | 78,101,121 | 15,626,168 | 550,000,000 | 18,009,000 | 11,000,000 | 22,904,132 | - | 89,529,250 | 230,000,000 | 1,015,169,671 |
| 47 | Pokot | 559,953,126 | - | 114,909,620 | - | - | 10,538,600 | 11,000,000 | 18,793,436 | - | 70,759,700 | - | 226,001,356 |
| | Total | 32,343,890,515 | 3,563,132,210 | 1,999,970,000 | 119,997,019 | 5,900,000,000 | 667,000,000 | 517,000,000 | 775,134,775 | 825,000,000 | 1,199,810,000 | 2,700,000,000 | 23,700,044,004 |

Third Schedule: Allocations from the Equalization Fund for the Marginalized areas for the FY 2022-23

| No. | COUNTY | FY 2021/2022 | FY2022/23 | TOTAL |
|-----|-----------------|-------------------------|-------------------------|-----------------------|
| 1 | Baringo | 396,090,056.67 | 410,201,046.07 | 806,291,103 |
| 2 | Bomet | 12,790,912.52 | 13,246,597.86 | 26,037,510 |
| 3 | Bungoma | 39,127,812.29 | 40,521,768.37 | 79,649,581 |
| 4 | Busia | 11,968,468.05 | 12,394,853.22 | 24,363,321 |
| 5 | Elgeyo Marakwet | 43,344,757.89 | 44,888,945.66 | 88,233,704 |
| 6 | Garissa | 419,977,632.76 | 434,939,634.02 | 854,917,267 |
| 7 | Homa Bay | 87,604,010.00 | 90,724,965.03 | 178,328,975 |
| 8 | Isiolo | 98,782,717.91 | 102,301,922.35 | 201,084,640 |
| 9 | Kajiado | 276,095,875.57 | 285,931,987.11 | 562,027,863 |
| 10 | Kericho | 40,527,235.23 | 41,971,046.75 | 82,498,282 |
| 11 | Kilifi | 359,394,892.38 | 372,198,590.51 | 731,593,483 |
| 12 | Kisumu | 16,198,087.17 | 16,775,155.52 | 32,973,243 |
| 13 | Kitui | 264,587,656.25 | 274,013,779.30 | 538,601,436 |
| 14 | Kwale | 164,949,142.52 | 170,825,572.79 | 335,774,715 |
| 15 | Laikipia | 79,416,251.80 | 82,245,512.14 | 161,661,764 |
| 16 | Lamu | 38,352,059.72 | 39,718,379.07 | 78,070,439 |
| 17 | Machakos | 8,602,649.08 | 8,909,124.56 | 17,511,774 |
| 18 | Mandera | 501,519,700.07 | 519,386,695.35 | 1,020,906,395 |
| 19 | Marsabit | 308,685,487.79 | 319,682,627.39 | 628,368,115 |
| 20 | Meru | 19,921,432.69 | 20,631,147.87 | 40,552,581 |
| 21 | Migori | 118,331,949.45 | 122,547,609.14 | 240,879,559 |
| 22 | Murang'a | 3,780,709.85 | 3,915,400.33 | 7,696,110 |
| 23 | Nakuru | 4,283,648.32 | 4,436,256.33 | 8,719,905 |
| 24 | Nandi | 77,713,331.50 | 80,481,924.10 | 158,195,256 |
| 25 | Narok | 513,675,602.75 | 531,975,660.69 | 1,045,651,263 |
| 26 | Samburu | 432,475,053.34 | 447,882,284.07 | 880,357,337 |
| 27 | Siaya | 17,167,277.61 | 17,778,874.06 | 34,946,152 |
| 28 | Taita taveta | 8,876,797.24 | 9,193,039.44 | 18,069,837 |
| 29 | Tana River | 294,306,383.64 | 304,791,257.45 | 599,097,641 |
| 30 | Tharaka Nithi | 29,293,164.07 | 30,336,753.83 | 59,629,918 |
| 31 | Trans Nzoia | 4,978,023.58 | 5,155,369.20 | 10,133,393 |
| 32 | Turkana | 761,584,245.26 | 788,716,224.55 | 1,550,300,470 |
| 33 | Wajir | 486,048,672.49 | 503,364,501.43 | 989,413,174 |
| 34 | West Pokot | 680,106,212.55 | 704,335,479.10 | 1,384,441,692 |
| | Total | 6,620,557,910.01 | 6,856,419,984.67 | 13,476,977,895 |

31st May, 2022

The Clerk of the Senate
Parliament Buildings
NAIROBI

**RE: COMMITTEE STAGE AMENDMENTS TO THE COUNTY GOVERNMENTS
ADDITIONAL ALLOCATIONS BILL, SENATE BILLS NO. 1 OF 2022**

NOTICE is given that Sen. Charles Kibiru, Chairperson, Committee on Finance and Budget intends to move the following amendment to the County Governments Additional Allocations Bill, Senate Bills No. 2 of 2022, at the Committee Stage-

CLAUSE 4

THAT clause 4 of the Bill be amended in subclause (1)-

- (a) by deleting the word “grants” appearing immediately after the word “additional” and substituting therefor the word “allocations” appearing in the opening phrase;
- (b) by inserting the words “the national government and” immediately after the words “allocations from” in paragraph (a); and
- (c) by inserting the words “additional allocations in form of” immediately before the words “loans and grants” in paragraph (c).

CLAUSE 5

THAT clause 5 of the Bill be amended-

- (a) in subsection (2)-
 - (i) by deleting the words “Column L” appearing immediately after the words “shall be set out in” and substituting therefor the words “Column M” in the opening phrase;
 - (ii) by deleting paragraph (f) and substituting therefor the following new paragraph-
(f) conditional allocations from a World Bank credit to finance Locally-Led Climate Action Program, (FLLoCA) for County Climate Institutional Support (CCIS) as set out in Column G of the Second Schedule.
 - (iii) by inserting the following new paragraph immediately after paragraph (j)-

(k) conditional allocations financed by a grant from the World Bank to finance Locally- Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) grant as set out in Column L.

(b) by inserting the following new paragraph immediately after subsection (2)

(2A) Conditional allocations under subsection 2(k) shall be allocated among county governments on the basis of a criteria to be determined as follows-

- (a) The accounting officer responsible for the conditional allocation shall in each eligible county government carry out or cause to be carried out, in accordance with the intergovernmental agreement between the National Government and each eligible county government, an assessment to determine the eligible county governments' performance score for purposes of determining the Performance allocation for the financial year 2022/2023.
- (b) The allocation to the eligible county governments shall be on the basis of the criteria comprising the performance score determined under paragraph (a) and the Revenue Sharing formula approved by Parliament in accordance with Article 217 of the Constitution; and
- (c) The Cabinet Secretary shall publish in the Kenya Gazette the allocations determined in terms of paragraph (b).

CLAUSE 6

THAT clause 6 of the Bill be amended by deleting the word “conditional” appearing immediately after the words “transfers of all” and substituting therefor the word “additional”.

NEW CLAUSE

THAT the Bill be amended by inserting the following new clause immediately after clause 5

Equalization Fund.

5A. Additional allocations to the respective county government from the Equalization Fund for the financial year 2022/23 shall be as set out in the Third Schedule.

FIRST SCHEDULE

THAT the Bill be amended by deleting the First Schedule and substituting therefor the following new schedule-

FIRST SCHEDULE

Conditional allocations to County Governments from National Government Revenue in Financial year 2022/23 (Kenya Shillings)

| Additional allocations to County Governments from National Government Revenue in Financial year 2022/23 (Kenya Shillings) | | | | | |
|---|-----------------|---|--|--|---|
| S/N | County | FY 2021/22 | FY 2022/23 | | |
| | | Total Conditional Grants from the National Government Revenue | Supplement for construction of county headquarters | Conditional Grant-Leasing of Medical Equipment | Total Conditional Grants from the National Government Revenue |
| | | Column A | Column B | Column C | Column D |
| 1 | Baringo | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 2 | Bomet | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 3 | Bungoma | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 4 | Busia | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 5 | Elgeyo/Marakwet | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 6 | Embu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 7 | Garissa | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 8 | Homa Bay | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 9 | Isiolo | 221,297,872 | 102,000,000 | 110,638,298 | 212,638,298 |
| 10 | Kajiado | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 11 | Kakamega | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 12 | Kericho | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 13 | Kiambu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 14 | Kilifi | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 15 | Kirinyanga | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 16 | Kisii | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 17 | Kisumu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 18 | Kitui | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 19 | Kwale | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 20 | Laikipia | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 21 | Lamu | 191,297,872 | 24,000,000 | 110,638,298 | 134,638,298 |
| 22 | Machakos | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 23 | Makueni | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 24 | Mandera | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 25 | Marsabit | 153,297,872 | - | 110,638,298 | 110,638,298 |

| | | | | | |
|----|--------------------|----------------------|--------------------|----------------------|----------------------|
| 26 | Meru | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 27 | Migori | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 28 | Mombasa | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 29 | Muranga | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 30 | Nairobi | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 31 | Nakuru | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 32 | Nandi | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 33 | Narok | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 34 | Nyamira | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 35 | Nyandarua | 228,297,872 | 121,000,000 | 110,638,298 | 231,638,298 |
| 36 | Nyeri | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 37 | Samburu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 38 | Siaya | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 39 | Taita Taveta | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 40 | Tana River | 228,297,872 | 104,000,000 | 110,638,298 | 214,638,298 |
| 41 | TharakaNithi | 229,297,872 | 103,000,000 | 110,638,298 | 213,638,298 |
| 42 | Trans Nzoia | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 43 | Turkana | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 44 | Uasin Gishu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 45 | Vihiga | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 46 | Wajir | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 47 | West Pokot | 153,297,872 | - | 110,638,298 | 110,638,298 |
| | GRAND TOTAL | 7,537,000,000 | 454,000,000 | 5,200,000,000 | 5,654,000,000 |

SECOND SCHEDULE

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

SECOND SCHEDULE

(s. 5(2))

Additional Allocations from proceeds of loans or grants from Development Partners in Financial Year 2022/23 (Figures are in Kenya Shillings)

Second Schedule: Additional allocations from loans and grants from development partners for financial year 2022/2023 (Figures in Kenya Shillings)

| SN | County | FY 2022/23 | | | | | | | | | | | Total Loans and Grants | | |
|----|-------------|---------------|-------------|-------------|------------|---------------|------------|------------|------------|----------|------------|-------------|------------------------|----------|---------------|
| | | Column A | Column B | Column C | Column D | Column E | Column F | Column G | Column H | Column I | Column J | Column K | | Column L | Column M |
| 1 | Baringo | 528,317,166 | 100,298,617 | 95,457,110 | 15,626,168 | - | 10,738,700 | 11,000,000 | 15,157,989 | - | 69,207,700 | - | - | - | 317,486,284 |
| 2 | Bomet | 653,181,658 | - | 83,323,430 | - | - | 11,605,800 | 11,000,000 | 15,590,699 | - | - | - | - | - | 121,519,929 |
| 3 | Bungoma | 542,772,196 | - | - | - | - | 18,742,700 | 11,000,000 | 15,837,026 | - | - | 36,424,018 | - | - | 82,003,744 |
| 4 | Busia | 447,133,112 | - | 125,328,154 | - | - | 12,673,000 | 11,000,000 | 15,096,539 | - | - | - | - | - | 164,097,693 |
| 5 | Elgeyo/Mara | 702,054,383 | - | 85,593,752 | - | - | 8,137,400 | 11,000,000 | 14,162,596 | - | 75,879,000 | 8,324,295 | - | - | 203,087,043 |
| 6 | Embu | 453,821,524 | 260,577,564 | - | - | - | 9,071,200 | 11,000,000 | 17,252,897 | - | 67,688,700 | - | - | - | 365,590,361 |
| 7 | Garissa | 1,087,727,785 | - | 75,269,050 | - | - | 14,807,400 | 11,000,000 | 19,237,689 | - | 80,912,850 | - | - | - | 651,226,989 |
| 8 | Homa Bay | 454,463,421 | 169,429,682 | - | - | - | 14,207,100 | 11,000,000 | 16,961,327 | - | - | 150,000,000 | - | - | 361,598,109 |
| 9 | Isiolo | 592,196,554 | - | 59,773,034 | - | - | 8,937,800 | 11,000,000 | 15,458,346 | - | 84,469,550 | - | - | - | 179,638,730 |
| 10 | Kajiado | 576,204,540 | - | 75,231,220 | - | - | 13,540,100 | 11,000,000 | 15,549,570 | - | - | - | - | - | 115,320,890 |
| 11 | Kakamega | 691,090,920 | - | 99,110,439 | - | - | 21,944,300 | 11,000,000 | 16,691,828 | - | - | - | - | - | 148,746,567 |
| 12 | Kericho | 569,054,323 | - | 72,680,579 | - | - | 11,339,000 | 11,000,000 | 16,995,122 | - | - | - | - | - | 112,014,701 |
| 13 | Kiambu | 589,239,254 | 400,318,542 | - | - | - | 19,876,600 | 11,000,000 | 17,814,189 | - | - | - | - | - | 491,466,239 |
| 14 | Kilifi | 2,154,008,617 | 219,997,606 | - | - | 2,000,000,000 | 22,011,000 | 11,000,000 | 16,633,495 | - | - | 200,000,000 | - | - | 2,469,642,101 |
| 15 | Kirinyaga | 573,638,600 | 148,043,801 | - | - | - | 8,937,800 | 11,000,000 | 15,419,509 | - | - | - | - | - | 183,401,110 |
| 16 | Kisii | 575,643,577 | 131,476,562 | - | - | - | 16,408,200 | 11,000,000 | 15,840,849 | - | - | - | - | - | 174,725,611 |
| 17 | Kisumu | 769,632,733 | - | 70,007,432 | 15,626,168 | - | 14,407,200 | 11,000,000 | 17,503,544 | - | - | 278,640,055 | - | - | 407,184,399 |
| 18 | Kitui | 505,225,111 | 153,298,172 | - | - | - | 18,609,300 | 11,000,000 | 17,077,037 | - | 70,223,000 | - | - | - | 270,207,509 |
| 19 | Kwale | 1,084,696,427 | 129,364,832 | - | - | 1,150,000,000 | 16,408,200 | 11,000,000 | 16,384,932 | - | - | - | - | - | 1,323,157,964 |
| 20 | Lakipia | 594,808,504 | - | 66,193,250 | - | - | 8,804,400 | 11,000,000 | 14,560,064 | - | - | - | - | - | 100,577,714 |
| 21 | Lamu | 387,821,812 | - | 5,236,636 | - | - | 5,469,400 | 11,000,000 | 15,214,470 | - | - | 200,000,000 | - | - | 236,920,506 |

NEW SCHEDULE

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

THIRD SCHEDULE

| Third Schedule: Allocations from the Equalization Fund for the Marginalized areas for the FY 2022-23 | | | | |
|---|-----------------|-------------------------|-------------------------|-----------------------|
| No. | COUNTY | FY 2021/2022 | FY2022/23 | TOTAL |
| 1 | Baringo | 396,090,056.67 | 410,201,046.07 | 806,291,103 |
| 2 | Bomet | 12,790,912.52 | 13,246,597.86 | 26,037,510 |
| 3 | Bungoma | 39,127,812.29 | 40,521,768.37 | 79,649,581 |
| 4 | Busia | 11,968,468.05 | 12,394,853.22 | 24,363,321 |
| 5 | Elgeyo Marakwet | 43,344,757.89 | 44,888,945.66 | 88,233,704 |
| 6 | Garissa | 419,977,632.76 | 434,939,634.02 | 854,917,267 |
| 7 | Homa Bay | 87,604,010.00 | 90,724,965.03 | 178,328,975 |
| 8 | Isiolo | 98,782,717.91 | 102,301,922.35 | 201,084,640 |
| 9 | Kajiado | 276,095,875.57 | 285,931,987.11 | 562,027,863 |
| 10 | Kericho | 40,527,235.23 | 41,971,046.75 | 82,498,282 |
| 11 | Kilifi | 359,394,892.38 | 372,198,590.51 | 731,593,483 |
| 12 | Kisumu | 16,198,087.17 | 16,775,155.52 | 32,973,243 |
| 13 | Kitui | 264,587,656.25 | 274,013,779.30 | 538,601,436 |
| 14 | Kwale | 164,949,142.52 | 170,825,572.79 | 335,774,715 |
| 15 | Laikipia | 79,416,251.80 | 82,245,512.14 | 161,661,764 |
| 16 | Lamu | 38,352,059.72 | 39,718,379.07 | 78,070,439 |
| 17 | Machakos | 8,602,649.08 | 8,909,124.56 | 17,511,774 |
| 18 | Mandera | 501,519,700.07 | 519,386,695.35 | 1,020,906,395 |
| 19 | Marsabit | 308,685,487.79 | 319,682,627.39 | 628,368,115 |
| 20 | Meru | 19,921,432.69 | 20,631,147.87 | 40,552,581 |
| 21 | Migori | 118,331,949.45 | 122,547,609.14 | 240,879,559 |
| 22 | Murang'a | 3,780,709.85 | 3,915,400.33 | 7,696,110 |
| 23 | Nakuru | 4,283,648.32 | 4,436,256.33 | 8,719,905 |
| 24 | Nandi | 77,713,331.50 | 80,481,924.10 | 158,195,256 |
| 25 | Narok | 513,675,602.75 | 531,975,660.69 | 1,045,651,263 |
| 26 | Samburu | 432,475,053.34 | 447,882,284.07 | 880,357,337 |
| 27 | Siaya | 17,167,277.61 | 17,778,874.06 | 34,946,152 |
| 28 | Taita taveta | 8,876,797.24 | 9,193,039.44 | 18,069,837 |
| 29 | Tana River | 294,306,383.64 | 304,791,257.45 | 599,097,641 |
| 30 | Tharaka Nithi | 29,293,164.07 | 30,336,753.83 | 59,629,918 |
| 31 | Trans Nzoia | 4,978,023.58 | 5,155,369.20 | 10,133,393 |
| 32 | Turkana | 761,584,245.26 | 788,716,224.55 | 1,550,300,470 |
| 33 | Wajir | 486,048,672.49 | 503,364,501.43 | 989,413,174 |
| 34 | West Pokot | 680,106,212.55 | 704,335,479.10 | 1,384,441,692 |
| | Total | 6,620,557,910.01 | 6,856,419,984.67 | 13,476,977,895 |

CLAUSE 2

THAT clause 2 of the Bill by deleting the definition of the term “Cabinet Secretary” and substituting therefor the following new definition-

“Cabinet Secretary” means the Cabinet Secretary responsible for matters relating to finance.

Dated ...31st.... May, 2022



Charles Kibiru,
Chairperson, Committee on Finance and Budget.

MINUTES OF THE 282ND MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON THURSDAY, 19TH MAY, 2022 ON ZOOM ONLINE PLATFORM AT 9:00 A.M.

PRESENT

- | | | |
|--|---|-------------|
| 1. Sen. Charles Kiburu, MP | - | Chairperson |
| 2. Sen. CPA Farhiya Haji, MBS, MP | - | Member |
| 3. Sen. Mutula Kilonzo Junior, CBS, MP | - | Member |
| 4. Sen. Rose Nyamunga, CBS, MP | - | Member |
| 5. Sen. Millicent Omanga, MP | - | Member |

ABSENT WITH APOLOGY

- | | | |
|---|---|------------------|
| 6. Sen. (Dr.) Ochillo-Ayacko, EGH, MP | - | Vice-Chairperson |
| 7. Sen. Kimani Wamatangi, MP | - | Member |
| 8. Sen. Aaron Cheruiyot, MP | - | Member |
| 9. Sen. Moses Wetangula Masika, EGH, MP | - | Member |

SECRETARIAT

- | | | |
|----------------------------------|---|------------------------------|
| 1. Mr. Samuel Nguguna | - | Director, Committee Services |
| 2. Mr. Christopher Gitonga | - | Clerk Assistant |
| 3. Ms. Beverlyne Chivadika | - | Clerk Assistant |
| 4. Ms. Lucy Makara | - | Deputy Director, PBO |
| 5. Ms. Lucy Radoli | - | Legal Counsel |
| 6. Ms. Sharon Rotino | - | Researcher |
| 7. Ms. Yunis Amran | - | Fiscal Analyst |
| 8. Mr. William Wambiru | - | Fiscal Analyst |
| 9. Mr. Daniel Kirwa | - | Serjeant-at-Arms |
| 10. Mr. Ian Otieno | - | Audio Officer |
| 11. Ms. Doris Nyambura Mburu | - | Intern |
| 12. Ms. Ng'ang'a Chantal Wanjiru | - | Legal Pupil |

IN ATTENDANCE

A. The National Treasury and Planning

- | | | |
|------------------------|---|---|
| 1. Mr. Amos Gathecha | - | Ag. Principal Secretary |
| 2. Mr. Samuel Kiptorus | - | CEO, Intergovernmental Relations Technical Committee |
| 3. Ms. Otungi Momanyi | - | Legal Counsel |
| 4. Mr. Ben Kang'ethe | | |

B. The Council of Governors

1. Mr. James Maina

MIN. NO. 4045/05/2022: PRELIMINARIES

The Chairperson called the meeting to order at 9.25 a.m. and thereafter followed by a word of prayer.

MIN. NO. 4046/05/2022: ADOPTION OF THE AGENDA

The agenda was adopted after it was proposed by Sen. Mutula Kilonzo Junior, CBS, and seconded by MP Sen. CPA Farhiya Haji, MBS, MP.

MIN. NO. 4047/05/2022: CONSIDERATION OF THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2022

A. Presentation by the National Treasury

After introduction, the Chairperson welcomed the team from National Treasury to make a presentation on the County Governments Additional Allocations Bill, 2022. The Committee was informed as follows-

- a) The published bill adopted the amounts/ allocation as forwarded during consideration of the 2022 Budget Policy Statement, however, several changes had emerged and actual amounts are as contained in the national government budget estimates.
- b) The first and second schedule need to be amended to ensure they are consistent with final estimates for Financial Year 2022/23 submitted to the National Assembly.
- c) Clause 2 on Interpretation be amended to provide that Cabinet Secretary means the Cabinet Secretary responsible for matters relating to finance since the concept of finance carries along with other related matters.
- d) Clause 4 (1) be amended by deleting the word “grants” and substituting therefor with the word “allocations” since the Bill makes reference to additional allocations and not grants.
- e) Clause 4 (1)(a)- Include Article 190 of the Constitution in the Bill. This will introduce the objective to provide for additional allocations financed from proceeds of loans and grants. The clause should be amended to also allow for funding/allocations from GOK.
- f) Clause 4 (1)(c) be amended to read “Additional allocation financed from loans and grants from development partners”

- g) Clause 5 (2)- There is a need to include an extra allocation (column m) on the grant from the World Bank to Finance Locally-Led Climate Program (FLLoCA) for County Climate Institutional Support (CCIS) which was not reflected in the Senate Bill. The National Treasury proposed that the grant be included in the FY 2022/2023.
- h) Clause 5 (2) (f) be amended to provide a basis for determining the criteria for allocation of the grant to counties. This is because the (FLLoCA for County Climate Resilience Investment (CCRI) grant as set out in Column G of the Second Schedule was a performance-based Additional Allocations and so the disbursements would be made upon carrying out an assessment of the respective MDA's to determine the allocations to each county.
- i) New Clause 5 (2) (k) be included "Conditional allocations financed by a grant from the World Bank to finance the Locally-Led Climate Program (FLLoCA) for County Climate Institutional Support (CCIS) Grant as set out in Column L of the Second Schedule." The National Treasury proposed that the grant be included in the FY 2022/2023.
- j) Clause 6 of the Bill be amended to ensure publication of reports on the actual transfer of all the additional allocations both conditional and unconditional allocations.

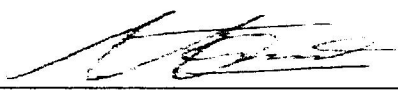
B. Presentation by the Council of Governors

A representative from the CoG informed the Committee that they were in agreement with the amendments proposed by the National Treasury.

CoG requested Parliament to include resources earmarked for transfer of library function to county governments as an equitable share in the FY 2022/23 amounting to Kshs.424,616,047 in the Bill.

MIN. NO. 4048/05/2022: Adjournment

There being no other business, the Chairperson adjourned the meeting at 9:55 a.m. to Thursday, 19th May, 2022 at 10:00 a.m.

SIGNATURE:  _____

(CHAIRPERSON: SEN. CHARLES KIBIRU, MP.)

DATE: 31st May, 2022

MINUTES OF THE 283RD MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON THURSDAY, 19TH MAY, 2022 ON ZOOM ONLINE PLATFORM AT 10:00 A.M.

PRESENT

- | | | |
|--|---|-------------|
| 1. Sen. Charles Kiburu, MP | - | Chairperson |
| 2. Sen. CPA Farhiya Haji, MBS, MP | - | Member |
| 3. Sen. Mutula Kilonzo Junior, CBS, MP | - | Member |
| 4. Sen. Rose Nyamunga, CBS, MP | - | Member |
| 5. Sen. Millicent Omanga, MP | - | Member |

ABSENT WITH APOLOGY

- | | | |
|---|---|------------------|
| 6. Sen. (Dr.) Ochillo-Ayacko, EGH, MP | - | Vice-Chairperson |
| 7. Sen. Kimani Wamatangi, MP | - | Member |
| 8. Sen. Aaron Cheruiyot, MP | - | Member |
| 9. Sen. Moses Wetangula Masika, EGH, MP | - | Member |

SECRETARIAT

- | | | |
|----------------------------------|---|------------------------------|
| 1. Mr. Samuel Nguguna | - | Director, Committee Services |
| 2. Mr. Christopher Gitonga | - | Clerk Assistant |
| 3. Ms. Beverlyne Chivadika | - | Clerk Assistant |
| 4. Ms. Lucy Makara | - | Deputy Director, PBO |
| 5. Ms. Lucy Radoli | - | Legal Counsel |
| 6. Ms. Sharon Rotino | - | Researcher |
| 7. Ms. Yunis Amran | - | Fiscal Analyst |
| 8. Mr. William Wambiru | - | Fiscal Analyst |
| 9. Mr. Daniel Kirwa | - | Serjeant-at-Arms |
| 10. Mr. Ian Otieno | - | Audio Officer |
| 11. Ms. Ng'ang'a Chantal Wanjiru | - | Legal Pupil |
| 12. Ms. Doris Nyambura Mburu | - | Intern |

MIN. NO. 4049/05/2022: PRELIMINARIES

The Chairperson called the meeting to order at 10.00 a.m. and thereafter followed by a word of prayer.

MIN. NO. 4050/05/2022: ADOPTION OF THE AGENDA

The agenda was adopted after it was proposed by Sen. Mutula Kilonzo Junior, CBS, and seconded by MP Sen. CPA Farhiya Haji, MBS, MP.

MIN. NO. 4051/05/2022: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

- a) The minutes of the 279th meeting held on Tuesday, 10th May, 2022 were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Rose Nyamunga, CBS, MP, and seconded by Sen. Mutula Kilonzo Junior, CBS, MP.
- b) The minutes of the 280th meeting held on Wednesday, 11th May, 2022 were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Mutula Kilonzo Junior, CBS, MP, and seconded by Sen. Millicent Omanga, MP.
- c) The minutes of the 281st meeting held on Tuesday, 17th May, 2022 were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Mutula Kilonzo Junior, CBS, MP and seconded by Sen. Charles Kibiru, MP.

MIN.NO.4053/05/2022: CONSIDERATION AND ADOPTION OF THE REPORT ON THE PUBLIC PROCUREMENT AND ASSET DISPOSAL (AMENDMENT) BILL, 2021

The Committee considered and deliberated on the report on the Public Procurement and Asset Disposal (Amendment) Bill, 2021. The Committee unanimously adopted the report after having been proposed by Sen. Mutula Kilonzo Junior, CBS, MP, and seconded by Sen. Rose Nyamunga, CBS, MP with the following recommendations-

- a) Clause 2- be amended to provide that procurement professionals procurement professional means a person who has professional qualifications in procurement or supply chain management from a recognized institution and is a member of the Kenya Institute of Supplies Management established under the Supplies Practitioners Management Act, 2007.
- b) Clause 8- be amended to provide that Entities into premises for assessment, inspections, and audit must be within working hours to allow the entity to take record of any documents that may be taken.
- c) Clause 14- new subsection (2A)- be amended to provide that the head of the procurement function shall, in consultation with the National Treasury carry out market surveys to inform the placing of orders and decision making on procurement by the relevant awarding Authority.
- d) Clause 31 be amended by deleting paragraphs (a), (b), and (c) regarding the variation of Amendments or Variations to Contracts.

**MIN.NO.4054/05/2022: CONSIDERATION AND ADOPTION OF THE
REPORT ON THE COUNTY GOVERNMENTS
ADDITIONAL ALLOCATION BILL, 2022**

After consideration of the report on the County Governments Additional Allocations Bill, 2022, the Committee unanimously adopted the report after it was proposed by Sen. Millicent Omanga, MP, and seconded by Sen. Mutula Kilonzo Junior, CBS, MP with the following recommendations-

1. The Bill be approved with the following amendments-
 - a) The definition of the Cabinet Secretary to be amended to read as follows-
“Cabinet Secretary” means the Cabinet Secretary responsible for matters relating to finance.
 - b) Clause 4 be amended by replacing the word grants with additional allocations.
 - c) Clause 5(2) be amended-
 - (i) by deleting paragraph (f) and substituting a new paragraph to read- (f) conditional allocations from a World Bank credit to finance Locally-Led Climate Action Program, (FLLoCA) for County Climate Institutional Support (CCIS) as set out in Column G of the Second Schedule.
 - (ii) by inserting a new paragraph immediately after paragraph to read- (k) conditional allocations financed by a grant from the World Bank to finance Locally- Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) grant as set out in Column L.
 - (iii) by inserting a new paragraph 2A to provide that Conditional allocations under subsection 2(k) shall be allocated among county governments on the basis of criteria to be determined as follows-
 - (a) The accounting officer responsible for the conditional allocation shall in each eligible county government carry out or cause to be carried out, in accordance with the intergovernmental agreement between the National Government and each eligible county government, an assessment to determine the eligible county governments’ performance score for purposes of determining the Performance allocation for the financial year 2022/2023.
 - (b) The allocation to the eligible county governments shall be on the basis of the criteria comprising the performance score determined under paragraph (a) and the Revenue Sharing formula approved by Parliament in accordance with Article 217 of the Constitution; and
 - (c) The Cabinet Secretary shall publish in the Kenya Gazette the allocations determined in terms of paragraph (b).
 - d) Introducing a new clause 5A to provide for additional allocations in form of a conditional grant for implementation of the Equalization Fund for beneficiary county governments. The clause to read as follows- Additional allocations to

the respective county government from the Equalization Fund for the financial year 2022/23 shall be as set out in the Third Schedule.

- e) Deleting the First and Second Schedules and replacing with the new schedule attached below.
 - f) Introducing a new 'Third Schedule' additional conditional allocations on equalization fund.
2. The National Treasury in collaboration with the Council of Governors, State Department of Culture & Heritage, and the Intergovernmental Relations Technical Committee should ensure, within the next four (4) months, all the mechanisms are put in place to allow seamless operation once the transfer of library function is actualized.

MIN. NO. 4055/04/2022:

ADJOURNMENT

There being no other business the Chairperson adjourned the meeting at 10:25 a.m.

SIGNATURE: _____



(CHAIRPERSON: SEN. CHARLES KIBIRU, MP.)

DATE: 31st May, 2022



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING

② C-AD - Fax Budget

Please Deal

20/05/22

Telegraphic Address: 22921
Finance - Nairobi
FAX NO. 310833
Telephone: 2252299
When Replying Please Quote Ref.

THE NATIONAL TREASURY
P O BOX 30007 - 00100
NAIROBI

REF No: IGFR/CG/01/ 'D' / (61)

18th May, 2022

Jeremiah M. Nyegenye, CBS
Clerk of the Senate
Clerks Chambers
Parliament Building
NAIROBI

19 MAY 2022

① D Com

DKS

20 MAY 2022

Kindly deal

Ef 19/05/22

Dear

Cherly

RE: COUNTY GOVERNMENTS ADDITIONAL ALLOCATION BILL NO 2 OF 2022

I refer to your letter Ref No. SEN/DCS/SCF&B/2022/016(A) dated 12th May 2022 on the above subject.

The National Treasury observes that;

- i) The objective of the Bill is to provide for additional allocational to the County Government in the financial year 2022/23
- ii) The Bill has been customised to County Government Additional Allocation Act 2022 which provides for additional allocation to the County Government in the financial year 2021/22
- iii) One of the responsibilities assigned to the National Treasury in Section 191(1) of the Public Finance Management Act 2012 is preparing County Government Additional Allocation Bill annually.
- iv) The Senate has prepared the County Government Additional Allocation Bill 2022 (Senate Bill No.2) which has gone through the first reading.

We have proposed minor comments as indicated in the attached schedule in order to align it to the County Government Additional Allocation Act 2022.



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING

HARMONISED SUBMISSIONS BY THE NATIONAL TREASURY ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL (SENATENO 2. 2022)

| Clause/ Section | Provision | TNT'S Proposal | Rationale/Justification |
|-------------------------|---|---|--|
| Clause 2 Interpretation | Cabinet Secretary" means the Cabinet Secretary responsible for finance; | Cabinet Secretary" means the Cabinet Secretary responsible for matters relating to finance; | The concept of finance carries along other related matters and hence the need to be broad in the it is captured in the Bill |
| Clause 4. (1) | Additional grants shall be funds agreed upon by the National Assembly and the Senate during the consideration of the Budget Policy Statement and shall comprise of— | Additional allocations shall be funds agreed upon by the National Assembly and the Senate during the consideration of the Budget Policy Statement and shall comprise of— | The Bill Makes reference to additional allocations and not grants |
| Clause 4. (1) (a) | Additional allocations from development partners required for transfer of functions to counties from the National Government as provided for under Article 187 of the Constitution; | Include in Article 190 of the Constitution in the Bill. This will introduce an objective to provide for additional allocations financed from proceeds of loans and grants | Article 187 of the Constitution that provides for the transfer of functions to the county government does not limit the funding to the development partners. Therefore, the section should be amended to also allow for funding/allocations from GoK |
| Clause 4. (1) (c) | Loans and grants from development partners. | Additional allocation financed from loans and grants from development partners. | To capture that it is indeed an additional allocation |

Clause 5. (2)

Conditional allocations financed by proceeds of loans or grants from development partners to each county government for the financial year 2022/23 shall be as set out in Column L of the Second Schedule, comprising of—

Conditional allocations financed by proceeds of loans or grants from development partners to each county government for the financial year 2022/23 shall be as set out in Column M of the Second Schedule, comprising of—

There is need to include an extra column on the grant from the World Bank to finance Locally-Led Climate Program (FLLoCA) for County Climate Institutional Support (CCIS) which is not reflected in the Senate Bill. This request had been submitted by TNT to Parliament for inclusion in the FY 2021/22 but this was not included. The National Treasury proposes that the grant be included in the FY 2022/2023.




| | | | |
|--|--|--|---|
| <p>Clause 5. (2) (f)</p> | <p>conditional allocations financed by a grant from the World Bank credit to finance Locally-Led Climate Program, (FLLoCA) as set out in Column G</p> | <p>conditional allocations financed by a grant from the World Bank to finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) Grant as set out in Column G of the Second Schedule which shall be allocated among county governments on the basis of a criteria to be determined as follows:</p> | <p>This is a performance-based Additional Allocation and so the disbursements will be made upon carrying out an assessment of the respective MDA's to determine the allocations to each county. There is, therefore, a need to provided criterion a basis for determining this criterion.</p> |
| <p>i.</p> | <p>the Accounting Officer Responsible for the grant, shall for each eligible county government, carry out or cause to be carried out, in accordance with the intergovernmental agreement between the National Government and each eligible county government, an assessment to determine the eligible county governments' performance score for purposes of determining the Performance grant allocation for the financial year 2022/2023;</p> | <p>the allocation to the eligible county governments shall be on the basis of the criteria comprising of the performance score determined in paragraph (i) above and the Revenue sharing formula approved by Parliament in accordance with Article 217 of the Constitution; and</p> | |
| <p>ii.</p> | <p>the allocation to the eligible county governments shall be on the basis of the criteria comprising of the performance score determined in paragraph (i) above and the Revenue sharing formula approved by Parliament in accordance with Article 217 of the Constitution; and</p> | <p>the Cabinet Secretary shall publish in the Kenya Gazette the allocations determined in terms of paragraph (ii) above.</p> | |
| <p>Clause 5. (2) (k)</p> | <p>NIL</p> | <p>conditional allocations financed by a grant from the World Bank to finance Locally-Led Climate Program (FLLoCA) for County Climate Institutional Support (CCIS) Grant as set out in Column L of the Second Schedule;</p> | <p>There was a request submitted by TNT to Parliament for inclusion in the FY 2021/22 but this was not included. The National Treasury proposes that the grant be included in the FY 2022/2023.</p> |
| <p>6. Report on actual transfers.</p> | <p>The Cabinet Secretary shall publish, by the 15th day of each subsequent month, a monthly report on actual transfers of all conditional allocations</p> | <p>The Cabinet Secretary shall publish, by the 15th day of each subsequent month, a monthly report on actual transfers of all conditional and unconditional</p> | <p>The bill as it is, is only limited to conditional allocations yet it covers all the additional allocations both conditional and</p> |

| | to county governments disbursed pursuant to this Act. | allocations to county governments disbursed pursuant to this Act at | unconditional allocations. This also applies to Section 7 of the Bill. |
|--|---|---|--|
| MEMORANDUM OF OBJECTS AND REASONS Clause 3 | Clause 3 of the Bill contains the object of the Bill which is to provide for the allocation of conditional grants to county governments for the financial year 2021/2022; and to provide for the transfer of these conditional allocations from the Consolidated Fund to the respective County Revenue Fund Clause 5 of the Bill provides for the requirement for the county governments to facilitate public participation on intergovernmental agreements on conditional allocations Clause 6 of the Bill provides for execution of agreement for conditional allocation Clause 7 of the Bill provides for submission of intergovernmental agreements on conditional allocations to the senate | Clause 3 of the Bill contains the object of the Bill which is to provide for the additional allocations to county governments for the financial year 2022/2023; provide for additional allocations from proceeds of loans and grants from development partners; and to provide for the transfer of these conditional and unconditional allocations from the Consolidated Fund to the respective County Revenue Fund and special purpose accounts. Clause 5, 6 and 7 deleted entirely | The Bill is for FY 2022/2023 and not 2021/2022. There is need also to clearly capture the source of these additional allocations |
| MEMORANDUM OF OBJECTS AND REASONS Clause 5, 6 & 7 | | | Intergovernmental agreements are exempted during the transitioning period which includes FY 2022/23. |
| MEMORANDUM OF OBJECTS AND REASONS Clause 8, 9, 10 & 11 | Clause 8 of the Bill provides for conditional allocations to be made to the county governments. Clause 9 of the Bill provides for reports on actual transfers Clause 10 of the Bill provides for county government books of account to reflect National Government transfers Clause 11 provides for reporting. | Clause 5 of the Bill provides for conditional allocations to be made to the county governments. Clause 6 of the Bill provides for reports on actual transfers Clause 7 of the Bill provides for county government books of account to reflect National Government transfers Clause 8 provides for reporting | There is need to renumber the clauses given that Clauses 5, 6 and 7 are deleted entirely |

| | | | |
|--|--|---|--|
| MEMORANDUM OF OBJECTS AND REASONS Clause 12 Schedule 2 | Clause 12 of the Bill sets out consequential amendments to the Public Financial Management Act Schedule 2 | Clause 12 deleted entirely See attached and labelled TNT | There are no consequential amendments to the PFMA, 2012 in the Bill for FY 2022/23 |
| | | | <p>1. The figures in the current bill are as previously submitted by the Resource Mobilization Department (RMD) of the National Treasury. These figures were subjected to further discussions and subsequently revised by the Budget Department. These figures are shown the row highlighted in yellow in the TNT Schedule.</p> <p>2. It is TNT's suggestion that these figures be retained as per the final budget estimates and then they can be subjected to further review via Supplementary estimates</p> |

Dated on the....., 2022.

19th MAY 2022


AMOS N. GATHECHA, EBS, ndc (K)
 PRINCIPAL ADMINISTRATIVE SECRETARY
 FOR: CABINET SECRETARY/ NATIONAL TREASURY AND PLANNING



27 MAY 2022

REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING

Telegraphic Address: 22921
Finance - Nairobi
FAX NO. 310833
Telephone: 2282299
When Replying Please Quote Ref.

THE NATIONAL TREASURY
P O BOX 50007 - 00100
NAIROBI

REF No: IGFR/CG/01/ 'D' / (64)

25th May, 2022

Jeremiah M. Nyegenye, CBS
Clerk of the Senate
Clerks Chambers
Parliament Building
NAIROBI

*② C/Asst - Finance or Budget
27/05/22
Kindly deal*

*① Dcom
Kindly deal
epj
27/05/22*

Dear *Jeremiah*

RE: COUNTY GOVERNMENTS ADDITIONAL ALLOCATION BILL NO 2 OF 2022; UPDATE ON SCHEDULES 1 & 2 AND BRIEF ON PROPOSED AMENDMENTS

I refer to your letter Ref No. SEN/DCS/SCF&B/2022/016(A) dated 12th May 2022 on the above subject.

The Principal Administrative Secretary/National Treasury represented the Cabinet Secretary/National Treasury in the Senate Standing Committee on Finance and Budget virtual meeting held on 19th May 2022 at 9.00 am. The National Treasury was requested to update schedules 1 & 2 on GOK Additional Allocation and proceeds from Development partners respectively and in addition give response to transfer of library function to Counties.

Further to our earlier comments on the Bill submitted vide letter Ref. No. IGFR/CG/01/ 'D' / (61) dated 18th May, 2022, we have prepared a brief on proposed amendments to the Bill based on the proposed allocations to respective Ministries, State Departments and Agencies (MDAs) as contained in the draft Budget Estimates for FY 2022/23 to ensure consistency in the amounts allocated to the additional conditional allocations.

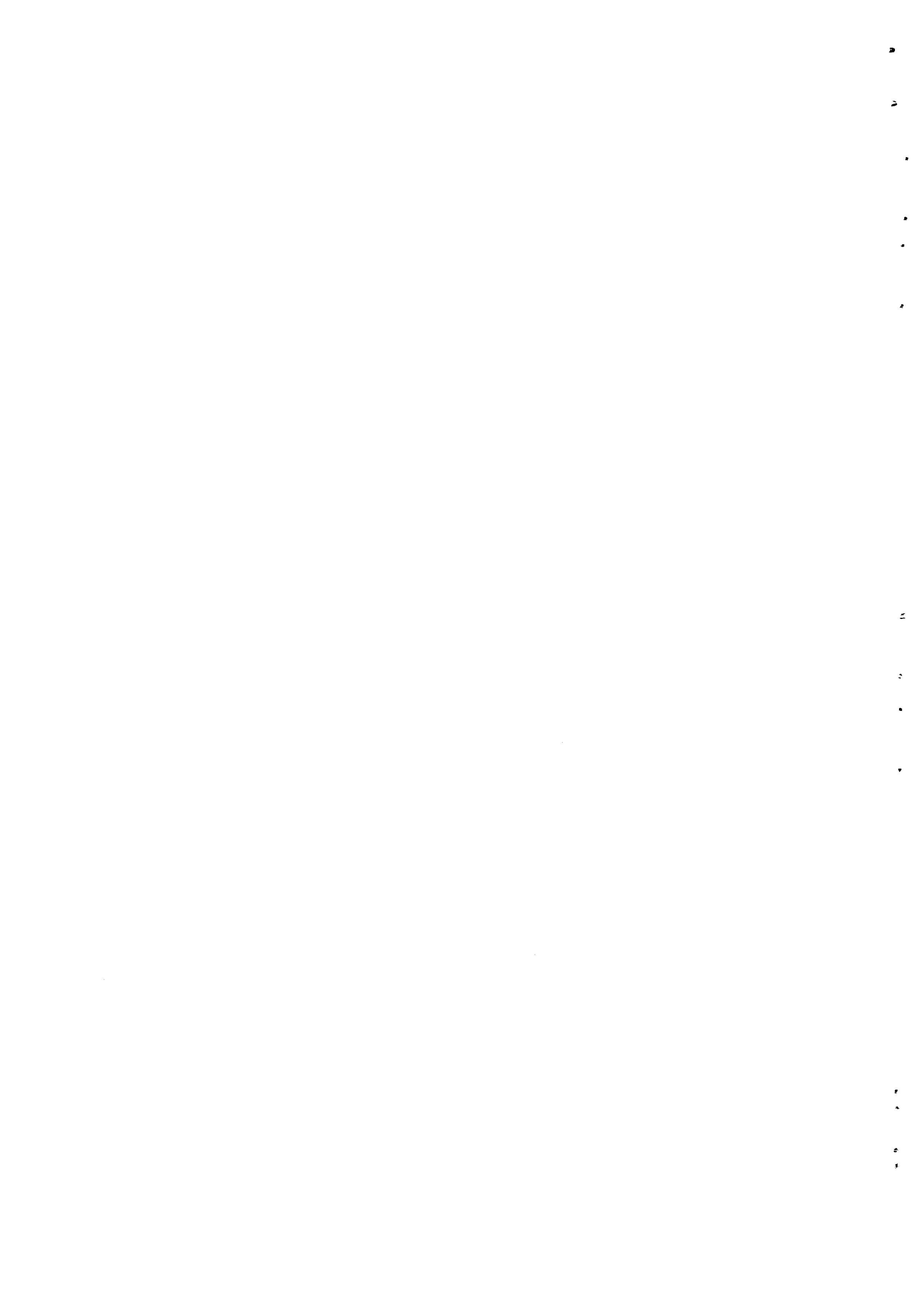
The purpose of this letter therefore is to resubmit the schedules and the brief on proposed amendments for your necessary action.

Yours *Sincerely*
JMA

**JULIUS MUIA, PhD, CBS
PRINCIPAL SECRETARY/NATIONAL TREASURY**

THE SENATE
RECORDED
27 MAY 2022
DEPUTY CLERK

Encls





REPUBLIC OF KENYA
THE NATIONAL TREASURY & PLANNING

PROPOSED AMENDMENTS TO THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2022.

Reference is made to your letter Ref. **SEN/DCS/SCF&B/2022/016 (A)** dated **12th May, 2022** on request for views and comments to the draft County Governments Additional Allocations Bill 2022.

We have further reviewed the draft County Governments Additional Allocations Bill 2022 against the proposed allocations to respective as Ministries State Departments and Agencies (MDAs) as contained in the draft Budget Estimates for FY 2022/23 to ensure consistency in the amounts allocated for additional conditional allocations.

The National Treasury also proposes inclusion of IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant (Level 1) for capacity building to counties as shown in the table.

Table: Proposed allocation to FLOCA Level 1 conditional allocation in FY 2022/23

| <i>Conditional allocations</i> | <i>Implementing MDAs</i> | <i>Funding source</i> | <i>Agreement signed</i> | <i>Amount for FY 2020/21 (Kshs.)</i> | <i>Beneficiary counties</i> |
|---|------------------------------|------------------------|-------------------------|--------------------------------------|-----------------------------|
| <i>IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant</i> | <i>The National Treasury</i> | <i>IDA- World Bank</i> | <i>2021</i> | <i>517,000,000</i> | <i>47</i> |
| <i>Total</i> | | | | <i>517,000,000</i> | |

*The grant shall be allocated all the 47 counties, with each county receiving Ksh, 11,000,000 for capacity building as captured in column L of the proposed revised Second Schedule.

In this regard, and in order to ensure that the additional allocations in the proposed Bill are aligned to the proposed allocations to Ministries State Departments and Agencies(MDAs) in draft Budget Estimates for FY 2022/23, we wish to propose amendments to the County Governments Additional Allocations Bill, 2022, as follows: -

1. That the County Governments Additional Allocations Bill, 2022 be amended in sub-section (2) of section 5 as follows; -

- (i) in the introductory phrase by deleting "Column L"; appearing immediately after the words "shall be as set out" and substituting therefor the words "Column M"; and
- (ii) by inserting the following new paragraph immediately after paragraph (j)

(k) "Additional Conditional Allocations financed by a grant from the World Bank for IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant, known as FFLoCA "Level 1 Grant" as set out in Column L of the Second Schedule".

Rationale

To provide for FLLoCA Level 1 grant which is meant for Institutional capacity building of county governments which had been lamped up together with FLLoCA Level 2 conditional allocation which is a performance based allocation.

- (iii) by deleting paragraph (f) and replacing therefor:-

(f) Conditional allocations financed by a grant from the World Bank to finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) Grant Known as FLLoCA " Level 2 Grant" as set out in Column G of the Second Schedule which shall be allocated among county governments on the basis of a criteria to be determined as follows:

- i. ***the Accounting Officer Responsible for the grant, shall for each eligible county government, carry out or cause to be carried out, in accordance with the intergovernmental agreement between the National Government and each eligible county government, an assessment to determine the eligible county governments' performance score for purposes of determining the Performance grant allocation for the financial year 2022/2023;***
- ii. ***the allocation to the eligible county governments shall be on the basis of the criteria comprising of the performance score determined in paragraph (i) above and the Revenue sharing formula approved by Parliament in accordance with Article 217 of the Constitution; and***
- iii. ***the Cabinet Secretary shall publish in the Kenya Gazette the allocations determined in terms of paragraph (ii) above.***

Rationale

This is a performance-based Additional Allocation and so the disbursements will be made upon carrying out an assessment by the respective MDA to determine the allocations to each county. There is, therefore, a need to provide the basis of determining this criterion.

- 2. That the County Governments Additional Allocations Bill, 2022 be amended by replacing the Second Schedule (i.e. s. 5 (2)) with the new proposed Second Schedule attached herein.

Rationale

The purpose of revising the Second Schedule is to align the Schedule with the proposed amendment in 1 above and to ensure that allocations in the schedule are consistent with allocations for the same in the proposed Budget Estimates for FY 2022/23. The allocations have been aligned as follows:-

- a) In column B, under the IDA (World Bank) credit National Agricultural Rural Inclusive Project (NARIGP), the amount is reduced from **Kshs 6,394,997,490** to **Kshs 3,563,132,210** in line with the final proposed budget estimates for the State Department for Crops Development and Agricultural Research and as confirmed by the responsible accounting officer, vide letter Ref: **MOA/FIN/3/8** dated **20th May 2022** (see copy attached).
- b) In column C, under the IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP), the amount is reduced from **Kshs 7,838,338,490** to **Kshs 2,000,000,000** in line with the final proposed budget estimates for the State Department for Crops Development and Agricultural Research and as confirmed by the responsible accounting officer, vide letter Ref: **MOA/FIN/3/8** dated **20th May 2022** (see copy attached).
- c) In Column D under the EU Grant (Instruments for Devolution Advice and Support IDEAS), the amount is retained as **Kshs 119,997,019**. However, it should be noted there is no allocation for this project in the final proposed budget estimates for the State Department for Devolution and, therefore, this is to be regularized accordingly during the supplementary estimates. The supplementary allocations will be derived from the reductions in allocations to KSCAP and NARIGP conditional allocations.
- d) In Column E under the IDA (World Bank) credit Water & Sanitation Development Project (WSDP) the amount is maintained as **Kshs 5,900,000,000** in line with the final proposed budget estimates for the Ministry of Water, Sanitation and Irrigation as confirmed by the responsible accounting officer, vide letter Ref: **MWSI/FIN/3/62/Vol XXVII (190)** dated **20th May 2022** (see copy attached).
- e) In column G the IDA (World Bank) Credit (Financing Locally- Led Climate Action Program, FLLoCA) [1] CCRI Grant known as FLLoCA "Level 2 Grant" is a performance-based additional allocation and so the disbursements will be made upon carrying out an assessment of the respective counties to determine the allocations to each county, as provided for in the proposed amendments in 5 (2) (f). There is, therefore, a need to provide only a block figure of **Kshs 5,433,000,000** for this FLLoCA component. Notably also, is the additional component of IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program, County

Climate Institutional Support (CCIS) Grant known as FLLoCA "Level 1 Grant " as contained in column L in which each county is allocated **Kshs. 11,000,000** with the total grant amounting to **Kshs 517,000,000**. The responsible Ministry is the National Treasury and Planning and the total budget estimate for FLLoCA is **Kshs 6,050,000,000** which is the amount split between the two FLLoCA components.

- f) In column H, under the Sweden- Agricultural Sector Development Support Programme (ASDSP II), the amount is increased from **Kshs 462,000,000** to **Kshs 775,134,775** in line with the final proposed budget estimates for the State Department for Crops Development and Agricultural Research as confirmed by the responsible accounting officer, vide letter Ref: **MOA/FIN/3/8** dated **20th May 2022** (see copy attached).
 - g) In Column I, under the German Development Bank (KfW) - Drought Resilience Programme in Northern Kenya (DRPNK) the amount is retained as **Kshs 825,000,000** in line with the final proposed budget estimates for the Ministry of Water, Sanitation and Irrigation as confirmed by the responsible accounting officer, vid letter Ref: **MWSI/FIN/3/62/Vol XXVII/ (190)** dated **20th May 2022** (see copy attached)
 - h) In Column J, under the World Bank - Emergency Locust Response Project (ELRP) the amount is increased from **Kshs 600,000,000** to **Kshs 1,199,810,000** in line with the final budget estimates for the State Department for Crops Development and Agricultural Research as confirmed by the responsible accounting officer, vide letter Ref: **MOA/FIN/3/8** dated **20th May 2022** (see copy attached).
 - i) In Column K, under the World Bank - Kenya Informal Settlement Improvement Project (KISIP II) the allocated amount is retained as **Kshs 2,700,000,000** and is aligned to the final budget estimates for the State Department for Housing and Urban Development.
3. The National Treasury is also requesting that the transfer of libraries functions and the attendant costs amounting to **Ksh. 424,616,047.20** being total amount for personnel emoluments, Operations and Maintenance (O&M) and Leave allowance, be held in abeyance until the next financial year 2023/24.

Rationale

This is meant to allow submission of the list of the staff to be transferred to each and every County Government



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING

FIRST SCHEDULE

Conditional allocations to County Governments from National Government Revenue in Financial year 2022/23 (Kenya Shillings)

| S/N | County | FY 2021/22 | FY 2022/23 | | |
|-----|-----------------|---|--|--|---|
| | | Total Conditional Grants from the National Government Revenue | Supplement for construction of county headquarters | Conditional Grant-Leasing of Medical Equipment | Total Conditional Grants from the National Government Revenue |
| | | Column A | Column B | Column C | Column D |
| 1 | Baringo | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 2 | Bomet | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 3 | Bungoma | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 4 | Busia | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 5 | Elgeyo Marakwet | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 6 | Embu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 7 | Garissa | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 8 | Homa Bay | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 9 | Isiolo | 221,297,872 | 102,000,000 | 110,638,298 | 201,438,298 |
| 10 | Kajiado | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 11 | Kakamega | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 12 | Kericho | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 13 | Kiambu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 14 | Kilifi | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 15 | Kirinyaga | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 16 | Kisii | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 17 | Kisumu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 18 | Kitui | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 19 | Kwale | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 20 | Laikipia | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 21 | Lamu | 191,297,872 | 24,000,000 | 110,638,298 | 201,438,298 |
| 22 | Machakos | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 23 | Makueni | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 24 | Mandera | 153,297,872 | - | 110,638,298 | 110,638,298 |

| S/N | County | FY 2021/22 | FY 2022/23 | | |
|-----|--------------------|---|--|--|---|
| | | Total Conditional Grants from the National Government Revenue | Supplement for construction of county headquarters | Conditional Grant-Leasing of Medical Equipment | Total Conditional Grants from the National Government Revenue |
| | | Column A | Column B | Column C | Column D |
| 25 | Marsabit | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 26 | Meru | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 27 | Migori | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 28 | Mombasa | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 29 | Murang'a | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 30 | Nairobi | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 31 | Nakuru | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 32 | Nandi | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 33 | Narok | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 34 | Nyamira | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 35 | Nyandarua | 228,297,872 | 121,000,000 | 110,638,298 | 201,438,298 |
| 36 | Nyeri | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 37 | Samburu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 38 | Siaya | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 39 | Taita Taveta | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 40 | Tana River | 228,297,872 | 104,000,000 | 110,638,298 | 201,438,298 |
| 41 | Tharaka Nithi | 229,297,872 | 103,000,000 | 110,638,298 | 201,438,298 |
| 42 | Trans Nzoia | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 43 | Turkana | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 44 | Uasin Gishu | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 45 | Vihiga | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 46 | Wajir | 153,297,872 | - | 110,638,298 | 110,638,298 |
| 47 | West Pokot | 153,297,872 | - | 110,638,298 | 110,638,298 |
| | GRAND TOTAL | 7,537,000,000 | 454,000,000 | 5,200,000,000 | 5,654,000,000 |

Proposed Revised Second Schedule (s. 5(2))

**Additional Allocations from proceeds of loans or grants from Development Partners in Financial Year 2022/23
(Figures are in Kenya Shillings)**

| S/NO | COUNTY | Column A | Column B | Column C | Column D | Column E | Column F | Column G | Column H | Column I | Column J | Column K | Column L | Column M |
|------|-----------------|---------------------------------------|---|--|--|--|--|---|--|---|---|--|---|------------------------|
| | | Total Loans and Grants for FY 2021/22 | IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)) | IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP) | EU Grant (Instruments for Devotion Advice and Support IDEAS) | IDA (World Bank) credit: Water & Sanitation Development Project (WSDP) | DANIDA Grant - Primary Health Care in Devolved Context | IDA (World Bank) Credit (Financing Locally-Led Climate Action Program, FLOCCA) (ICRI GRANT) | Sweden- Agricultural Sector Development Support Programme (ASDSP) II | German Development Bank (KfW)- Drought Resilience Programme in Northern Kenya (DRPNK) | World Bank - Emergency Locust Response Project (ELRP) | World bank - Kenya Informal Settlement Improvement Project(KISIP II) | IDA (World Bank) Credit (Financing Locally-Led Climate Action (FLOCCA) Program, County Climate Institutional Support (CCIS) Grant | Total Loans and Grants |
| 1 | Baringo | 528,317,166 | 100,298,617 | 95,457,110 | 15,626,163 | - | 10,738,700 | - | 15,157,989 | - | 69,207,700 | - | 11,000,000 | 317,488,284 |
| 2 | Bomet | 653,181,658 | - | 83,323,430 | - | - | 11,605,800 | - | 15,590,699 | - | - | - | 11,000,000 | 121,519,929 |
| 3 | Bungoma | 542,772,196 | - | - | - | - | 16,742,700 | - | 15,637,026 | - | - | 36,424,018 | 11,000,000 | 82,003,744 |
| 4 | Busia | 447,133,112 | - | 125,326,154 | - | - | 12,673,000 | - | 15,096,539 | - | - | - | 11,000,000 | 164,097,693 |
| 5 | Elgeyo Marakwet | 702,054,383 | - | 85,593,752 | - | - | 8,137,400 | - | 14,162,596 | - | 75,879,000 | 8,324,295 | 11,000,000 | 203,097,043 |
| 6 | Embu | 453,821,524 | 280,577,564 | - | - | - | 9,071,200 | - | 17,252,897 | - | 67,688,700 | - | 11,000,000 | 365,590,361 |
| 7 | Garissa | 1,087,727,785 | - | 75,269,050 | - | 460,000,000 | 14,807,400 | - | 19,237,699 | - | 80,912,850 | - | 11,000,000 | 651,226,989 |
| 8 | Homa Bay | 454,463,421 | 169,425,682 | - | - | - | 14,207,100 | - | 16,961,327 | - | - | 150,000,000 | 11,000,000 | 361,598,109 |
| 9 | Isiolo | 592,196,554 | - | 59,773,034 | - | - | 8,937,800 | - | 15,456,346 | - | 84,469,550 | - | 11,000,000 | 179,638,730 |
| 10 | Kejiado | 576,204,540 | - | 75,231,220 | - | - | 13,540,100 | - | 15,549,570 | - | - | - | 11,000,000 | 115,320,890 |
| 11 | Kakamega | 691,090,920 | - | 99,110,439 | - | - | 21,944,300 | - | 16,691,828 | - | - | - | 11,000,000 | 148,746,567 |
| 12 | Kericho | 569,054,323 | - | 72,680,579 | - | - | 11,339,000 | - | 16,996,122 | - | - | - | 11,000,000 | 112,014,701 |
| 13 | Kitumbu | 589,239,254 | 400,316,542 | - | - | - | 19,876,600 | - | 17,814,189 | - | - | 42,456,908 | 11,000,000 | 491,466,239 |

| SNO | COUNTY | Total Loans and Grants for FY 2021/22 | Column A | Column B | Column C | Column D | Column E | Column F | Column G | Column H | Column I | Column J | Column K | Column L | Column M |
|-----|--------------|---------------------------------------|---------------|---------------|------------|------------|------------|------------|-------------|-------------|------------|------------|---------------|------------|---------------|
| 14 | Kitui | 2,154,008,617 | 218,897,608 | 2,000,000,000 | 22,011,000 | 8,937,800 | 16,833,495 | 16,833,495 | 200,000,000 | 200,000,000 | 11,000,000 | 11,000,000 | 2,469,642,101 | 11,000,000 | 2,469,642,101 |
| 15 | Kituyaga | 573,638,600 | 148,043,801 | 8,937,800 | 16,408,200 | 15,419,509 | 15,419,509 | 15,419,509 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 183,401,110 | 11,000,000 | 183,401,110 |
| 16 | Kisii | 575,643,577 | 131,476,562 | 16,408,200 | 14,407,200 | 15,840,840 | 15,840,840 | 15,840,840 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 174,725,611 | 11,000,000 | 174,725,611 |
| 17 | Kisumu | 789,632,733 | 70,007,432 | 15,626,168 | 14,407,200 | 17,503,544 | 17,503,544 | 17,503,544 | 278,640,055 | 278,640,055 | 11,000,000 | 11,000,000 | 407,184,399 | 11,000,000 | 407,184,399 |
| 18 | Kitui | 505,225,111 | 153,298,172 | 19,609,300 | 18,609,300 | 17,077,037 | 17,077,037 | 17,077,037 | 70,223,000 | 70,223,000 | 11,000,000 | 11,000,000 | 270,207,509 | 11,000,000 | 270,207,509 |
| 19 | Kwale | 1,084,696,427 | 129,364,832 | 1,150,000,000 | 16,408,200 | 16,384,932 | 16,384,932 | 16,384,932 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 1,323,157,964 | 11,000,000 | 1,323,157,964 |
| 20 | Lalikipa | 594,808,504 | 66,193,250 | 8,804,400 | 8,804,400 | 14,580,064 | 14,580,064 | 14,580,064 | 200,000,000 | 200,000,000 | 11,000,000 | 11,000,000 | 100,577,714 | 11,000,000 | 100,577,714 |
| 21 | Lamu | 387,821,812 | 5,236,636 | 5,469,400 | 5,469,400 | 15,214,470 | 15,214,470 | 15,214,470 | 67,674,400 | 67,674,400 | 11,000,000 | 11,000,000 | 238,920,508 | 11,000,000 | 238,920,508 |
| 22 | Machakos | 563,631,924 | 88,040,614 | 16,341,500 | 16,341,500 | 15,404,784 | 15,404,784 | 15,404,784 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 178,481,298 | 11,000,000 | 178,481,298 |
| 23 | Makueni | 600,213,719 | 182,245,441 | 15,607,800 | 15,607,800 | 16,187,773 | 16,187,773 | 16,187,773 | 226,041,014 | 226,041,014 | 11,000,000 | 11,000,000 | 223,697,163 | 11,000,000 | 223,697,163 |
| 24 | Mandera | 607,418,422 | 81,191,951 | 21,544,100 | 21,544,100 | 18,686,862 | 18,686,862 | 18,686,862 | 91,274,250 | 91,274,250 | 11,000,000 | 11,000,000 | 595,683,266 | 11,000,000 | 595,683,266 |
| 25 | Marsabit | 753,314,489 | 85,194,559 | 16,140,048 | 14,273,800 | 18,451,009 | 18,451,009 | 18,451,009 | 387,000,000 | 387,000,000 | 11,000,000 | 11,000,000 | 328,094,920 | 11,000,000 | 328,094,920 |
| 26 | Meru | 778,344,871 | 206,980,478 | 14,273,800 | 16,941,800 | 15,209,642 | 15,209,642 | 15,209,642 | 75,983,000 | 75,983,000 | 11,000,000 | 11,000,000 | 158,606,825 | 11,000,000 | 158,606,825 |
| 27 | Migori | 391,091,244 | 1,115,188,436 | 14,874,100 | 14,874,100 | 14,414,211 | 14,414,211 | 14,414,211 | 219,423,444 | 219,423,444 | 11,000,000 | 11,000,000 | 1,209,711,755 | 11,000,000 | 1,209,711,755 |
| 28 | Mombasa | 1,313,902,680 | 202,429,735 | 13,273,300 | 13,273,300 | 14,410,294 | 14,410,294 | 14,410,294 | 350,000,000 | 350,000,000 | 11,000,000 | 11,000,000 | 241,113,329 | 11,000,000 | 241,113,329 |
| 29 | Murang'a | 464,829,372 | 866,791,349 | 33,550,100 | 33,550,100 | 20,946,243 | 20,946,243 | 20,946,243 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 415,485,343 | 11,000,000 | 415,485,343 |
| 30 | Nairobi City | 866,791,349 | 92,144,660 | 22,077,700 | 22,077,700 | 15,827,494 | 15,827,494 | 15,827,494 | 300,000,000 | 300,000,000 | 11,000,000 | 11,000,000 | 441,049,854 | 11,000,000 | 441,049,854 |
| 31 | Nakuru | 819,265,259 | 92,144,660 | 22,077,700 | 22,077,700 | 15,827,494 | 15,827,494 | 15,827,494 | 300,000,000 | 300,000,000 | 11,000,000 | 11,000,000 | 441,049,854 | 11,000,000 | 441,049,854 |

| S/NO | COUNTY | Column A | Column B | Column C | Column D | Column E | Column F | Column G | Column H | Column I | Column J | Column K | Column L | Column M |
|------|---------------|---------------------------------------|---|--|--|--|--|--|---|---|---|--|--|------------------------|
| | | Total Loans and Grants for FY 2021/22 | IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)) | IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP) | EU Grant (Instruments for Devolution Advice and Support (IDEAS)) | IDA (World Bank) credit: Water & Sanitation Development Project (WSDP) | DANIDA Grant - Primary Health Care in Devolved Context | Climate Action Program (FLOCA)(ICCR) GRANT | Sweden-Agricultural Sector Development Support Programme (ASDSP) II | German Development Bank (KfW)- Drought Resilience Programme in Northern Kenya (DRPNK) | World Bank - Emergency Localist Response Project (ELRP) | World bank - Kenya Informal Settlement Improvement Project(KISIP II) | IDA (World Bank) Credit (Financing Locally-Led Climate Action (FLOCA) Program, County Climate Institutional Support (CCIS) Grant | Total Loans and Grants |
| 32 | Nandi | 524,799,208 | 153,424,837 | - | - | - | 11,272,300 | - | 14,501,837 | - | - | 16,519,088 | 11,000,000 | 208,718,062 |
| 33 | Marak | 645,965,888 | 235,246,719 | - | - | - | 16,941,800 | - | 18,136,451 | - | - | - | 11,000,000 | 281,324,970 |
| 34 | Nyamira | 563,367,518 | 171,924,054 | - | - | - | 10,138,400 | - | 14,787,054 | - | - | - | 11,000,000 | 207,849,508 |
| 35 | Nyandarua | 683,889,689 | - | 75,718,650 | 11,000,000 | - | 10,271,800 | - | 14,157,337 | - | - | 25,487,691 | 11,000,000 | 147,845,478 |
| 36 | Nyeri | 680,265,872 | - | 124,713,230 | - | - | 11,405,700 | - | 13,627,489 | - | - | 102,139,147 | 11,000,000 | 282,885,566 |
| 37 | Samburu | 470,939,351 | 89,792,536 | - | 15,626,188 | - | 9,738,200 | - | 19,131,435 | - | 91,588,760 | - | 11,000,000 | 236,877,089 |
| 38 | Siaya | 540,152,675 | - | 75,308,050 | - | - | 12,206,100 | - | 14,538,059 | - | - | - | 11,000,000 | 113,112,209 |
| 39 | Taita Taveta | 1,379,882,318 | - | 124,522,005 | 15,624,929 | 800,000,000 | 9,937,800 | - | 14,868,457 | - | - | 60,000,000 | 11,000,000 | 1,034,953,191 |
| 40 | Tana River | 468,583,507 | - | 82,396,194 | 14,727,370 | - | 12,339,500 | - | 20,261,832 | - | - | - | 11,000,000 | 140,714,896 |
| 41 | Tharaka Nithi | 600,268,742 | - | 122,240,640 | - | - | 8,270,800 | - | 13,846,340 | - | 68,827,500 | 86,275,354 | 11,000,000 | 304,760,634 |
| 42 | Trans Nzoia | 571,686,484 | 207,126,690 | - | - | - | 12,139,400 | - | 14,675,225 | - | - | 200,000,000 | 11,000,000 | 444,941,315 |
| 43 | Turkana | 786,247,615 | 124,429,694 | - | - | - | 22,211,100 | - | 24,393,829 | 438,000,000 | 101,918,500 | - | 11,000,000 | 721,953,123 |
| 44 | Uasin Gishu | 606,853,967 | - | 84,379,280 | - | - | 13,340,000 | - | 14,385,267 | - | - | 200,000,000 | 11,000,000 | 323,104,547 |
| 45 | Vihiga | 417,314,928 | 67,413,552 | - | - | - | 9,804,900 | - | 13,982,977 | - | - | - | 11,000,000 | 102,201,429 |
| 46 | Wajir | 1,160,065,181 | - | 78,101,121 | 15,626,168 | 550,000,000 | 18,000,000 | - | 22,504,132 | - | 89,529,250 | 230,000,000 | 11,000,000 | 1,015,169,671 |
| 47 | West Pokot | 559,953,126 | - | 114,909,620 | - | - | 10,538,800 | - | 18,793,436 | - | 70,759,700 | - | 11,000,000 | 226,001,356 |
| | TOTAL | 32,343,690,512 | 3,565,132,210 | 2,000,000,000 | 119,997,019 | 5,900,000,000 | 667,000,000 | 5,433,000,000 | 775,134,775 | 825,000,000 | 1,199,810,000 | 2,700,000,000 | 517,000,000 | 23,700,074,004 |

RECEIVED
THE NATIONAL TREASURY
 14 MAY 2022
REPUBLIC OF KENYA
MINISTRY OF WATER, SANITATION AND IRRIGATION
OFFICE OF THE PRINCIPAL SECRETARY



RECEIVED
 Principal Secretary
 National Treasury

MAJI HOUSE
NGONG ROAD
P. O. BOX 49720-00100
NAIROBI
 Website: www.water.go.ke

Telegrams: "MAJI" Nairobi
 Telephone: +254204900303
 G.L +254 20 2716103
 Fax: +254 20 2728703
 Email: ps@water625@gmail.com

Ref: MWSI/FIN/3/62/Vol. XXVI/ (190)

Date: 19th May, 2022

Dr. Julius Muia, PhD, CBS
 Principal Secretary
 The National Treasury & Planning
 Treasury Building
 P.O. Box 30007-00100
NAIROBI

818
PRINCIPAL SECRETARY
THE NATIONAL TREASURY
 23 MAY 2022
RECEIVED
 P. O. Box 30007 - 00100, NAIROBI

Dear *Julius,*

ADDITIONAL ALLOCATIONS TO COUNTY GOVERNMENTS IN FY 2022/23 FOR INCLUSION IN COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL 2023

Reference is made to your letter Ref. No. IGFR/CG/01/D/(54) dated 11th May, 2022 requesting for the above information.

Attached herewith, please find the two (2) projects under which the Ministry has allocated conditional grants in the FY 2022/2023 budget.

Submitted for your information and further necessary action.

Yours *Sandy*

JS

Dr. (Eng) Joseph Njoroge, CBS
Ag. PRINCIPAL SECRETARY

Encls.

Copy to: **Chief Finance Officer**
 Ministry of water, Sanitation and Irrigation
NAIROBI

| PS TREASURY OFFICE | |
|--------------------------|-------------------------------------|
| Take Necessary Action | <input checked="" type="checkbox"/> |
| Please See Me | <input type="checkbox"/> |
| Please Review and Advice | <input type="checkbox"/> |
| Note | <input type="checkbox"/> |
| To Keep in View | <input type="checkbox"/> |
| Noted & Appreciated | <input type="checkbox"/> |
| Please Let's Discuss | <input type="checkbox"/> |

| | |
|--|---|
| 1. 1109119900: Drought Resilience Programme in Northern Kenya (DRPNK) | |
| Ministry/State Department Responsible | Ministry of Water, Sanitation and Irrigation |
| Accounting Officer of National Government Responsible | Principal Secretary, Ministry of Water, Sanitation and Irrigation |
| Responsibilities of the National Government Accounting Officer | <ul style="list-style-type: none"> • Fiduciary responsibility for the project funds; • Ensure programme allocations are as per Annual Investment Plans & are included in the budget estimates of the Ministry for the FY 2022/23; • Endorses and transmits Withdrawal Applications and payment request to the National Treasury; • Review of quarterly progress reports and transmission to KfW; • Review of Annual Investment Plans (AIPs) against Programme eligibility criteria and approval through JPSC; • Procurement of Implementation Support Consultant (ISC); • Capacity building of county staff; • Monitor and evaluate performance of funds allocated and report to the National Treasury. |
| Conditions | <ul style="list-style-type: none"> • KfW will initiate disbursements upon recruitment of an Implementation Support Consultant (ISC) who supports the CPCUs and NPCU in all their functions; • Loan effectiveness is conditional upon issuance of Legal Opinion by the Attorney General; • Opening by the National Treasury of two EURO and two Kshs Designated Bank Accounts at CBK for the Loan and Grant funds; • Opening of Disposition Fund Accounts at the CBK by each County Government; • Both levels of Government ensure that sufficient partner contributions have been budgeted for and is provided in time for programme implementation; • Signing of Separate Agreement spelling out implementation modalities and adherence to the requirements therein on prudent use and management of the program funds; • Community commitment to provide its partner contribution in kind; • Evidence of the use of funds is to be presented to KfW at the latest four months after the preceding replenishment or at the last period evidenced if no replenishment has been effected; • Annual audit report by external auditor be submitted 3 months after the end of the FY; |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Implementation must be within the predetermined clusters. |
| Accounting Officer of County Government Responsible | <ul style="list-style-type: none"> • Chief Officer responsible for Agriculture or Water ❖ Turkana County: Chief Officer for Agriculture and Land Reclamation ❖ Marsabit County: Chief Officer for Agriculture |
| Responsibilities of the County Government Accounting Officer | <ul style="list-style-type: none"> • Overall coordination and quality assurance, primary responsibility for effective and efficient implementation; • Bears fiduciary responsibility for the funds transferred to the county as conditional grants • Preparation of Annual Investment Plans upon approval by Joint Programme Steering Committee (JPSC) is submitted to the County Treasury and captured in county budget. • Signs withdrawal applications and payment requests and transmits them to the County Treasury; • Financial and technical reporting and transmission of quarterly progress reports to National Programme Coordinating Unit (NPCU); • Defines ad hoc committees for tender evaluation; • Participate in Tender Committee at Ministry of Water, Sanitation and Irrigation for procurement of ISC. |
| Allocation in FY 2022/23 | KES 1,125,000,000 |
| Purpose of the conditional allocation | To ensure that drought resilience and climate change adaptive capacities of the pastoral and agro-pastoral production systems and livelihoods in selected areas of Turkana and Marsabit County are strengthened on a sustainable basis by constructing and rehabilitating relevant infrastructure. |
| Allocation criteria | Based on financing agreement between the Government of the Federal Republic of Germany and the Government of Kenya; and approved Annual Investment Plans (AIPs) prepared by the county governments. |
| Allocation by County | |
| County | Allocation (Ksh.) |
| Marsabit (Loan) | 387,000,000 |
| Turkana (Grant) | * 738,000,000 |
| TOTAL | 1,125,000,000 |

Source: Ministry of Water, Sanitation and Irrigation - (German Development Bank (KfW))

Note:

The Government of Kenya and the Government of the Federal Republic of Germany, through KfW, signed a financing agreement for the Drought Resilience Program in Northern Kenya in December, 2018 for EUR 21 Million for a period of six years to be implemented in Turkana and Marsabit Counties.

In addition, counterpart funding of Kshs.45 million has also been provided to finance National Government activities while the county governments are expected to provide for counterpart funding from their respective county allocations to meet their operation costs. (NB)

| | |
|--|--|
| 2. | |
| 1109112700: Water and Sanitation Development Project (WSDP) | |
| Ministry/ State Department Responsible | Ministry of Water, Sanitation and Irrigation |
| Accounting Officer of National Government Responsible | PS, Ministry of Water, Sanitation and Irrigation |
| Responsibilities of the National Government Accounting Officer | <ul style="list-style-type: none"> • Ensure funds are included in the budget estimates of the Ministry for FY 2022/2023 and reflected in CARA. • Initiate request for disbursement of funds supported by approved procurement and work plans. • Submit quarterly and annual financial and performance reports to the National Treasury and Separate copies to each county Governments. • Monitor and evaluate performance of the allocation and report to the National Treasury. |
| Conditions | <ul style="list-style-type: none"> • This funding must be included in the budget estimates of the County Government. • Prepare an Annual Work Plan and Budget which must be approved by the National Project Steering Committee. • The funds shall be used only for approved Water and Sanitation activities under the Programme. • Upon receipt of a disbursement, the Principal Secretary National Treasury shall be informed of the disbursement details through Principal Secretary Ministry of Water, Sanitation and Irrigation. • County Government MUST provide a report/proof of utilization of funds released before requesting for additional transfers. |
| Accounting Officer of County Government Responsible | <ul style="list-style-type: none"> • Accounting officer responsible for Water and Sanitation in the County Government |
| Responsibilities of the County Government accounting officer | <ul style="list-style-type: none"> • Ensure funds are included in the budget estimates of the department responsible for Water and Sanitation for the FY 2022/23. • Submit quarterly and annual financial and non-financial performance reports to the County Treasury with copies to the Principal Secretary, Ministry of Water, Sanitation and Irrigation |

| | |
|---------------------------|---|
| | <ul style="list-style-type: none"> Monitor and evaluate performance of the allocation and report to the County Treasury. |
| Allocation: 2022/23 | Kshs. 5,900,000,000 |
| Purpose of the Grant/Loan | For implementation of Water and Sanitation activities |
| Allocation Criteria | Based on the Subsidiary/County Participation Agreement and approved procurement and work plans. |
| Allocation by County | Kshs. |
| 1. Wajir | 550,000,000 |
| 2. Garissa | 450,000,000 |
| 3. Mombasa | 950,000,000 |
| 4. Taita Taveta | 800,000,000 |
| 5. Kwale | 1,150,000,000 |
| 6. Kilifi | 2,000,000,000 |
| TOTAL | Kshs.5,900,000,000 |

Source: Ministry of Water, Sanitation and Irrigation - (IDA World Bank Credit 6029 & 6030 KE).

Note: The total budget under the project is **Kshs. 7,258 billion**. This includes **Kshs. 1,358 billion** for the Ministry and National Water Institutions implementing WSDP activities. The water institutions include: Coast Water Works Development Agency, Northern Water Works Development Agency, Water Services Regulatory Board and Water Sector Trust Fund.

SENATE
20 MAY 2022
DEPUTY CLERK



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING

Telegraphic Address: 22921
Finance - Nairobi
FAX NO. 310833
Telephone: 2252299
When Replying Please Quote Ref.

THE NATIONAL TREASURY
P.O. BOX 30037 - 00100
NAIROBI

20 MAY 2022

REF No: NT/EFAB/BGT/01/'A'/(30)

19th May, 2022

Mr. Jeremiah Nyegenye, CBS

Clerk of the Senate

Clerk's Chamber

Parliament Buildings

NAIROBI

RECEIVED
20 MAY 2022

① Dcom

kindly deal

Eg
20/05/22

② C. Assst - For Budget

kindly deal
20/05/22

Dear

Mr. Nyegenye,

RE: INCLUSION OF THE EQUALIZATION FUND ALLOCATIONS TO THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL (SENATE BILL NO. 2 OF 2022);

This has reference to the County Governments Additional Allocations Bill, 2022 (Senate Bills No. 2 Of 2022) that is currently under consideration by the the Standing Committee on Finance and Budget of the Senate.

As you may be aware, the National Treasury developed the FFM (Equalization Fund Administration) Regulations 2021 that have since been published through Kenya Gazette Supplement No. 69, legal Notice No 54 of 29th April 2021 and subsequently approved by the Parliament. The publication and approval of the Regulations paved way for the full operationalization of the Equalization Fund. In that regard, the Equalization Fund Advisory Board and Secretariat have been constituted.

In light of the aforementioned, the PFM (Equalization Fund Administration) Regulations 2021 provide for the utilization of Equalization Fund as conditional grants to county governments. Regulation 24(1) of the Public Finance Management (Equalization Fund Administration) Regulations, 2021 provides that "The funds shall be utilized as conditional grants to the affected counties in accordance with the Division of Revenue Act and the County Allocation Revenue Act for the respective financial year."

In this regard, and in order to ensure utilization of the Equalization Fund allocations for FY 2021/22 and FY 22/23 by respective beneficiary county governments, we propose amendments to the County Governments Additional Allocations Bill, 2022 (Senate Bills No. 2 Of 2022) to include the Equalization Fund allocations as per the attached schedule.

The purpose of this letter, therefore, is to forward to you, the Equalization Fund allocations for FY 2021/2022 and FY 2022/23 for your consideration and inclusion in County Governments Additional Allocations Bill, 2022 (Senate Bills No. 2 Of 2022).

Yours




CABINET SECRETARY/THE NATIONAL TREASURY AND PLANNING



REPUBLIC OF KENYA
EQUALIZATION FUND ADVISORY BOARD

EQUALIZATION FUND ALLOCATIONS

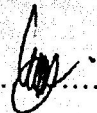
| No | County | FY 2021/2022 | FY 2022/2023 | TOTAL |
|----|--------------------|----------------|----------------|---------------|
| 1 | Baringo | 396,090,056.67 | 410,201,046 | 806,291,103 |
| 2 | Bomet | 12790912.52 | 13,246,598 | 26,037,510 |
| 3 | Rungoma | 39,127,812.29 | 40,521,768 | 79,649,581 |
| 4 | Busia | 11,968,468.05 | 12,394,853 | 24,363,321 |
| 5 | Elgeyo Marakwet | 43,344,757.89 | 44,888,946 | 88,233,704 |
| 6 | Garissa | 419,977,632.76 | 434,939,634 | 854,917,267 |
| 7 | Homa bay | 87,604,010.00 | 90,724,965 | 178,328,975 |
| 8 | Isiolo | 98,782,717.91 | 102,301,922 | 201,084,640 |
| 9 | Kajiado | 275,095,875.57 | 255,931,987 | 562,027,863 |
| 10 | Kericho | 40,527,235.23 | 41,971,047 | 82,498,282 |
| 11 | Kilifi | 359,394,892.38 | 372,198,591 | 731,593,483 |
| 12 | Kisumu | 16,198,087.17 | 16,775,156 | 32,973,243 |
| 13 | Kitui | 264,587,656.25 | 274,013,779 | 538,601,436 |
| 14 | Kwale | 164,949,142.52 | 170,825,573 | 335,774,715 |
| 15 | Laikipia | 79,416,251.80 | 82,245,512 | 161,661,764 |
| 16 | Lamu | 38,352,059.72 | 39,718,379 | 78,070,439 |
| 17 | Machakos | 8,602,649.08 | 8,909,125 | 17,511,774 |
| 18 | Mandera | 501,519,700.07 | 519,386,695.35 | 1,020,906,395 |
| 19 | Marsabit | 308,685,487.79 | 319,682,627 | 628,368,115 |
| 20 | Meru | 19,921,432.69 | 20,631,148 | 40,552,581 |
| 21 | Migori | 118,331,949.45 | 122,547,609 | 240,879,559 |

| | | | | |
|--------------------------------------|---------------|--------------------------------------|-------------------------------------|-----------------------|
| 22 | Murang'a | 3,780,709.85 | 3,915,400 | 7,696,110 |
| 23 | Nakuru | 4,283,648.32 | 4,436,256 | 8,719,905 |
| 24 | Nandi | 77,713,331.50 | 80,481,924 | 158,195,256 |
| 25 | Narok | 513,675,602.75 | 531,975,661 | 1,045,651,263 |
| 26 | Samburu | 432,475,053.34 | 447,882,284 | 880,357,337 |
| 27 | Siaya | 17,167,277.61 | 17,778,874 | 34,946,152 |
| 28 | Taita Taveta | 8,876,797.24 | 9,193,039 | 18,069,837 |
| 29 | Tana River | 294,306,383.64 | 304,791,257 | 599,097,641 |
| 30 | Tharaka Nithi | 29,293,164.07 | 30,336,754 | 59,629,918 |
| 31 | Trans Nzoia | 4,978,023.58 | 5,155,369 | 10,133,393 |
| 32 | Turkana | 761,584,245.26 | 788,716,225 | 1,550,300,470 |
| 33 | Wajir | 486,048,672.49 | 503,364,501 | 989,413,174 |
| 34 | West Pokot | 680,106,212.55 | 704,335,479 | 1,384,441,692 |
| | Total | 6,620,557,910.01 | 6,856,419,984.67 | 13,476,977,895 |
| Total Allocations | | FY 2021/22: 6,825,317,433 | FY2022/23: 7,068,474,211 | |
| Note: Administration Expenses | | FY 2021/22 204,759,522.99 | FY2022/23 212,054,226.33 | |

Note: The allocations to each of the 34 counties is the sum of allocations for the marginalized areas in the respective counties, based on allocation factors, as identified in the Second Policy and Criteria for Sharing Revenue Among Marginalized areas.

Prepared by

Guyo Boru
CEO/Secretary
Equalization Fund Advisory Board

Sign:  Date: 19/05/2022

SPECIAL ISSUE

529

Kenya Gazette Supplement No. 69

29th April, 2021

(Legislative Supplement No. 29)

LEGAL NOTICE No. 54

THE PUBLIC FINANCE MANAGEMENT ACT

(No. 18 of 2012)

IN EXERCISE of the powers conferred by section 205 (1) of the Public Finance Management Act, 2012, the Cabinet Secretary for the National Treasury and Planning makes the following Regulations—

THE PUBLIC FINANCE MANAGEMENT (EQUALIZATION FUND ADMINISTRATION) REGULATIONS, 2021

1. These Regulations may be cited as the Public Finance Management (Equalization Fund Administration) Regulations, 2021.

Citation.

2. In these Regulations, unless the context otherwise requires—

Interpretation.

“Accounting Standards Board” has the meaning assigned to it under section 2 of the Act;

“administrator of the Fund” means the National Treasury as provided for under section 18(1) of the Act;

“Board” means the Equalization Fund Advisory Board established under regulation 4(1) of these Regulations;

“eligible county” means a county government identified as a beneficiary of the Fund by the Commission on Revenue in accordance with Article 216(4) of the Constitution;

“First Policy” means the First Policy determined by the Commission on Revenue Allocation under Article 216(4) of the Constitution in identifying marginalized areas for the purposes of Article 204(2) of the Constitution;

“Fund” means the Equalization Fund established under Article 204(1) of the Constitution;

“marginalized area” means an area identified under policy determined by the Commission on Revenue Allocation in accordance with Article 216 (4) of the Constitution;

“revenue” has the meaning assigned to it under section 2 of the Commission on Revenue Allocation Act, 2011; and

No.16 of 2011.

“Second Policy” means the Second Policy determined by the Commission on Revenue Allocation under Article 216(4) of the Constitution in identifying marginalized areas for the purposes of Article 204(2) of the Constitution;

22. There shall be a Secretariat constituted by the Chief Executive Officer and whose functions shall be to—
- Establishment and functions of the Secretariat.
- (a) provide technical and administrative services to the Board;
 - (b) implement the decisions, strategies and work plan of the Board;
 - (c) make recommendations to the Board on the formulation and implementation of programmes for the achievement of the functions of the Board;
 - (d) review and consolidate the work-plans received from counties for consideration by the Board;
 - (e) identify any challenges in the implementation of projects and make recommendations to the Board on the remedial measures required to be undertaken;
 - (f) maintain a data base setting out information on—
 - (i) projects, operations and programmes undertaken with respect to each county which has been identified by the Commission on Revenue Allocation as being marginalized;
 - (ii) monies appropriated from the Fund with respect to each project or programme; and
 - (iii) status of each project or programme undertake;
 - (g) prepare and ensure timely submission of reports to the Board and the Cabinet Secretary regarding the implementation of projects and programmes under the Fund;
 - (h) make arrangements for periodical monitoring, evaluation and reporting of the criteria, standards and programmes in relation to the objects and functions of the Board; and
 - (i) perform such other functions as may be assigned to it by the Board.
23. The County Executive Committee Member responsible for matters relating to finance shall submit work plans through county technical committee to the Board for approval.
- Approval of workplan.
24. (1) The funds shall be utilized as conditional grants to the affected counties in accordance with the Division of Revenue Act and the County Allocation Revenue Act for the respective financial year.
- Utilisation of funds and preparation of workplans.
- (2) The County Executive Committee Member responsible for matters relating to finance in each of the counties identified by the Commission on Revenue Allocation shall prepare a workplan setting out—
- (a) a schedule of projects and programmes proposed to be undertaken by the county government in the areas identified by Commission on Revenue Allocation;
 - (b) a technical assessment of the viability of the schedule of projects and programmes;



MEMORANDUM TO THE SENATE ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2022

This memorandum has been prepared by the International Budget Partnership Kenya (IBP Kenya). IBP Kenya is a non-profit organization working to advance transparency, accountability, participation, and equity in national and county budgeting processes. IBP Kenya's work is focused on strengthening the impact of citizens and civil society organizations (CSOs) advocacy on budget policies and outcomes at national and sub-national levels of governance. Citizen advocacy, evidence generation, technical assistance to both levels of governments and CSOs, learning, and networking are integral components of IBP Kenya's work.

In response to your letter *REF: SEN/DCS/SCF&B/2022/016 (F)* and dated May 12, 2022, this memorandum raises the following three issues:

- 1. There is no clear criteria for allocating conditional grants from the national government revenue.** As highlighted in Column C of the First Schedule of the County Governments Additional Allocations Bill, 2022, all the counties are receiving an equal amount of KShs 110,638,298 for medical equipment leasing. However, it is apparent that not all the counties are at the same level, and their requirements are pretty diverse. The same applies to Column G of the Second Schedule, which allocated an equal amount of KShs 125 million towards each of the counties. The allocation is to finance the Locally-Led Climate Action Program. Does it mean that all the counties with their diversities will be implementing a similar kind of program? There needs to be a clear criterion highlighting the allocations. Therefore, we call upon the Senate finance committee to ensure that an explicit criterion for determining equitable allocations to the counties is implemented to ensure resources are distributed equitably.
- 2. Whereas it has been ten years since the onset of devolution, counties are still receiving funds to supplement the construction of county headquarters.** The County Governments Additional Allocations Bill has identified five counties in 2022 to receive an additional KShs 90.8 million to supplement the construction of county headquarters. Does it mean that the counties still do not have headquarters to operate from? Have there been assessment reports toward all the previous allocations that have been directed towards the county allocations to construct their headquarters? How far are they, and when are they likely to be completed? It will also be good for the Senate to highlight the criteria that has been used to arrive at the five counties listed in Column B of the Bill.
- 3. Notably, this Bill is being prepared for the second time.** The Senate needs to state how the implementation in the FY 2021/22 fared on and highlight any adjustments made in this Bill to address any gaps that have been identified. In particular, it will be good for the Senate to highlight to the public the progress made in its implementation, the challenges faced, and the lesson learned that would be carried forward to ensure that the consequent Bills are implemented better.



**International
Budget
Partnership**

Kenya

Signed on the 23rd May 2022, Nairobi

Dr. Abraham Rugo Muriu
Country Manager
International Budget Partnership Kenya
Email: arugo@internationalbudget.org
Phone: +254721431083



23 MAY 2022

COUNTY ASSEMBLIES FORUM (CAF)

Flamingo Towers, 5th Floor Wing B, Mara Road, Upper Hill P.o Box 73552- 00200 Nairobi Kenya Tel: 0701 046 933

www.countyassemblyforum.org

www.countyassemblyforum.org

CAF MEMORANDUM THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, (SENATE BILLS NO. 2 OF 2022)

TO: Mr. Jeremiah Nyegenye, CBS
Clerk of the Senate, Parliament of Kenya.
The Standing Committee on Finance and Budget,

FROM: The County Assemblies Forum.

DATE: 15th May 2022.

SUBJECT: CAF Memorandum on the County Government Additional Allocations Bill

① **DCOM/DLS**
Please deal
Deputy Clerk, Senate
Date 23/05/2022

② C/ASSISE - FA Budgets
Kindly Deal
24/05/22

24 MAY 2022

1.0. INTRODUCTION

- 1.1. 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.
- 1.2. As one of the pillars of the devolved government system CAF is committed to engage in processes that lead to the provision of additional allocations of revenue to the County Governments

2.0. BACKGROUND

- 2.1. The Principal Object of this Bill is to make provision for the transfer of conditional allocations from national governments share of revenue and from developments partners to the County Governments for the Financial Year 2021/22.
- 2.2. The proposed Bill concerns county governments in terms of Article 110(1)(a) of the Constitution as it contains provisions that to provide for the allocation of conditional grants to county governments for the financial year 2021/2022; and to provide for the transfer of these conditional allocations from the Consolidated Fund to the respective County Revenue Fund.

3.0. GENERAL COMMENTS.

- 3.1. CAF understand the importance of this bill taking into account it origination came from the recommendation by the mediation committee on the County Government Grant Bill



3.2. CAF appreciates parliament in developing this bill which will increase the allocations additional resources allocated to county governments from the National Government's share of revenue or in the form of loans and grants from development partners and further noting counties did not receive any disbursement under conditional grants for the 2021-2022 financial year owing to the lack of a substantive mechanism. CAF appreciates the opportunity to contribute to this Bill and on the basis of the foregoing proposes the following amendments:

4.0 SUMMARY MATRIX OF THE PROPOSED AMENDMENTS

| THE PROPOSED AMENDMENTS TO | | | |
|---|---|--|---|
| CAF MEMORANDUM THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, (SENATE BILLS NO. 2 OF 2022) | | | |
| NO. | Section | Proposed Amendments | Justification |
| 1. | Clause 4 (1) of the bill Additional grants shall be funds agreed upon by the National Assembly and the Senate during the consideration of the Budget Policy Statement and shall comprise of— | Amend to state: - “Additional grants shall be funds agreed upon by the National Assembly and the Senate during the consideration of the Budget Policy Statement and after consultation with County Government shall comprise of—” | It would reasonable County Government at this stage |

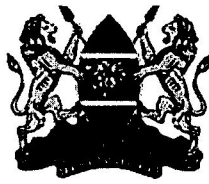
| | | | |
|----|---|--------------|--|
| 2. | Clause 21 of the Bill First Schedule | No Amendment | CAF appreciates Parliament for allocating a total of KES 18,845,000,000 in additional allocations to County Governments. |
|----|---|--------------|--|

Thank you.

Yours sincerely,

JUDY ODUMA WANGALWA
CHIEF EXECUTIVE OFFICER





COUNCIL OF GOVERNORS

24 MAY 2022

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

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

Our Ref: COG/8/5A/ Vol. 7 (60)

18th May 2022

Mr. Jeremiah Nyegenye, CBS,
Clerk of the Senate
Parliament of Kenya
Nairobi

Dear Mr. Nyegenye

SUBMISSION OF COMMENTS ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATION BILL, SENATE BILL NO.2 OF 2022

Reference is made to the above subject and your letter Ref: SEN/DCS/SCF&B/2022/016(B) dated 12th May 2022.

Based on the principle of consultation and cooperation as envisaged in the Constitution, the Council has reviewed the County Governments Additional Allocation Bill, Senate Bill No. 2 of 2022 and would like to forward our written Memorandum as attached as well as the IGTRC letter Ref. No. IGR/ADM/1/110/Vol. 1 (53) dated 14th December 2021 on the attendant resources earmarked for transfer of library function to the County Governments through the budget process of the financial year 2022/2023.

We appreciate your continued support.

Yours sincerely

Mary Mwit
Chief Executive Officer

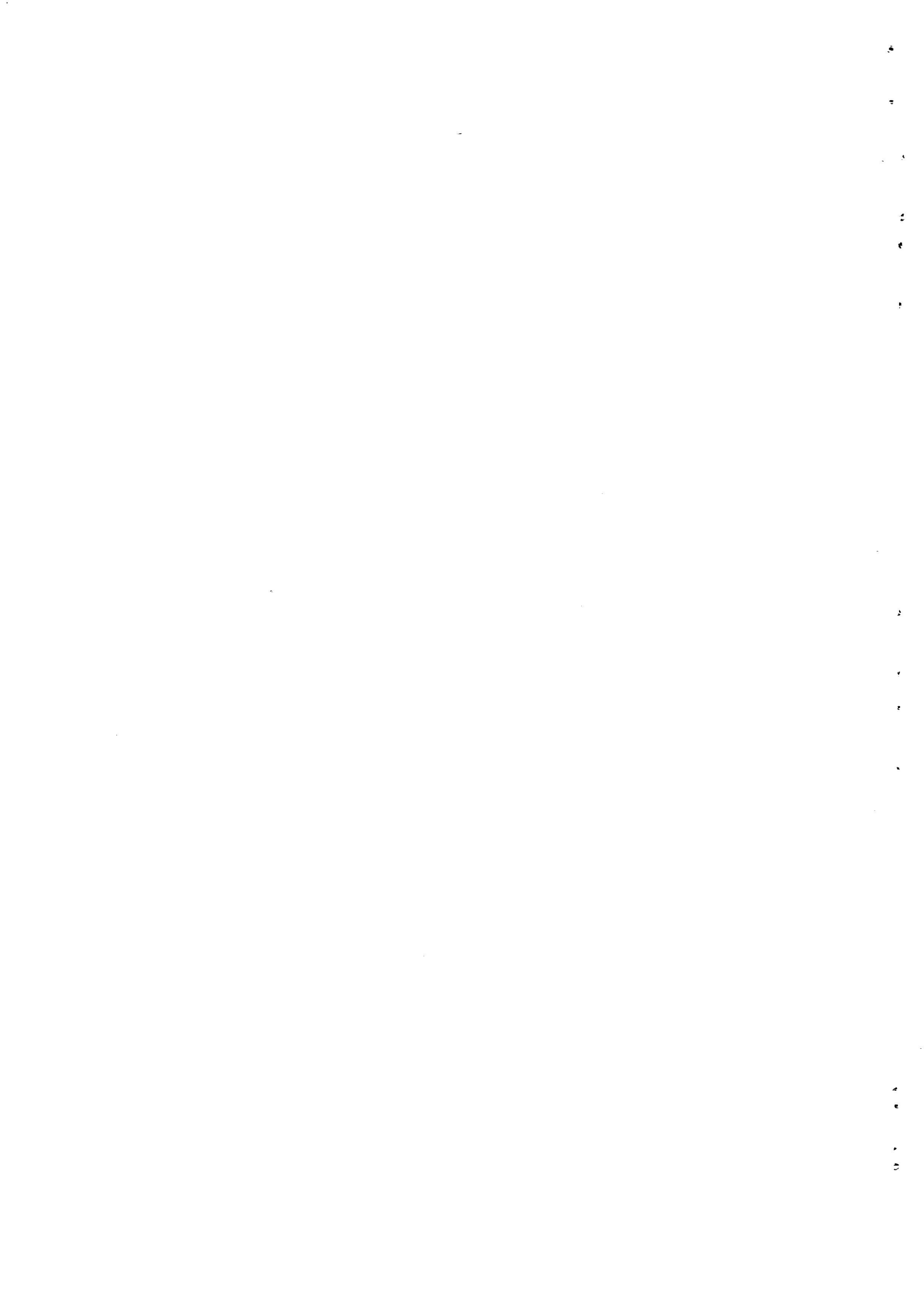
24 MAY 2022

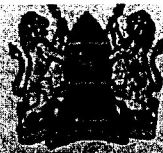
① ~~Dong~~

DH

② C/Asst - For Budget kindly deal.
Please deal
25/05/22

24/05/22





REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING

Telegraphic Address: 22921

THE NATIONAL TREASURY Finance

P.O. BOX 20007 - 00100 NAIROBI

31083

Telephone: 2252299

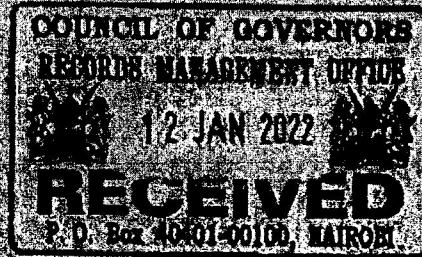
When Replying Please Quote Ref.

NAIROBI

REF No: IGER/IGRTC/0213

5th January, 2022

Mr. Michael Siala, EBS
Clerk of the National Assembly
P.O. Box 41842 - 00100
Parliament Buildings
NAIROBI



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

Dear

CG, COG

RE: IMPLEMENTATION OF THE TRANSFER OF LIBRARY FUNCTION

This is to draw your attention to the above subject matter.

The Chief Executive Officer of the Intergovernmental Relations Technical Committee vide letter Ref. No. IGR/ADM/1/110/VOL. 1(53) dated 14th December, 2021 (copy attached) has submitted the attendant resources earmarked for transfer of library function to county governments through the budget process of the financial year 2022/2023.

In the above letter, he has indicated that the resources earmarked for transfer for Library function are as submitted by the Kenya National Library Services (KNLS). The sum of the total resources for the 59 libraries earmarked for transfer the County Governments is Ksh.424,616,047.20 as summarized below: -

| | | |
|----|---|----------------------------|
| 1. | Total Payroll Budget and Operations and Maintenance (O&M) | Ksh. 421,379,947.20 |
| 2. | Total Leave allowance | Ksh. 3,236,100.00 |
| | Total | Ksh. 424,616,047.20 |

As you are aware, the Division of Revenue Bill (DoRB), 2022 and The County Allocation of Revenue Bill (CARB) 2022 have already been submitted to Parliament for consideration. In view of the above, we are requesting Parliament to include these resources in DoRB, 2022 and CARB, 2022 to facilitate transfer of these resources to the county governments as equitable share through the budget process of the financial year 2022/2023.

The purpose of this letter, therefore, is to forward to you the attendant resources earmarked for transfer of library function to county governments through the budget process of the financial year 2022/2023 for inclusion in DoRB, 2022 and CARB, 2022 as equitable share.

Yours

JULIUS MUIA, PhD, CBS
PRINCIPAL SECRETARY/THE NATIONAL TREASURY

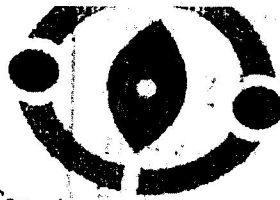
Encl.

Copy to: Ms. Josephtha O. Mukobe, GBS
Principal Secretary
State Department of Culture and Heritage
Ministry of Sports, Culture and Heritage
NAIROBI

Ms. Mary Mwiti,
Chief Executive Officer,
Council of Governors,
Delta House, 2nd Floor
Chiromo Road, Westlands,
NAIROBI.

16 DEC 2021
RECEIVED
P. O. Box 30007 - 00100, NAIROBI

Email: info@igrtc.go.ke,
igrtc2015@gmail.com Website:
www.igrtc.go.ke
When replying please quote:



IGRTC
INTERGOVERNMENTAL
RELATIONS TECHNICAL
COMMITTEE

Consultation, Cooperation & Coordination in Devolution

RECEIVED
6 DEC 2021
P.O. Box 30007
NAIROBI
Tel: 0
14th December 2021
Noted & Appr.
Please Let's Disc

Ref: IGR/ADM/1/110/VOL.1 (53)

Dr. Julius Muia, CBS
Principal Secretary
The National Treasury
P.O. Box 30007-00100
NAIROBI

Dear Sir,

RE: IMPLEMENTATION OF THE TRANSFER OF LIBRARY FUNCTION

The above subject matter refers.

Reference is made to your letter Ref: No. IGFR/IGRTC/'C' (10) dated 30th November 2021 requesting for updated information on resources earmarked for transfer so as to transfer the attendant resources through the budget process of the financial year 2022/2023.

The Kenya National Library Services (KNLS) submitted the sum total of resources for the 59 libraries earmarked for transfer(attached). The total budget for the Payrolls (PE), the Operations and Maintenance (O&M) and annual leave allowance for these libraries amount to **KES.424,616,047.20** as summarized below;

| | |
|------------------------------|----------------------------|
| Total Payroll Budget and O&M | KES. 421,379,947.20 |
| Total Leave Allowance | KES. 3,236,100.00 |
| Total | KES. <u>424,616,047.20</u> |

We wish to submit the updated data of the total attendant resources earmarked for transfer to your office for further action.

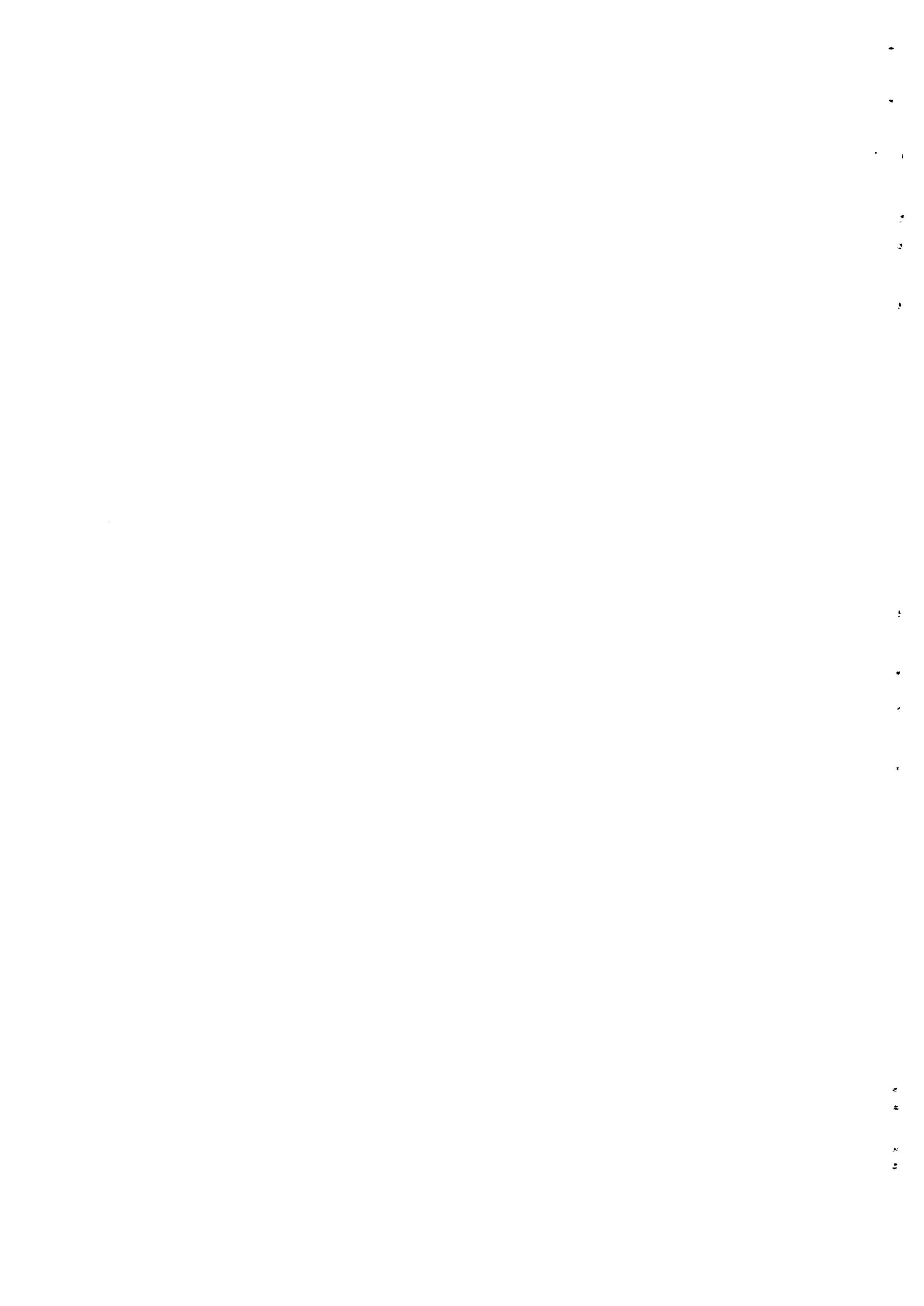
Thank you for your continued support.

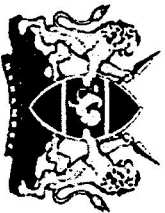
Yours faithfully,

Peter Leley
CHIEF EXECUTIVE OFFICER

| Appendix II - KENYA NATIONAL LIBRARY SERVICE BRANCH ANNUAL BUDGET TO BE TRANSFERRED TO COUNTY GOVERNMENTS | | | | | | | | |
|---|-----------------|-------------------------|--------------------------|-------------------------------|------------------------------|------------------------|----------------------|--|
| County | Branch | Total Monthly PE Budget | Total Monthly O&M Budget | Total Monthly PE & O&M Budget | Total Annual PE & O&M Budget | Annual Leave Allowance | Total PE, O&M, Leave | |
| | | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | |
| 1 Baringo | 1 Matron | 452,247.20 | 19,000.00 | 471,247.20 | 5,654,966.40 | 80,000.00 | 5,720,988.40 | |
| | 2 Eldama Ravine | 493,590.80 | 19,800.00 | 513,390.80 | 6,159,969.60 | 42,000.00 | 6,201,969.60 | |
| | 3 Kabarnet | 1,020,131.20 | 25,400.00 | 1,045,531.20 | 12,546,374.40 | 144,000.00 | 12,690,374.40 | |
| | Total | 1,965,969.20 | 64,200.00 | 2,030,169.20 | 24,361,310.40 | 266,000.00 | 24,613,310.40 | |
| 2 Bomet | 1 Sibwet | 711,138.00 | 21,100.00 | 732,238.00 | 8,786,856.00 | 60,000.00 | 8,846,856.00 | |
| | Total | 711,138.00 | 21,100.00 | 732,238.00 | 8,786,856.00 | 60,000.00 | 8,846,856.00 | |
| 3 Bungoma | 1 Kimilili | 549,194.00 | 19,300.00 | 568,494.00 | 6,821,928.00 | 43,500.00 | 6,865,428.00 | |
| | Total | 549,194.00 | 19,300.00 | 568,494.00 | 6,821,928.00 | 43,500.00 | 6,865,428.00 | |
| 4 Elgeyo-Marakwet | 1 Lagaa | 457,973.20 | 19,200.00 | 477,173.20 | 5,726,078.40 | 69,000.00 | 5,795,078.40 | |
| | Total | 457,973.20 | 19,200.00 | 477,173.20 | 5,726,078.40 | 69,000.00 | 5,795,078.40 | |
| 5 Embu | 1 Embu | 617,831.20 | 56,300.00 | 674,131.20 | 8,113,574.40 | 49,500.00 | 8,163,074.40 | |
| | Total | 617,831.20 | 56,300.00 | 674,131.20 | 8,113,574.40 | 49,500.00 | 8,163,074.40 | |
| 6 Garissa | 1 Garissa | 811,094.40 | 40,100.00 | 851,194.40 | 10,214,332.80 | 110,000.00 | 10,324,332.80 | |
| | 2 Masalani | 363,193.60 | 18,000.00 | 381,193.60 | 4,574,323.20 | 54,000.00 | 4,628,323.20 | |
| | 3 Mbatambala | 372,138.80 | 17,250.00 | 389,388.80 | 4,672,865.60 | 69,000.00 | 4,741,865.60 | |
| | 4 Total | 1,546,426.80 | 75,350.00 | 1,621,776.80 | 19,461,521.60 | 233,000.00 | 19,694,521.60 | |
| 7 Isiolo | Isiolo | 558,417.60 | 20,000.00 | 578,417.60 | 6,941,011.20 | 84,000.00 | 7,025,011.20 | |
| | Total | 558,417.60 | 20,000.00 | 578,417.60 | 6,941,011.20 | 84,000.00 | 7,025,011.20 | |
| 8 Kakamega | 1 Kakamega | 972,831.20 | 26,100.00 | 998,931.20 | 11,987,174.40 | 76,000.00 | 12,063,174.40 | |
| | 2 Lusumu | 458,203.60 | 21,200.00 | 479,403.60 | 5,752,843.20 | 45,000.00 | 5,797,843.20 | |
| | 3 Total | 1,431,034.80 | 47,300.00 | 1,478,334.80 | 17,740,017.60 | 121,000.00 | 17,861,017.60 | |
| 9 Kericho | Kericho | 1,384,244.40 | 28,900.00 | 1,413,144.40 | 16,963,732.80 | 104,000.00 | 17,067,732.80 | |
| 10 Kiambu | 1 Total | 1,384,244.40 | 28,900.00 | 1,413,144.40 | 16,963,732.80 | 104,000.00 | 17,067,732.80 | |
| | 2 Thika | 1,087,281.60 | 40,600.00 | 1,127,881.60 | 13,534,579.20 | 73,000.00 | 13,607,579.20 | |
| | Total | 1,087,281.60 | 40,600.00 | 1,127,881.60 | 13,534,579.20 | 73,000.00 | 13,607,579.20 | |
| 11 Kilifi | 1 Didi Koni | 386,824.00 | 20,600.00 | 407,424.00 | 4,889,088.00 | 30,000.00 | 4,919,088.00 | |
| | 2 Kisii | 509,138.40 | 25,500.00 | 534,638.40 | 6,415,660.80 | 40,000.00 | 6,455,660.80 | |
| | 3 Maziwi | 475,724.80 | 24,000.00 | 499,724.80 | 5,996,697.60 | 34,500.00 | 6,031,197.60 | |
| | Total | 1,371,687.20 | 70,100.00 | 1,441,787.20 | 17,301,446.40 | 104,500.00 | 17,405,946.40 | |
| 12 Kisi | 1 Kisi | 651,425.60 | 27,100.00 | 678,525.60 | 8,142,307.20 | 55,500.00 | 8,197,807.20 | |
| | Total | 651,425.60 | 27,100.00 | 678,525.60 | 8,142,307.20 | 55,500.00 | 8,197,807.20 | |
| 13 Kisumu | 1 Kisumu | 1,093,957.20 | 85,000.00 | 1,178,957.20 | 14,147,608.40 | 71,500.00 | 14,219,108.40 | |
| | 2 Koru | 437,234.00 | 19,500.00 | 456,734.00 | 5,480,808.00 | 36,000.00 | 5,516,808.00 | |
| | Total | 1,531,201.20 | 104,500.00 | 1,635,701.20 | 19,628,416.40 | 107,500.00 | 19,735,916.40 | |
| 14 Kitui | 1 Mwingi | 357,448.40 | 31,800.00 | 389,248.40 | 4,670,980.80 | 30,100.00 | 4,701,080.80 | |
| | Total | 357,448.40 | 31,800.00 | 389,248.40 | 4,670,980.80 | 30,100.00 | 4,701,080.80 | |
| 15 Kwale | Kwale | 384,650.80 | 21,100.00 | 405,750.80 | 4,869,009.60 | 34,500.00 | 4,903,509.60 | |
| | Total | 384,650.80 | 21,100.00 | 405,750.80 | 4,869,009.60 | 34,500.00 | 4,903,509.60 | |
| 16 Laikipia | 1 Laikipia | 897,515.20 | 22,900.00 | 920,415.20 | 11,044,982.40 | 118,000.00 | 11,162,982.40 | |
| | 2 Rumuruti | 359,908.00 | 18,500.00 | 378,408.00 | 4,540,896.00 | 57,000.00 | 4,597,896.00 | |
| | Total | 1,257,423.20 | 41,400.00 | 1,298,823.20 | 15,585,878.40 | 175,000.00 | 15,760,878.40 | |
| 17 Makueni | 1 Kinyambu | 708,206.40 | 20,300.00 | 728,506.40 | 8,718,076.80 | 87,000.00 | 8,805,076.80 | |
| | 2 Kithulya | 440,320.40 | 29,700.00 | 470,020.40 | 5,640,244.80 | 66,000.00 | 5,706,244.80 | |
| | 3 Mutiyambus | 446,686.60 | 18,700.00 | 465,386.60 | 5,584,627.20 | 60,000.00 | 5,644,627.20 | |
| | Total | 1,595,213.40 | 68,700.00 | 1,663,913.40 | 19,942,948.80 | 213,000.00 | 20,155,948.80 | |
| 18 Mandera | 1 Mandera | 208,100.40 | 17,300.00 | 225,400.40 | 2,704,804.80 | 33,000.00 | 2,737,804.80 | |
| | Total | 208,100.40 | 17,300.00 | 225,400.40 | 2,704,804.80 | 33,000.00 | 2,737,804.80 | |

| | | | | | | | | | |
|----|--------------|---|-------------|---------------|--------------|---------------|----------------|--------------|----------------|
| 19 | Marsabit | 1 | Moyale | 418,655.20 | 23,900.00 | 442,555.20 | 5,310,662.40 | 63,000.00 | 5,373,662.40 |
| | | | Total | 418,655.20 | 23,900.00 | 442,555.20 | 5,310,662.40 | 63,000.00 | 5,373,662.40 |
| 20 | Meru | 1 | Gatindi | 482,028.40 | 18,000.00 | 500,028.40 | 6,000,340.60 | 42,000.00 | 6,042,340.60 |
| | | 2 | Meru | 745,234.80 | 28,300.00 | 774,534.80 | 9,294,417.60 | 57,500.00 | 9,351,917.60 |
| | | 3 | Milumbani | 177,388.80 | 20,300.00 | 397,688.80 | 4,772,265.60 | 34,500.00 | 4,806,765.60 |
| | | 4 | Timau | 283,458.00 | 21,300.00 | 304,758.00 | 3,667,096.00 | 22,500.00 | 3,679,596.00 |
| | | | Total | 1,688,110.00 | 88,900.00 | 1,977,010.00 | 23,724,120.00 | 156,500.00 | 23,880,620.00 |
| 21 | Migori | 1 | Awendo | 283,958.00 | 16,000.00 | 299,958.00 | 3,599,496.00 | 25,500.00 | 3,624,996.00 |
| | | | Total | 283,958.00 | 16,000.00 | 299,958.00 | 3,599,496.00 | 25,500.00 | 3,624,996.00 |
| 22 | Mombasa | 1 | Mombasa | 1,059,751.60 | 78,700.00 | 1,138,451.60 | 13,861,419.20 | 71,500.00 | 13,732,919.20 |
| | | | Total | 1,059,751.60 | 78,700.00 | 1,138,451.60 | 13,861,419.20 | 71,500.00 | 13,732,919.20 |
| 23 | Muranga | 1 | Kangema | 304,950.00 | 19,800.00 | 324,750.00 | 3,896,209.80 | 22,500.00 | 3,920,709.80 |
| | | 2 | Muranga | 724,588.40 | 32,400.00 | 757,988.40 | 9,047,860.80 | 50,500.00 | 9,098,360.80 |
| | | | Total | 4,028,539.20 | 52,300.00 | 4,080,839.20 | 12,946,070.40 | 73,000.00 | 13,019,070.40 |
| 24 | Nairobi | 1 | Kibera | 709,129.60 | 25,200.00 | 734,329.60 | 8,811,955.20 | 47,500.00 | 8,859,455.20 |
| | | | Total | 709,129.60 | 25,200.00 | 734,329.60 | 8,811,955.20 | 47,500.00 | 8,859,455.20 |
| 25 | Nakuru | 1 | Nahasha | 664,508.80 | 21,600.00 | 686,108.80 | 8,235,705.60 | 49,000.00 | 8,284,705.60 |
| | | 2 | Gigiri | 454,604.80 | 21,400.00 | 476,004.80 | 5,710,857.80 | 37,500.00 | 5,748,357.80 |
| | | | Total | 1,119,113.60 | 43,000.00 | 1,162,113.60 | 13,946,563.20 | 86,500.00 | 14,033,063.20 |
| 26 | Narok | 1 | Lalechongi | 373,246.00 | 14,400.00 | 387,646.00 | 4,651,752.80 | 27,000.00 | 4,678,752.80 |
| | | 2 | Narok | 738,168.80 | 30,500.00 | 768,668.80 | 9,224,001.60 | 54,000.00 | 9,278,001.60 |
| | | | Total | 1,111,414.80 | 44,900.00 | 1,156,314.80 | 13,875,754.40 | 81,000.00 | 13,956,754.40 |
| 27 | Nandi | 1 | Kapsabet | 395,483.80 | 22,300.00 | 417,783.80 | 5,013,183.20 | 34,500.00 | 5,047,683.20 |
| | | | Total | 395,483.80 | 22,300.00 | 417,783.80 | 5,013,183.20 | 34,500.00 | 5,047,683.20 |
| 28 | Nyandarua | 1 | Okakou | 454,634.80 | 19,900.00 | 474,534.80 | 5,694,417.60 | 36,000.00 | 5,730,417.60 |
| | | | Total | 454,634.80 | 19,900.00 | 474,534.80 | 5,694,417.60 | 36,000.00 | 5,730,417.60 |
| 29 | Nyeri | 1 | Chioga | 291,978.00 | 19,600.00 | 311,578.00 | 3,738,936.00 | 22,500.00 | 3,761,436.00 |
| | | 2 | Karatina | 669,733.60 | 35,900.00 | 705,633.60 | 8,467,602.20 | 52,500.00 | 8,520,103.20 |
| | | 3 | Munyuu | 203,598.80 | 16,800.00 | 220,398.80 | 2,642,395.60 | 16,500.00 | 2,658,895.60 |
| | | 4 | Nyeri | 766,304.00 | 31,800.00 | 798,104.00 | 9,577,248.00 | 65,000.00 | 9,642,248.00 |
| | | | Total | 1,931,614.40 | 103,900.00 | 2,035,514.40 | 24,426,172.80 | 156,500.00 | 24,582,672.80 |
| 30 | Siaya | 1 | Nyitima | 509,413.20 | 20,500.00 | 529,913.20 | 6,358,558.40 | 42,000.00 | 6,400,558.40 |
| | | 2 | Rembula | 183,228.80 | 20,800.00 | 204,028.80 | 2,448,345.60 | 14,500.00 | 2,462,845.60 |
| | | 3 | Uturua | 340,419.80 | 19,800.00 | 360,219.80 | 4,322,635.20 | 31,500.00 | 4,354,135.20 |
| | | | Total | 1,233,061.80 | 61,100.00 | 1,294,161.80 | 15,529,539.20 | 108,000.00 | 15,637,539.20 |
| 31 | Taita Taveta | 1 | Voi | 277,346.40 | 19,800.00 | 297,146.40 | 3,565,758.80 | 30,000.00 | 3,595,758.80 |
| | | 2 | Wanugha | 271,361.60 | 22,200.00 | 293,561.60 | 3,522,739.20 | 22,500.00 | 3,545,239.20 |
| | | 3 | Wundanyi | 406,252.00 | 23,800.00 | 430,052.00 | 5,160,824.00 | 34,000.00 | 5,194,824.00 |
| | | | Total | 954,960.00 | 65,800.00 | 1,020,760.00 | 12,249,120.00 | 86,500.00 | 12,335,620.00 |
| 32 | Uasin Gishu | 1 | Eldoret | 1,660,340.00 | 39,600.00 | 1,699,940.00 | 20,399,280.00 | 122,000.00 | 20,521,280.00 |
| | | | Total | 1,660,340.00 | 39,600.00 | 1,699,940.00 | 20,399,280.00 | 122,000.00 | 20,521,280.00 |
| 33 | Wajir | 1 | Bute | 166,807.20 | 15,600.00 | 182,407.20 | 2,187,688.40 | 30,000.00 | 2,217,688.40 |
| | | 2 | Githu | 258,950.40 | 16,000.00 | 274,950.40 | 3,299,404.80 | 42,000.00 | 3,341,404.80 |
| | | 3 | Habaswein | 326,600.40 | 20,000.00 | 346,600.40 | 4,159,204.80 | 60,000.00 | 4,219,204.80 |
| | | 4 | Tarbei | 465,428.80 | 15,500.00 | 480,928.80 | 2,171,048.60 | 30,000.00 | 2,201,048.60 |
| | | 5 | Wajir | 631,322.40 | 17,700.00 | 649,022.40 | 7,788,268.60 | 88,000.00 | 7,876,268.60 |
| | | | Total | 1,649,107.20 | 84,700.00 | 1,733,807.20 | 19,605,614.40 | 248,000.00 | 19,853,614.40 |
| | | | Grand total | 33,570,345.60 | 1,544,650.00 | 35,114,995.60 | 421,379,947.20 | 3,236,100.00 | 424,616,047.20 |





COUNCIL OF GOVERNORS

**LEGISLATIVE MEMORANDUM ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATION BILL, SENATE BILL NO.2 OF
2022**

**From
THE COUNCIL OF GOVERNORS**

MEMORANDUM ON COUNTY GOVERNMENTS ADDITIONAL ALLOCATION BILL, SENATE BILL NO. 2 OF 2022

The Council of Governors,

In recognition of Article 1(4) of the Constitution of Kenya, that sovereign power of the people is exercised at the national level and the county level;

In further recognition of Article 6 (2) that governments at the national and county levels are distinct; and

Aware of the need for coordination and consultation between the National Government and County Governments to ensure that legislation responds to the key issues facing devolution, and further reflects the spirit and objects of devolution.

The Council of Governors makes the following comments on the bill:

General Comments:

The Budget Committee of the Intergovernmental Budget and Economic Council held a meeting on 11th May 2022 to discuss the County Governments Conditional Allocation Bill 2022/2023. The Bill presented before the Budget Committee differs in terms of the second schedule as compared to the County Governments Additional Allocation Bill, Senate Bill No. 2 of 2022.

The Council recommends that the National Assembly provides the Second Schedule for inclusion in the County Governments Additional Allocation Bill, Senate Bill No. 2 of 2022.

Specific Concerns

| Section | Provision | CoG's proposal | Rationale/Justification |
|---|---|---|--|
| <p>Clause 5 (1) Conditional allocations to county governments.</p> | <p>5. (1) Conditional allocations to each county government from National Government share of revenue for the financial year 2022/23 shall be as set out in Column D of the First Schedule, comprising — (a) conditional allocations for the construction of county headquarters as set out in Column B of the First Schedule; and (b) conditional allocations for the leasing of medical equipment as set out in Column C of the First Schedule.</p> | <p>Addition to Clause 5 (1) (c) Conditional allocation for the library function as set out in column D of the First Schedule.</p> | <p>The IGTRC vide letter Ref. No. IGR/ADM/1/110/Vol. 1 (53) dated 14th December 2021 submitted the attendant resources earmarked for transfer of library function to the County Governments through the budget process of the financial year 2022/2023. The total resources earmarked to be transferred for the 59 libraries to the 33 Counties amounts to Ksh. 424,616,047.20.</p> |
| <p>Clause 5 (2) Conditional allocations to county governments.</p> | | <p>Addition to Clause 5 (2) (k) conditional allocations from a World Bank credit to finance Locally-Led Climate Action Program, (FLLoCA) as set out in Column L of the Second Schedule;</p> | <p>This is to include the County Climate Institutional Support (CCIS) under the World Bank credit to finance Locally-Led Climate Action Program, (FLLoCA) which is not included in the Senate Bill.</p> |

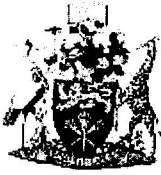


UNIVERSITY OF NAIROBI
AFRICAN WOMEN'S STUDIES CENTRE
WOMEN'S ECONOMIC EMPOWERMENT (WEE) HUB

P.O. Box 30197-00100
Tel: +254 20 318262/28075; 725 740 025
Email: awsckenya@uonbi.ac.ke
Website: <http://awsc.uonbi.ac.ke>
Nairobi, Kenya

**A GENDER ANALYSIS OF THE COUNTY GOVERNMENTS
ADDITIONAL ALLOCATIONS BILL, SENATE BILLS NO. 2 OF 2022.**

**SUBMISSION BY THE WEE HUB IN RESPONSE TO A CALL FOR
PUBLIC PARTICIPATION WITH A DEADLINE OF 20 MAY 2022**



UNIVERSITY OF NAIROBI
AFRICAN WOMEN STUDIES CENTRE
WOMEN'S ECONOMIC EMPOWERMENT HUB
P.O Box- 30197-00100 Tel: 0204918217
Email: weehub@uonbi.ac.ke
Web: www.weehub.org

DATE: 20/05/2022

To:
The Chair,
Senate Standing Committee on Finance and Budget,
Nairobi.

Dear Sir/Madam,

**RE: AWSC- WEE HUB PUBLIC PARTICIPATION ON COUNTY GOVERNMENT
ADDITIONAL ALLOCATION BILL, SENATE BILLS NO.2 OF 2022**

The African Women's Studies & Research Centre (AWSRC) is a multi-disciplinary institution of the University of Nairobi that focuses on bringing the African women's knowledge on development, socio-political and socio-economic issues to visibility. This is realized through action-oriented research and academic discourse.

The University of Nairobi's Women Economic Empowerment (UoN WEE) HUB is a programme of the AWSRC. The Hub aims to contribute to evidence-based decision making and implementation of policies and programmes informed by what works for WEE in Kenya. The Hub is a multi-disciplinary research team comprising of Economists, Development Experts, Agriculturalists, Educationists, Gender Experts, Legal Experts and Population Experts, have researched and come up with suggestions and recommendations.

Researchers from AWSRC – UoN WEE Hub hereby make an input to the County government additional allocations bill, Senate bill No.2 of 2022. The recommendations, are part of the Hub's process to engage and contribute to the economic welfare of women and men of all ages in the spirit of national development. It is with this in mind that the AWSRC- UoN WEE Hub has made the recommendations on selected sectors.

It is our prayer that the Committee will consider these recommendations.

Yours Sincerely

Mumbithi

Dr. Mary Mbithi

Director of Research,

Africa Women Studies & Research Centre – UoN WEE Hub.

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INTRODUCTION

The African Women Studies, UON WEE Hub takes a keen interest in Kenya's Fiscal Policy situation with the view of supporting the increased participation of women in the Kenyan Economy. The engagements of the African Women Studies, UON WEE Hub on Kenya's Fiscal Policy environment is a deliberate approach to support the policymakers (National Treasury, County Assemblies and Parliament) by providing alternative choices on matters that directly affect the plight of women in the country and their involvement in economic activities. The focus is on women's economic empowerment by pin-pointing the inclusion, omission, reduction and increment of the funds that have an impact on the economic empowerment and participation of women in the economy. The analysis is in line with the critical areas that the AWS UON WEE Hub attaches importance in uplifting the lives of women which are Health, Primary Education, Water and Sanitation, Clean and Affordable Energy and Unpaid Domestic and Care Work. Directing efforts on policies aimed at improving food security, Women's Economic Empowerment, childcare, financial inclusion, social protection among other issues would directly impact on the abilities of women to engage more in the economy and that would yield accelerated growth.

KEY AREAS OF FOCUS IN THE ANALYSIS

The representations of the AWS UON WEE Hub is based on the two different schedules that indicate the allocations, loans and grants to the 47 counties. In schedule I and schedule II, the additional allocations to county government governments from the national government share of revenue and the loans and grants from the development partners in the for financial year 2022/2023 covers aspects of the critical thematic areas that the AWS UON WEE-Hub champions for the economic empowerment of women.

Conditional Allocations from National Government Revenue

The conditional grant for leasing of medical equipment from the national government given as Ksh. 110,638,298 uniformly for all the 47 counties as part of the MES program in place since 2015 targets **healthcare** improvement which is a vital aspect in improving the livelihoods of women across the country.

Additional Allocations from Development Partners

Though not uniformly provided in the 47 counties, the loans and grants from development partners targets **agriculture** through the National Agricultural and Rural Inclusive growth Project (NARIGP), the Kenya Climate Smart Agriculture (KCSAP) and the Agricultural Sector Development Support Programme (ASDSP). The Water and Sanitation Development Project (WSDP) by the IDA also given as a credit by the World Bank targets access to clean and affordable **water and sanitation services** in the selected counties which is also at the core of AWS UON WEE Hub services. **Clean and affordable energy sources** is targeted by the loans and grants in the selected counties through the Locally-Led Climate Action Program (FLLoCA). Access to primary health care is targeted by the DANIDA Grant for supporting the primary health care in developed context and that is given in all 47 counties. The Kenya Informal Settlement Improvement Project (KISIP 11) and the Drought Resilience Programme in Northern Kenya (DRPNK) are also key areas of interest for the AWS UON WEE Hub as all contribute to the overall objective of empowering women economically. Unfortunately, the issue of Domestic Care and Unpaid Work has remained unmentioned despite the significant role that it plays in enhancing women economic empowerment.

ANALYSIS

Reduction in the Proposed Allocations

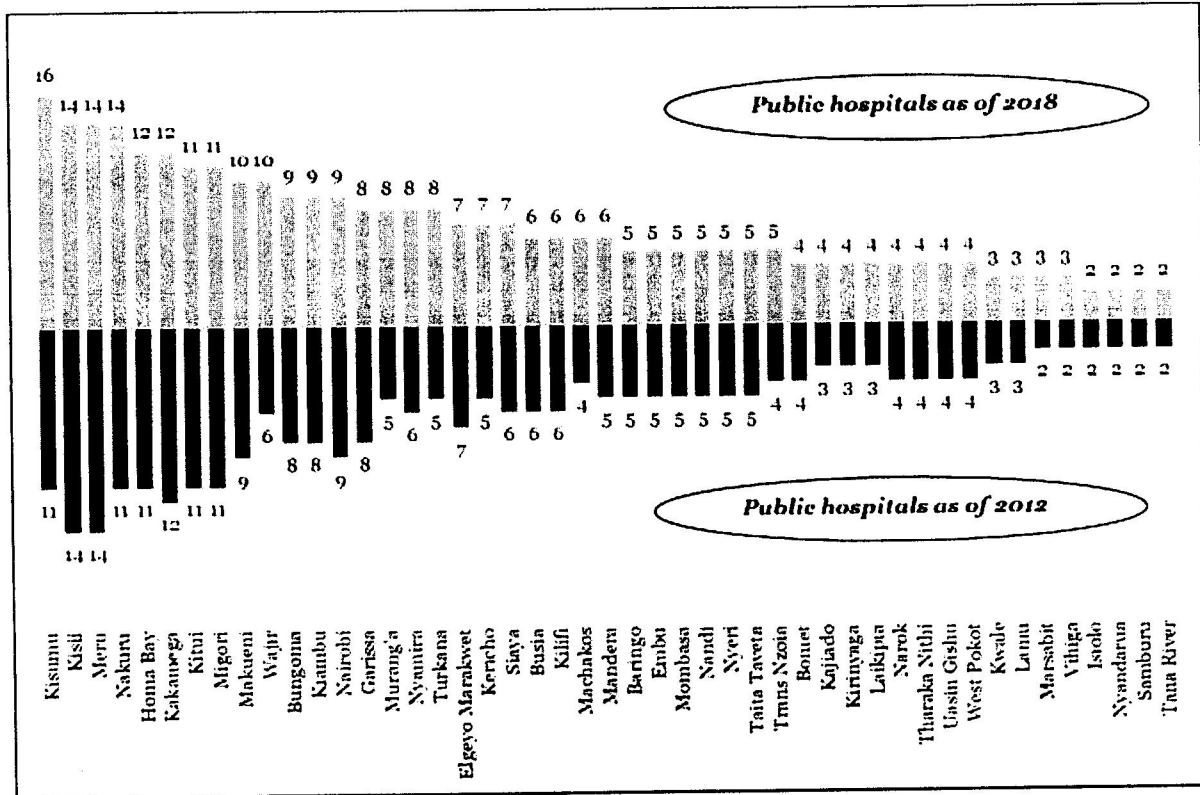
A comparison between financial year 2021/2022 and the proposals for financial year 2022/2023 additional allocations to county governments from national government share of revenue and loans and grants from development partners shows a significant drop as illustrated.

| | Financial Year 2021/2022 | Financial Year 2022/2023 | Decrease | % Decrease |
|---|-----------------------------|-----------------------------|---------------|---------------|
| Additional Allocations from National Government Share of Revenues. | 7,537,000,000 | 5,654,000,000 | 1,883,000,000 | 24.98% |
| Conditional Allocations of Loans and Grants from Development Partners | 32,343,890,515 | 31,382,332,918 | 961,557,597 | 2.97% |
| TOTAL | 39,880,890,515 | 37,036,332,918 | 2,844,557,597 | 7.13% |

Whereas the current 2022 BPS is guided by the intent to tighten the fiscal operating environment and avoid exceeding the debt ceiling, the reduction in the key funding as is the case above will hamper the quest to empower women economically and improve their livelihoods. As indicated in the key areas of focus, the conditional allocation from the national government revenues and the loans and grants from the development partners have a direct impact on areas that have an impact on the economic empowerment of women and hence the AWS UON WEE- Hub would request that the amounts be maintained to the same levels. The 24.98% reduction from the national government share of revenue will reduce the gains that are currently being targeted by the program. The reductions in the amount especially in areas that are considered as most vulnerable will have huge consequences on measures such as fighting droughts and increasing acreage under irrigation.

Uniformity in Funds allocated for the MES Program

Whereas the Additional Allocations Bill 2022 has evidently targeted the MES program with an intent of ensuring that it runs to full completion, it is notable that the expansion of referral health care infrastructure has been slow and not uniform across the country.



Source Data: MOH

As revealed in above by one of the studies undertaken by the MOH, the number of referral facilities increased by 35 between 2012 and 2018. Under the MES, most counties expanded and equipped existing hospitals to provide specialized treatment, while a few counties added new hospitals or upgraded primary facilities to referral facilities. It shows that the adopted uniform and one fit all strategy for the MES Program is not working in some areas of the country.

CONCLUSION

The leasing of medical equipment (Managed Equipment Services-MES) project initiated in 2015 as an alternative health care financing option to scale up health infrastructure for provision of specialized medical care has majorly been skewed towards developed parts of the country while the other parts continue to lag behind. The additional allocations should not be uniformly done but be undertaken in a way that prioritizes the areas which have less facilities and difficulties in accessing primary health care.

The design of the MES project was not informed by a comprehensive disease burden and health infrastructure needs assessment for each of the county governments and it is clear that not all that counties are homogenous.

From numerous researches undertaken by the AWS UON WEE Hub, there is overwhelming evidence that a focus on the empowering women economic status will have a direct impact on improving livelihoods which is directly related to the theme of the 2022 Budget Policy Statement (BPS) **“Accelerating Economic Recovery for Improved Livelihoods.”**

The proposed one size fit all approach adopted as a mechanism of providing the counties with the additional allocations is not appropriate. With the highlighted disparities, the additional funding should be based on the affirmative need to improve the situation of counties that are way below average when it comes to the distribution of the services.

RECOMMENDATIONS

The AWS UON WEE Hub recommends a review of the MES program and prioritize allocation towards counties that have lagged in terms of acquiring and equipping their hospitals since that is clearly a challenge.

The AWS UON WEE Hub recommends a further evaluation and reconfiguration of the project before it lapses to ensure that citizen receives value for investment in terms of better health outcomes to avoid a situation where all the intended benefits are not achieved.

The issue of Unpaid Domestic Care and Work should also be prioritized by county governments as they engage development partners for loans and grants since it is an area that requires massive intervention to help uproot issues that bedevil women in their quest to achieve economic empowerment.

While the AWS UON WEE Hub appreciates the role that the development partners are doing in funding the areas that are key in uplifting the plight of women, it is important that the government to also offer additional funds to such areas. The national government should have strategies in place to enhance such donor funded projects if the donors exit the country so that the livelihoods depended on the funds are not affected.

ANNEX

**THE COUNTY GOVERNMENTS ADDITIONAL
ALLOCATIONS BILL, 2022**

A Bill for

AN ACT of Parliament to provide for the additional allocations to county governments for the 2022/2023 financial year; the responsibilities of National Government and county governments pursuant to such allocation; and for connected purposes.

(3) The National Treasury shall facilitate any agreement between a county government and a development partner and shall table the agreements in the National Assembly and the Senate before inclusion in the Budget Policy Statement.

18 MAY 2022

Our Ref: CPF 1/1/3

May 17, 2022

Clerk of the Senate,
Parliament Buildings,
P.O Box 41842 – 00100
NAIROBI.

18 MAY 2022

Dom ①
DAS

Kindly deal.

EP 18/05/22

Clerk of the National Assembly,
Parliament Buildings,
P.O Box 41842 – 00100
NAIROBI.

② C/Asst - For Budget
Kindly deal
EP 18/05/22

18 MAY 2022

Dear Sir,

RE: PROPOSED AMENDMENTS TO THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2022 [KENYA GAZETTE SUPPLEMENT NO.80 (SENATE BILL NO.2)].

The above matter refers.

CPF FINANCIAL SERVICES LIMITED is a leading administrator of retirement benefits schemes in Kenya registered by the Retirement Benefits Authority and is the current administrator of the following Schemes, among others:

- 1. COUNTY PENSION FUND** [previously called "Laptrust (Umbrella) Fund"], a Defined Contribution pension scheme for employees of County Governments within the Republic of Kenya. The Scheme was established and registered by the Retirement Benefits Authority in 2011 under Registration No. 01305 and has grown in Membership and Fund Value to **57,106 Members** and **Kshs 27,388,794,000/=** respectively. Despite the tremendous growth witnessed thus far, the Scheme faces the challenge of unremitted contributions by County Governments which currently stands at **Kshs 3,129,802,000/=**, as at 31st December 2021.
- 2. LOCAL AUTHORITIES PENSION TRUST** (Laptrust DB Scheme), one of the oldest pension schemes in Kenya with an history dating back to 1928. It is the

successor of the Kenya Local Governments Officers Superannuation Fund and is currently established under the Local Authorities Pension Trust Rules, L.N 50 of 2007 as a Scheme for employees of the defunct local authorities. However the Scheme the Scheme is currently closed to new Members but operate normally for its existing Members.

Laptrust DB Scheme currently has **17,109 Members**, and a Fund Value of **Kshs. 31,791,391,000.00/=** respectively. Just like the County Pension Fund, the Scheme has serious challenges of unremitted contributions, actuarial deficits, penalties and interests which, as at 31st December, 2021 stood at **Kshs 30,517,071,000/=**.

From the foregoing, it is evident that most County Governments in Kenya have been unable to remit their portion of statutory deductions or have deducted from their employees' salary statutory deductions but failed to remit the same to the relevant statutory bodies. Unless government decisively addresses the challenge of unremitted pension contributions through policy and legislative interventions, the same shall impact the retirement Scheme adversely much to the disadvantage of the Members, who are County employees. The impact of failure to remit statutory deductions has posed greater challenges for pension schemes which include loss investment opportunities, accumulation of actuarial deficits, reduction benefits of members at retirement and violation of the law.

As a responsive corporate industry leader within the retirement benefits sector, we have considered the above Bill in detail and found that the same provides statutory bodies such as NHIF, County Pension Fund and Laptrust DB with an opportunity to remedy the wrongs highlighted above by indirectly sanctioning county governments to pay and / or remit statutory deductions as per law required.

In the foregoing therefore, we suggest that the above Bill be amended by inserting the following new clause immediately after Clause 5—

"5A. (1) As a final stage for accessing conditional grants under this Act, a county government shall demonstrate that it has paid all outstanding statutory debts and has received a clearance certificate from a statutory creditor.

(2) The outstanding statutory debts shall include any amounts owed to employees or county state officers for salaries, allowances, or other

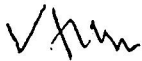
emoluments, including any amounts deducted from such salaries, allowances, or other emoluments that the county government is required to pay to a third party.

(3) *The requirement of this Section shall be deemed to have been met if a county enters into a statutory debt repayment agreement with the relevant entity or creditor.*

The Local Authorities Transfer Fund Act No. 8 of 1998 and Regulations thereunder had requirements akin to the above proposed amendment and the same assisted the Laptrust DB Scheme and other statutory entities to recover unremitted contributions thus, to a large extent, solving the challenge of pension contribution debt, actuarial deficits, penalties, and interests for the benefit of employees of the defunct local authorities.

We hope that the above proposed amendment shall find favour before Parliament and request for a meeting with the relevant Committee to enable us to expound on the above amendment, its utility, and the attendant high public interest benefits thereof.

Yours faithfully,



HOSEA KILI, OGW
GROUP MANAGING DIRECTOR / CEO.

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