REPUBLIC OF KENYA

PARLIAMENT OF KENYA

THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

THE REPORT OF THE MEDIATION COMMITTEE ON THE DIVISION OF REVENUE BILL, 2026 (NATIONAL ASSEMBLY BILLS NO. 2 OF 2026)

PAPERS LAID	
DATE	10.06.2026
TABLED BY	Sen. Mutinda o/c Vice chair
COMMITTEE	Mediation
CLERK AT THE TABLE	Abdirahman

Rt. Hon. Speaker
You may approve for tabling
J. M. Nyegenye, C.B.S.,
Clerk of the senate/secretary, PSC
Date 10/06/26

Published by:

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APPROVED

10/06/26

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1.0 PREFACE

1.1 Establishment of the Mediation Committee

The Mediation Committee on the Division of Revenue Bill, 2026 (National Assembly Bill No. 2 of 2026) was constituted by the Speaker of the National Assembly and the Speaker of the Senate pursuant to Standing Order 149 of the National Assembly Standing Orders and Standing Order 166 of the Senate Standing Orders after the two Houses did not reach a consensus on the Bill.

Pursuant to Article 113(1) of the Constitution, the Committee comprises an equal number of members from both Houses. It is mandated to consider the Bill and attempt to develop a version of the Bill that both Houses will pass.

The Committee comprised the following Members.

NO	NAME	DESIGNATION
i.	Hon. Onunga, Samuel Atandi, CBS, MP	**Co-Chairperson**
ii.	Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	**Co-Chairperson**
iii.	Sen. (Dr.) Lelegwe Ltumbesi, MP	**Member**
iv.	Hon. (Dr.) Robert Pukose, CBS, MP	**Member**
v.	Sen. Mohamed Faki Mwinyihaji, CBS, MP	**Member**
vi.	Hon. Naisula Lesuuda, OGW, MP	**Member**
vii.	Sen. Ledama Ole Kina, CBS, MP	**Member**
viii.	Hon. Mwengi Mutuse, OGW, MP	**Member**
ix.	Sen. Maureen Tabitha Mutinda, CBS, MP	**Member**
x.	Hon. Jane Kagiri, OGW, MP	**Member**
xi.	Sen. Eddy Gicheru Oketch, MP	**Member**
xii.	Hon. Christopher Aseka, MP	**Member**
xiii.	Sen. Cheburet Kiprono Chemitei, MP	**Member**
xiv.	Hon. Japheth Nyakundi, MP	**Member**

1.2 Mandate of the Mediation Committee

The mandate of the Mediation Committee is established under Articles 112 and 113 of the Constitution of Kenya, as well as Standing Order 149 of the National Assembly Standing Orders and Standing Order 166 of the Senate Standing Orders. These provisions provide a constitutional and procedural framework for resolving legislative impasse between the National Assembly and the Senate, particularly on Bills concerning matters that require concurrence of both Houses. Impulse

The Mediation Committee serves as a mechanism for fostering consensus and ensuring that legislative processes are not stalled by unresolved concerns between the two Houses. Specifically, the Committee is mandated to:

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

The establishment of the Mediation Committee is a critical step in the budget-making process, as the Division of Revenue Bill provides the framework for sharing nationally raised revenue between the national and county levels of government. The Committee was therefore required to engage in consultations and negotiations aimed at reconciling the differing positions of the two Houses while considering constitutional principles, fiscal realities and the funding needs of both levels of government.

1.3 Conduct of Committee Meetings

The Committee held a total of five (5) sittings to deliberate on the Division of Revenue Bill, 2026, in accordance with the provisions of Articles 112 and 113 of the Constitution, and the Standing Orders governing mediation proceedings. During these sittings, the

Committee considered the contentious issues and undertook consultations aimed at reconciling respective positions on the Bill.

Following deliberations, the Committee successfully developed a mediated version of the Bill. This report sets out the Committee's considerations and recommendations and contains the mediated version of the Division of Revenue Bill, 2026, for consideration and approval by both Houses. The mediated version of the Bill is attached to this Report as Annex II.

The Committee deliberated on key provisions of the Bill including the proposed allocations to the national and county levels of Government and resolved that:

a) The National Government be allocated Ksh. 2,463,624,184,439 for the Financial Year 2026/27;

b) The County Governments be allocated Ksh. 428,000,000,000 for the Financial Year 2026/27; and

c) Inclusion of clause 5 to the Bill to provide that the National Government will bear any revenue shortfall and in case of revenue surplus, the surplus will be applied to pay debts.

1.4 Acknowledgements

The Mediation Committee sincerely thanks the Offices of the Speakers and the Clerks of both Houses of Parliament for their invaluable support throughout the mediation process. The Committee is equally grateful to all its members for their patience, commitment, and collaborative spirit during the deliberations. Despite the demanding schedule and the complexity of the issues under consideration, members remained focused on achieving consensus in the best interest of the country. Their dedication and willingness to engage constructively were instrumental in enabling the Committee to complete its work and agree on a mediated version of the Bill for consideration by both Houses.

It is my honour, therefore, on behalf of the Mediation Committee, to present this Report on the mediated version of the Division of Revenue Bill, 2026. The Committee urges both Houses to approve the mediated version of the Bill in accordance with Article 113(2) of the Constitution, Standing Order 167(3) of the Standing Orders of the Senate, and Standing Order 150(3) of the Standing Orders of the National Assembly to facilitate the timely conclusion of the budget process.

Signed..	**Signed**..
Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	Hon. Onunga, Samuel Atandi, CBS, MP.
Co-Chairperson	**Co- Chairperson**
Date....09/06/2026....	**Date**....09/06/2026....

2.0 CONSIDERATION OF THE DIVISION OF REVENUE BILL, 2026

2.1 Background and Legal Underpinnings of the Bill

1. The Division of Revenue Bill is prepared in accordance with the provisions of Article 218 of the Constitution, which requires that a Division of Revenue Bill be introduced in Parliament at least two months before the end of each financial year. The purpose of the Bill is to share revenue raised nationally by the national government between the national and county levels of government in a given financial year. The constitutional provision in Article 202(1) stipulates that revenue raised nationally shall be shared equitably among the national and county governments.
2. The criteria for determining the equitable shares to each level of government is exclusively provided for in Article 203 of the Constitution. The equitable share to county governments is guided by the provisions of Article 203(2), where it is specified that for every financial year, the equitable share of the revenue raised nationally that is allocated to county governments shall be not less than fifteen percent of the most recent audited accounts of revenue collected by the national government, as approved by the National Assembly.
3. Further, section 42 of the Public Finance Management Act (Cap. 412A) requires the Division of Revenue Bill to be considered and approved by both the National Assembly and the Senate.
4. The Division of Revenue Bill, 2026 (National Assembly Bill No. 2 of 2026) was published on 19th February 2026. It was read a First Time in the National Assembly on Tuesday, February 24th 2026. The contents of the Bill, as published, are summarized in Table I.

Table I: Summary of the Bill as Published

Type/Level of allocation	Amount in Ksh.	Percentage (%) of FY 2021/22 audited and approved revenue (Ksh. 1,920,434,085,078)
A. Total Shareable Revenue	2,901,874,758,144	
B. National Government	2,472,272,587,719	
C. Equalization Fund	9,602,170,425	0.5%
D. County equitable share	420,000,000,000	21.9%

2.2 Consideration of the Bill by the National Assembly

5. The National Assembly considered the Bill and approved it on Tuesday, 10th March 2026, with an amendment revising the basis for the sharing of revenue for FY 2026/27 from the approved audited accounts of revenue for FY 2021/22, amounting to Ksh.

1,920,434,085,078 as published in the bill, to the approved audited accounts of revenue for FY 2022/23, amounting to Ksh. 2,050,114,740,913.

6. This amendment reflected the recent approval by the National Assembly of the FY 2022/23 audited accounts of revenue and is in line with Article 203(3) of the Constitution, which requires the division of revenue calculations to be based on the most recent audited accounts of revenue received, as approved by the National Assembly. The contents of the Bill, as approved by the National Assembly, are summarized in Table 2.

Table 2: Summary of the Bill as approved by the National Assembly

Type/Level of allocation	Amount in Ksh.	Percentage (%) of FY 2022/23 audited and approved revenue (Ksh. 2,050,114,740,913)
A. Total Shareable Revenue	2,901,874,758,144	
B. National Government	2,471,624,184,439	
C. Equalization Fund	10,250,573,705	0.5%
D. County equitable share	420,000,000,000	20.5%

7. In arriving at its decision, the National Assembly took into account the following key considerations:
    a. **Revenue shortfalls-**the persistent shortfall in revenue collection has continued to undermine budget execution in both levels of government. Ordinary revenue as a share of GDP has declined from a peak of 18.1% in FY 2013/14 to 14.1% in FY 2024/25. While shareable revenue is allocated equitably in accordance with the Constitution, the national government has borne the full burden of revenue shortfalls each financial year. Consequently, the government has had to increase borrowing, placing additional pressure on its fiscal position, hence undermining fiscal sustainability.
    b. **National interest and obligations:** The House observed that the allocation of Ksh. 420.0 billion as the equitable share to county governments was informed by the prioritizing of expenditures of national interest, including public debt obligations and other national commitments. These expenditures amounted to Ksh. 2,571.8 billion, leaving a balance of Ksh. 330.1 billion from the targeted shareable revenue of Ksh. 2,901.1 billion. This implied that the Ksh. 330.1 billion was not enough to cover the proposed county equitable share, hence a potential need to borrow to fund county governments.

2.3 Consideration of the Bill by the Senate

8. The Bill was then referred to the Senate for concurrence pursuant to Article 110 (4) of the Constitution and Standing Orders. The Bill was read a First Time in the Senate on Wednesday, 18th March 2026.

9. The Senate considered the Bill and passed it with amendments on 12th May, 2026. Firstly, the Senate approved the insertion of a new clause 5 to provide that if the actual revenue raised nationally in the financial year falls short of the expected shareable revenue, the shortfall shall be borne by the national government. Similarly, if the actual revenue is in excess, this shall accrue to the national government and may be used to reduce borrowing or pay debts.

10. The other amendment involved increasing the County Equitable Share by Ksh. 34.743 billion, from the allocation of Ksh. 420 billion (equivalent to 14.5 percent of shareable revenue and 20.5 percent of the last audited and approved revenue) to Ksh. 454.743 billion (equivalent to 15.7 percent of shareable revenue and 22.2 percent of the last audited and approved revenue). Consequently, the National Government's share of the total shareable revenue was reduced by an equivalent amount of Ksh. 34.743 billion. The contents of the Bill, as approved by the Senate, are summarized in Table 3.

Table 3: Summary of the Bill as approved by the Senate

Type/Level of allocation	**Amount in Ksh.**	**(%) of audited and approved revenue FY 2022/23 (Ksh. 2,050,114,740,913)**
Total Shareable Revenue	2,901,874,758,144	
National Government	2,436,881,026,560	
Equalization Fund	10,250,573,705	0.50%
County equitable share	454,743,157,879	22.2%

11. The decision by the Senate to increase the County Equitable Share was informed by the following key considerations:

    i. **Counties face significant mandatory obligations:** The proposed increase of Ksh. 5 billion above the FY 2025/26 baseline of Ksh. 415 billion does not adequately cater for increased county operational costs, including annual salary adjustments of county government workers. It was noted that these obligations alone exceeded the additional Ksh. 5 billion provided in the bill. Additionally, county governments are in arrears in implementing the 3rd and 4th Remuneration and Benefits Review Cycles as recommended by the Salaries and Remuneration Commission, amounting to Ksh. 10.055 billion.

ii. **Joint funding of national government programmes:** counties are expected to finance mandatory obligations arising from counterpart funding requirements for jointly implemented national programmes, such as:

   a. County Aggregation and Industrial Parks (CAIPs);
   b. Community Health Promoters (CHPs);
   c. Financing Locally-Led Climate Action Programme (FLLoCA);
   d. Food Systems Resilience Project (FSRP); and
   e. National Agricultural Value Chain Development Project (NAVCDP).

iii. **Need for stability and predictability of county budgets:** The Senate observed that the purpose of clause 5 is to insulate counties from arbitrary expenditure cuts due to revenue shortfalls. This clause is critical as it gives effect to Article 219 of the Constitution, which stipulates that county allocations should be transferred without undue delay and without deduction. Omission of this clause introduces uncertainty on how revenue shortfalls will be managed going forward. It was viewed that Clause 5 was therefore important for the stability and predictability in the implementation of county budgets.

iv. **The National Treasury continues to rely on overly optimistic revenue projections** to prepare its budget, which ultimately results in revenue under-performance. Even though the national government solely absorbs revenue shortfalls, county governments experience cash flow constraints due to delayed disbursements, which gravely affect budget implementation. Indeed, the county's equitable share as a percentage of shareable revenue has been declining from a peak of 20.3% in FY 2020/21 to 14.5% in FY 2026/27.

v. **Counties and National interest:** the Senate observed that funding counties is a core national interest expenditure, which public debt and other national expenditure needs do not automatically override. As such, it should not be treated as a residual figure after national expenditure needs, including public debt obligations, are met. Indeed, county governments are responsible for critical services that directly affect citizens such as primary healthcare and community health services, early childhood education, agricultural extension services, county roads, and water and sanitation services. Underfunding counties translates directly to reduced access to these essential services for citizens.

12. The Senate amendments to the Bill were referred back to the National Assembly for reconsideration as per the provisions of Article 112(1)(b) of the Constitution.

2.4 Consideration of Senate Amendments by the National Assembly

13. Pursuant to standing orders 146, 147, and 148 of the Standing Orders of the National Assembly on consideration of Senate amendments to bills originating from the National

Assembly, the National Assembly considered and rejected the Senate amendments to the Division of Revenue Bill, 2026. The rejection of the Senate amendments was informed by the following:

i. **Limited fiscal space:** The House noted that increasing the equitable share allocated to county governments to Ksh. 454.7 billion for FY 2026/27 would widen the fiscal deficit and necessitate additional borrowing. Alternatively, the National Government would need to reduce its budget by a corresponding amount, further restricting its already limited discretionary spending. It was observed that a budget ceiling was set during the approval of the Budget Policy Statement (BPS), hence, there was little room within the current fiscal framework to provide extra resources to county governments.

ii. **National government solely bears revenue shortfalls**: The introduction of a new Clause 5 in the Bill that cushions county governments from any revenue shortfalls in the course of the financial year implies that the national government shall continue to bear the revenue underperformance as observed in previous years.

3.0 CONSIDERATION OF THE BILL BY THE MEDIATION COMMITTEE

14. In its consideration of the Bill, the Mediation Committee noted that the divergence between the National Assembly and the Senate was primarily centered on two critical provisions, on which concurrence was required to develop a mediated version of the Bill for consideration and approval by both Houses.

15. First, the Senate had introduced Clause 5 in the Bill to provide a safeguard for county governments against any shortfall in the equitable share that may arise from revenue underperformance during the financial year. The Committee was therefore required to determine whether this provision should be retained in the mediated version of the Bill and the implications of its inclusion on the implementation of the equitable share allocation.

16. Second, the Committee was required to consider the differing positions of the two Houses regarding the County Equitable Share. While the National Assembly had approved an allocation of Ksh. 420 billion, the Senate had proposed an increased allocation of Ksh. 454.743 billion. The differences between the schedules of the Bill as passed by the National Assembly and the Senate are summarized in Table 3.

Table 3: Difference in Allocations by the National Assembly and the Senate

Bill as Approved by the National Assembly			Bill as passed by the Senate		Difference
Type/Level of allocation	Amount in Ksh.	% share of aud. Rev.	Amount in Ksh.	% share of aud. Rev.	
Total Shareable Revenue	2,901,874,758,144		2,901,874,758,144		-
National Government	2,471,624,184,439		2,436,881,026,560		(34,743,157,879)
Equalization Fund	10,250,573,705	0.50%	10,250,573,705	0.50%	-
County equitable share	420,000,000,000	20.5%	454,743,157,879	22.2%	+34,743,157,879

3.1 Observations by the Mediation Committee

17. In its deliberations, the Committee made the following observations:

i. That the global economy is projected to slow down in 2026 and 2027 due to prevailing geopolitical tensions and disruptions in global trade. Consequently, the National Treasury has revised Kenya's economic growth projection for 2026 downward from 5.3 percent to 5.0 percent. The slower growth outlook could negatively affect domestic revenue performance, thereby constraining the resources available for sharing between the two levels of government.

ii. That although the overall national budget for FY 2026/27 has registered modest growth, this increase is largely driven by higher allocations to interest payments on the existing stock of public debt. Expenditure on National Government ministerial programmes has declined in real terms compared with the previous financial year, reflecting the growing fiscal pressure from debt-servicing obligations.

iii. The two levels of government, national and county, exist to serve the same citizens and therefore operate within a shared fiscal framework that must be managed in a coordinated and mutually conscious manner. The decisions on revenue sharing must ensure that both levels of government are adequately financed to discharge their respective constitutional functions without undermining service delivery to the public. In this regard, the Committee noted the importance of maintaining fiscal balance and intergovernmental cooperation in the management of nationally raised revenue.

iv. The country continues to experience periodic revenue shortfalls, which are largely absorbed by the National Government through budgetary adjustments and expenditure rationalisation. While this cushioning role was previously facilitated by greater fiscal flexibility, the same has become increasingly constrained due to rising debt-related obligations, particularly interest payments and statutory debt repayments. As a result, the fiscal space available to the National Government to accommodate revenue shocks has significantly narrowed, thereby limiting its capacity to fully offset shortfalls without affecting other priority expenditures.

v. That effective support for devolution requires the assurance of predictability and stability in the flow of funds to county governments. In this regard, predictable transfers are critical for enabling counties to plan, budget and implement programmes without disruption. Therefore, clause 5 of the Bill is intended to reinforce this predictability by providing a mechanism to cushion county governments against revenue shortfalls that may arise during the financial year.

vi. That, notwithstanding the prevailing constraints in domestic revenue mobilisation, county governments continue to face unavoidable mandatory expenditures, including wage drift arising from personnel costs, statutory obligations, and the implementation of approved renumeration and benefits reviews. These expenditures are largely inflexible and continue to exert pressure on county fiscal frameworks, thereby necessitating adequate and predictable financing to ensure uninterrupted delivery of devolved services.

3.2 Committee Recommendations

13 Having considered the possible options, the Committee resolved THAT-

i. The total shareable revenue for the FY 2026/27 is Ksh. **2,901,874,758,144**;

ii. The allocation to the Equalization Fund for FY 2026/27 be approved at **Ksh. 10,250,573,705;**

iii. The National Government's Equitable share for the Financial Year 2026/27 be approved at **Ksh. 2,463,624,184,439;**

iv. The County Equitable share for the Financial Year 2026/27 be approved at **Ksh. 428,000,000,000.**

v. Inclusion of clause 5 to the Bill to provide that the National Government will bear any revenue shortfall and in case of revenue surplus, the surplus will be applied to pay debts.

Signed....................................	**Signed**....................................
Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	Hon. Onunga, Samuel Atandi, CBS, MP.
Co-Chairperson	**Co- Chairperson**
Date....09/06/2026..........	**Date**..09/06/2026...........

ADOPTION OF THE REPORT OF THE MEDIATION COMMITTEE ON DIVISION OF REVENUE BILL, 2026 (NATIONAL ASSEMBLY BILLS NO. 2 OF 2026)

Pursuant to Standing Order 223(2) of the Senate Standing Orders, and Standing Order 199(4) of the National Assembly Standing Orders, the Members of the Committee hereby affix their signatures to the Report to affirm adoption the Report-

NO	NAME	DESIGNATION	SIGNATURE
1.	Hon. Onunga, Samuel Atandi, CBS, MP	**Co-Chairperson**	
2.	Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	**Co-Chairperson**	
3.	Sen. (Dr.) Lelegwe Ltumbesi, MP	**Member**	
4.	Hon. (Dr.) Robert Pukose, CBS, MP	**Member**	
5.	Sen. Mohamed Faki Mwinyihaji, CBS, MP	**Member**	
6.	Hon. Naisula Lesuuda, OGW, MP	**Member**	
7.	Sen. Ledama Ole Kina, CBS, MP	**Member**	
8.	Hon. Mwengi Mutuse, OGW, MP	**Member**	
9.	Sen. Maureen Tabitha Mutinda, CBS, MP	**Member**	
10.	Hon. Jane Kagiri, OGW, MP	**Member**	
11.	Sen. Eddy Gicheru Oketch, MP	**Member**	
12.	Hon. Christopher Aseka, MP	**Member**	
13.	Sen. Cheburet Kiprono Chemitei, MP	**Member**	
14.	Hon. Japheth Nyakundi, MP	**Member**	

Annex 1: Minutes of the Committee

Annex II: Agreed version of the Bill

REPUBLIC OF KENYA

PARLIAMENT

NATIONAL ASSEMBLY BILLS
(*Bill No. 2 of 2026*)

THE DIVISION OF REVENUE BILL, 2026

(A version of the Division of Revenue Bill, 2026 (National Assembly Bills No. 2 of 2026) as agreed on 9th June, 2026, by a Mediation Committee appointed pursuant to Article 113 of the Constitution)

N.A. /B/No. 2/2026

THE DIVISION OF REVENUE BILL, 2026

ARRANGEMENT OF CLAUSES

Clause

THE DIVISION OF REVENUE, BILL 2026

A Bill for

AN ACT of Parliament to provide for the equitable Division of Revenue raised nationally between the National and County governments in the 2026/27 financial year, and for connected purposes

ENACTED by the Parliament of Kenya, as follows—

Short title.

1. This Act may be cited as the Division of Revenue Act, 2026.

Interpretation.

2. In this Act, unless the context otherwise requires—

"Cabinet Secretary" means the Cabinet Secretary for the time being responsible for matters relating to finance; and

Cap.428.

"revenue" has the meaning assigned to it under section 2 of the Commission on Revenue Allocation Act.

Object and purpose of the Act.

3. The object and purpose of this Act is to provide for the equitable sharing of revenue raised by the national government among the national and county levels of government in the 2026/27 financial year in accordance with Article 202(1) and 203(2) of the Constitution.

Allocations to national government and county governments.

4. Revenue raised nationally in respect of the 2026/27 financial year shall be shared equitably among the national and county governments as set out in the Schedule to this Act.

Variation in revenue

5. (1) If the actual revenue raised nationally in the financial year falls short of the expected revenue set out in the Schedule, the short fall shall be borne by the national government.

(2) If the actual revenue raised nationally in the financial year exceeds the projected revenues set out in the Schedule, the excess revenue shall accrue to the national government, and may be used to reduce borrowing or offset debts.

SCHEDULE (s.4)

Allocation of Revenue Raised Nationally Between the National Government and County Governments for the Financial Year 2026/27

Type/level of allocation	Amount in Kshs.	Percentage (%) of FY 2022/23 audited and approved Revenue i.e. Kshs. 2,050,114,740,913
A. Total Sharable Revenue	2,901,874,758,144	
B. National Government	2,463,624,184,439	
C. Equalisation Fund	10,250,573,705	**0.50%**
D. County equitable share	428,000,000,000	**20.9%**

Signed...

Sen. (Capt.) Ali Ibrahim Roba, EGH, MP

Co-Chairperson

Date...10.06.2026...................................

Signed...

Hon. Samuel Atandi, CBS, MP.

Co- Chairperson

Date...09.06.2026...................................

REPUBLIC OF KENYA

13TH PARLIAMENT – (FIFTH SESSION)

MINUTES OF THE SIXTH (6th) MEETING OF THE MEDIATION COMMITTEE ON THE DIVISION OF REVENUE BILL, 2026 (NATIONAL ASSEMBLY BILL NO. 2 OF 2026) HELD ON TUESDAY, 9TH JUNE, 2026 IN MINI CHAMBER, COUNTY HALL, PARLIAMENT BUILDINGS AT 4:00 P.M.

MEMBERS PRESENT:

1. **Hon. Atandi, Samuel Onunga, CBS, MP - Co-Chairperson**
2. **Sen. (Capt.) Ali Roba, EGH, MP - Co- Chairperson**
3. Sen. (Dr.) Lelegwe Ltumbesi, MP - Member
4. Sen. Ledama Ole Kina, CBS, MP - Member
5. Sen. Mohamed Faki Mwinyihaji, CBS, MP - Member
6. Hon. Mwengi Mutuse, OGW, MP - Member
7. Sen. Maureen Tabitha Mutinda, CBS, MP - Member
8. Hon. Naisula Lesuuda, OGW, MP - Member
9. Hon. Christopher Aseka, MP - Member
10. Hon. Japheth Nyakundi, MP - Member
11. Sen. Eddy Gicheru Oketch, MP - Member
12. Hon. Jane Kagiri, OGW, MP - Member

ABSENT WITH APOLOGY:

13. Hon. (Dr.) Pukose Robert, CBS, MP - Member
14. Sen. Cheburet Kiprono Chemitei, MP - Member

COMMITTEE SECRETARIAT

1. Ms. Lucy Makara - Senior Deputy Director, PBO
2. Mr. Danson Kachumbo - Senior Fiscal Analyst/Committee Clerk
3. Mr. Christopher Gitonga - Clerk Assistant
4. Ms. Beverlyne Chivadika - Clerk Assistant
5. Ms. Lucy Radoli - Legal Counsel
6. Mr. Moses Mwariri - Legal Counsel
7. Ms. Julie Mwithiga - Senior Fiscal Analyst
8. Ms. Millicent Makina - Senior Fiscal Analyst
9. Mr. Ringine Mutwiri - Fiscal Analyst II
10. Mr. Kiminza Kioko - Fiscal Analyst II
11. Mr. Constant Wamayuyi - Research Officer
12. Ms. Rose Ometere - Audio Officer
13. Ms. Noelle Chelagat - Media Relations Officer

MIN.NO: NA/SEN/MED/DoRB/2026/023 PRELIMINARIES

The Co-Chairperson, Sen. (Capt.) Ali Roba, EGH, MP, called the meeting to order at 4:06 p.m. This was followed by a word of prayer.

MIN.NO: NA/SEN/MED/DoRB/2026/024 RESUMPTION OF CONSIDERATION OF THE DIVISION OF REVENUE BILL (NATIONAL ASSEMBLY BILLS NO. 2 OF 2026);

a) The Committee resumed consideration of the Division of Revenue Bill, 2026 (National Assembly Bills No.2 of 2026).

   Following deliberations, the Committee resolved to recommend that the Equitable share for:

   a. The National Government be Ksh. 2,463,624,184,439
   b. The County Governments be Ksh. 428,000,000,000

MIN.NO: NA/SEN/MED/DoRB/2026/025 CONSIDERATION AND ADOPTION OF THE MEDIATION REPORT ON THE DIVISION OF REVENUE BILL (NATIONAL ASSEMBLY BILLS NO. 2 OF 2026);

The Committee considered and unanimously adopted the Report as proposed by Sen. Mohamed Faki Mwinyihaji, CBS, MP and seconded by Hon. Naisula Lesuuda, OGW, MP.

MIN.NO: NA/SEN/MED/DoRB/2026/026 ADJOURNMENT

There being no other business to consider, the meeting was adjourned at 5:47 p.m.

SIGNED

Signed....................................	**Signed**....................................
Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	Hon. Samuel Atandi, CBS, MP
Co-Chairperson	**Co-Chairperson**
Date...09/06/2026...	**Date**...09/06/2026...

REPUBLIC OF KENYA
13TH PARLIAMENT – (FIFTH SESSION)

MINUTES OF THE FIFTH (5th) MEETING OF THE MEDIATION COMMITTEE ON THE DIVISION OF REVENUE BILL, 2026 (NATIONAL ASSEMBLY BILL NO. 2 OF 2026) HELD ON TUESDAY, 9TH JUNE, 2026 IN MINI CHAMBER, COUNTY HALL, PARLIAMENT BUILDINGS AT 1:00 P.M.

MEMBERS PRESENT:

1. Hon. Atandi, Samuel Onunga, CBS, MP	-	**Co-Chairperson**
2. Sen. (Capt.) Ali Roba, EGH, MP	-	**Co- Chairperson**
3. Sen. (Dr.) Lelegwe Ltumbesi, MP	-	Member
4. Sen. Ledama Ole Kina, CBS, MP	-	Member
5. Sen. Mohamed Faki Mwinyihaji, CBS, MP	-	Member
6. Hon. Mwengi Mutuse, OGW, MP	-	Member
7. Sen. Maureen Tabitha Mutinda, CBS, MP	-	Member
8. Hon. Naisula Lesuuda, OGW, MP	-	Member
9. Hon. Christopher Aseka, MP	-	Member
10. Hon. Japheth Nyakundi, MP	-	Member
11. Sen. Eddy Gicheru Oketch, MP	-	Member
12. Hon. Jane Kagiri, OGW, MP	-	Member

ABSENT WITH APOLOGY:

13. Hon. (Dr.) Pukose Robert, CBS, MP	-	Member
14. Sen. Cheburet Kiprono Chemitei, MP	-	Member

COMMITTEE SECRETARIAT

1. Ms. Lucy Makara	-	Senior Deputy Director, PBO
2. Mr. Danson Kachumbo	-	Senior Fiscal Analyst/Committee Clerk
3. Mr. Christopher Gitonga	-	Clerk Assistant
4. Ms. Beverlyne Chivadika	-	Clerk Assistant
5. Ms. Lucy Radoli	-	Legal Counsel
6. Mr. Moses Mwariri	-	Legal Counsel
7. Ms. Julie Mwithiga	-	Senior Fiscal Analyst
8. Ms. Millicent Makina	-	Senior Fiscal Analyst
9. Mr. Ringine Mutwiri	-	Fiscal Analyst II
10. Mr. Kiminza Kioko	-	Fiscal Analyst II
11. Mr. Constant Wamayuyi	-	Research Officer
12. Ms. Rose Ometere	-	Audio Officer
13. Ms. Noelle Chelagat	-	Media Relations Officer

MIN.NO: NA/SEN/MED/DoRB/2026/019 PRELIMINARIES

The Co-Chairperson, Sen. (Capt.) Ali Roba, EGH, MP, called the meeting to order at 1:26 p.m. This was followed by a word of prayer.

MIN.NO: NA/SEN/MED/DoRB/2026/020 CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on Monday, 8th June, 2026 at 4:00 p.m. were confirmed as a true record of the proceedings of the Mediation Committee having been proposed by Sen. Maureen Tabitha Mutinda, CBS, MP, and seconded by Hon. Christopher Aseka, MP.

MIN.NO: NA/SEN/MED/DoRB/2026/021 RESUMPTION OF CONSIDERATION OF THE DIVISION OF REVENUE BILL (NATIONAL ASSEMBLY BILLS NO. 2 OF 2026);

a) The Committee resumed consideration of the Division of Revenue Bill, 2026 (National Assembly Bills No.2 of 2026).
b) Following deliberations, the team from the National Assembly proposed an allocation of Ksh. 428 billion to counties while the team from the Senate proposed an allocation of Ksh. 430 billion.

After deliberations, the meeting was adjourned to allow for further consultations.

MIN.NO: NA/SEN/MED/DoRB/2026/022 ADJOURNMENT

There being no other business to consider, the meeting was adjourned at 2:27 p.m. The next meeting was agreed to be held on 9th June 2026 at 4:00 p.m.

SIGNED

Signed....................................	**Signed**....................................
Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	Hon. Samuel Atandi CBS, MP
Co-Chairperson	**Co-Chairperson**
Date...09/06/2026...	**Date**..09/06/2026..

REPUBLIC OF KENYA

13TH PARLIAMENT – (FIFTH SESSION)

MINUTES OF THE FOURTH (4TH) MEETING OF THE MEDIATION COMMITTEE ON THE DIVISION OF REVENUE BILL, 2026 (NATIONAL ASSEMBLY BILL NO. 2 OF 2026) HELD ON MONDAY, 8TH JUNE, 2026 IN COMMITTEE ROOM 9, FIRST FLOOR, MAIN PARLIAMENT BUILDINGS AT 4:00 P.M.

MEMBERS PRESENT:

1. **Hon. Atandi, Samuel Onunga, CBS, MP - Co-Chairperson**
2. **Sen. (Capt.) Ali Roba, EGH, MP - Co- Chairperson**
3. Sen. (Dr.) Lelegwe Ltumbesi, MP - Member
4. Sen. Ledama Ole Kina, CBS, MP - Member
5. Sen. Mohamed Faki Mwinyihaji, CB - Member
6. Hon. Mwengi Mutuse, OGW, MP - Member
7. Sen. Maureen Tabitha Mutinda, CBS, MP - Member
8. Hon. Christopher Aseka, MP - Member
9. Hon. Japheth Nyakundi, MP - Member
10. Hon. Jane Kagiri, OGW, MP - Member
11. Sen. Eddy Gicheru Oketch, MP - Member

ABSENT WITH APOLOGY:

12. Hon. (Dr.) Pukose Robert, CBS, MP - Member
13. Hon. Naisula Lesuuda, OGW, MP - Member
14. Sen. Cheburet Kiprono Chemitei, MP - Member

COMMITTEE SECRETARIAT

1. Ms. Lucy Makara - Senior Deputy Director, PBO
2. Mr. Danson Kachumbo - Senior Fiscal Analyst/Committee Clerk
3. Mr. Christopher Gitonga - Clerk Assistant
4. Ms. Beverlyne Chivadika - Clerk Assistant
5. Ms. Lucy Radoli - Legal Counsel
6. Mr. Sydney Lugaga - Senior Legal Counsel
7. Mr. Moses Mwariri - Legal Counsel
8. Ms. Julie Mwithiga - Senior Fiscal Analyst
9. Ms. Millicent Makina - Senior Fiscal Analyst
10. Mr. Ringine Mutwiri - Fiscal Analyst II
11. Mr. Kiminza Kioko - Fiscal Analyst II

12. Mr. Constant Wamayuyi - Research Officer
13. Ms. Rose Ometere - Audio Officer

MIN.NO: NA/SEN/MED/DoRB/2026/014 PRELIMINARIES

The Co-Chairperson, Sen. (Capt.) Ali Roba, EGH, MP, called the meeting to order at 4:28 p.m. This was followed by a word of prayer from Sen. (Dr.) Lelegwe Ltumbesi, MP.

MIN.NO: NA/SEN/MED/DoRB/2026/015 ADOPTION OF AGENDA

The agenda was adopted after being proposed by Sen. Mohamed Faki Mwinyihaji, CBS, and seconded by Hon. Mwengi Mutuse, OGW, MP, as follows-

1. Prayer;
2. Introductions;
3. Adoption of the Agenda;
4. Confirmation of minutes of previous meeting;
5. Resumption of consideration of the Division of Revenue Bill (National Assembly Bills No. 2 of 2026);
6. Any Other Business; and
7. Adjournment

MIN.NO: NA/SEN/MED/DoRB/2026/016 CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

a) The Minutes of the Second meeting held on Monday, 8th June, 2026 at 9:00 a.m. were confirmed as a true record of the proceedings of the Mediation Committee having been proposed by Sen. Maureen Tabitha Mutinda, CBS, MP, and seconded by Hon. Mwengi Mutuse, OGW, MP.
b) The Minutes of the Second meeting held on Monday, 8th June, 2026 at 12:30 p.m. were confirmed as a true record of the proceedings of the Mediation Committee having been proposed by Sen. Maureen Tabitha Mutinda, CBS, MP, and seconded by Hon. Christopher Aseka, MP.

MIN.NO: NA/SEN/MED/DoRB/2026/017 RESUMPTION OF CONSIDERATION OF THE DIVISION OF REVENUE BILL (NATIONAL ASSEMBLY BILLS NO. 2 OF 2026);

a) The Committee resumed consideration of the Division of Revenue Bill, 2026 (National Assembly Bills No.2 of 2026).

b) The Committee unanimously agreed on insertion of a new clause 5 in the Bill to provide that if the actual revenue raised nationally in the financial year falls short of the expected revenue, the shortfall shall be borne by the national government. Similarly, if the actual revenue is in excess, this shall accrue to the national government and may be used to reduce borrowing or pay debts.

c) After deliberations-
   i. the members from the National Assembly proposed Ksh.425 billion as the county equitable share; and
   ii. the Members from the Senate proposed Ksh.440 billion.

Following consultations, the Committee resolved to adjourn and reconvene on Tuesday, 9th June, 2026, at 1:00 p.m. to proceed with consideration of the equitable share.

MIN.NO: NA/SEN/MED/DoRB/2026/018 ADJOURNMENT AND DATE OF NEXT MEETING

There being no other business, the meeting was adjourned at 5:37 p.m. The next meeting will be on Tuesday, 9th June, 2026 at 1:00 p.m.

SIGNED

Signed....................................	**Signed**....................................
Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	Hon. Samuel Atandi MP
Co-Chairperson	**Co- Chairperson**
Date...09/06/2026...	**Date**...09/06/2026...

REPUBLIC OF KENYA
13TH PARLIAMENT – (FIFTH SESSION)

MINUTES OF THE THIRD (3RD) MEETING OF THE MEDIATION COMMITTEE ON THE DIVISION OF REVENUE BILL, 2026 (NATIONAL ASSEMBLY BILL NO. 2 OF 2026) HELD ON MONDAY, 8TH JUNE, 2026 IN COMMITTEE ROOM 9, FIRST FLOOR, MAIN PARLIAMENT BUILDINGS AT 12:30 P.M.

MEMBERS PRESENT:

1.	**Hon. Atandi, Samuel Onunga, CBS, MP**	-	**Co-Chairperson**
2.	**Sen. (Capt.) Ali Roba, EGH, MP**	-	**Co- Chairperson**
3.	Sen. (Dr.) Lelegwe Ltumbesi, MP	-	Member
4.	Sen. Ledama Ole Kina, CBS, MP	-	Member
5.	Sen. Mohamed Faki Mwinyihaji, CB	-	Member
6.	Hon. Mwengi Mutuse, OGW, MP	-	Member
7.	Sen. Maureen Tabitha Mutinda, CBS, MP	-	Member
8.	Hon. Naisula Lesuuda, OGW, MP	-	Member
9.	Hon. Christopher Aseka, MP	-	Member
10.	Hon. Japheth Nyakundi, MP	-	Member
11.	Sen. Eddy Gicheru Oketch, MP	-	Member

ABSENT WITH APOLOGY:

12.	Hon. (Dr.) Pukose Robert, CBS, MP	-	Member
13.	Hon. Jane Kagiri, OGW, MP	-	Member
14.	Sen. Cheburet Kiprono Chemitei, MP	-	Member

COMMITTEE SECRETARIAT

1.	Ms. Lucy Makara	-	Senior Deputy Director, PBO
2.	Mr. Danson Kachumbo	-	Senior Fiscal Analyst/Committee Clerk
3.	Mr. Christopher Gitonga	-	Clerk Assistant
4.	Ms. Beverlyne Chivadika	-	Clerk Assistant
5.	Ms. Lucy Radoli	-	Legal Counsel
6.	Mr. Sydney Lugaga	-	Senior Legal Counsel
7.	Mr. Moses Mwariri	-	Legal Counsel
8.	Ms. Julie Mwithiga	-	Senior Fiscal Analyst
9.	Ms. Millicent Makina	-	Senior Fiscal Analyst
10.	Mr. Ringine Mutwiri	-	Fiscal Analyst II
11.	Mr. Kiminza Kioko	-	Fiscal Analyst II

12. Mr. Constant Wamayuyi - Research Officer
13. Ms. Rose Ometere - Audio Officer

MIN.NO: NA/SEN/MED/DoRB/2026/011 PRELIMINARIES

The Co-Chairperson, Sen. (Capt.) Ali Roba, EGH, MP, called the meeting to order at 12:36 p.m. This was followed by a word of prayer from Sen. Maureen Tabitha Mutinda, CBS, MP.

MIN.NO: NA/SEN/MED/DoRB/2026/012 RESUMPTION OF CONSIDERATION OF THE DIVISION OF REVENUE BILL (NATIONAL ASSEMBLY BILLS NO. 2 OF 2026);

a) The Committee resumed consideration of the Division of Revenue Bill, 2026 (National Assembly Bills No.2 of 2026).
b) The Committee considered various options on the county government equitable share.
c) After discussions-
- the National Assembly Members proposed Ksh.425 billion as the county equitable share,
- while the Senate Members proposed Ksh.443 billion.

Following deliberations, the Committee resolved to adjourn the meeting and reconvene on Monday, 8th June, 2026, at 4:00 p.m.

MIN.NO: NA/SEN/MED/DoRB/2026/013 ADJOURNMENT AND DATE OF NEXT MEETING

There being no other business to consider, the meeting was adjourned at 13:47 p.m. The next meeting will be on Monday, 8th June, 2026 at 4:00 p.m.

SIGNED

Signed..............................	**Signed**..............................
Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	Hon. Samuel Atandi MP
Co-Chairperson	**Co-Chairperson**
Date.......08/06/2026..........	**Date**.......08/06/2026..........

REPUBLIC OF KENYA
13TH PARLIAMENT – (FIFTH SESSION)

MINUTES OF THE SECOND (2ND) MEETING OF THE MEDIATION COMMITTEE ON THE DIVISION OF REVENUE BILL, 2026 (NATIONAL ASSEMBLY BILL NO. 2 OF 2026) HELD ON MONDAY, 8TH JUNE, 2026 IN COMMITTEE ROOM 9, FIRST FLOOR, MAIN PARLIAMENT BUILDINGS AT 9:00 A.M.

MEMBERS PRESENT:

1. **Hon. Atandi, Samuel Onunga, CBS, MP - Co-Chairperson**
2. **Sen. (Capt.) Ali Roba, EGH MP - Co- Chairperson**
3. Sen. (Dr.) Lelegwe Ltumbesi, MP - Member
4. Sen. Ledama Ole Kina, CBS, MP - Member
5. Sen. Mohamed Faki Mwinyihaji, CB - Member
6. Hon. Mwengi Mutuse, OGW, MP - Member
7. Sen. Maureen Tabitha Mutinda, CBS, MP - Member
8. Hon. Naisula Lesuuda, OGW, MP - Member
9. Hon. Christopher Aseka, MP - Member
10. Hon. Japheth Nyakundi, MP - Member
11. Sen. Eddy Gicheru Oketch, MP - Member

ABSENT WITH APOLOGY:

12. Hon. (Dr.) Pukose Robert, CBS, MP - Member
13. Hon. Jane Kagiri, OGW, MP - Member
14. Sen. Cheburet Kiprono Chemitei, MP - Member

COMMITTEE SECRETARIAT

1. Ms. Lucy Makara - Senior Deputy Director, PBO
2. Mr. Danson Kachumbo - Senior Fiscal Analyst/Committee Clerk
3. Mr. Christopher Gitonga - Clerk Assistant
4. Ms. Beverlyne Chivadika - Clerk Assistant
5. Ms. Lucy Radoli - Legal Counsel
6. Mr. Sydney Lugaga - Senior Legal Counsel
7. Mr. Moses Mwariri - Legal Counsel
8. Ms. Julie Mwithiga - Senior Fiscal Analyst
9. Ms. Millicent Makina - Senior Fiscal Analyst
10. Mr. Ringine Mutwiri - Fiscal Analyst II
11. Mr. Kiminza Kioko - Fiscal Analyst II

12. Mr. Constant Wamayuyi - Research Officer
13. Ms. Rose Ometere - Audio Officer

MIN.NO: NA/SEN/MED/DoRB/2026/006 PRELIMINARIES

The Co-Chairperson, Hon. Atandi, Samuel Onunga, MP, called the meeting to order at 9:30 a.m. This was followed by a word of prayer from Sen. Maureen Tabitha Mutinda, CBS, MP, and a round of introductions.

MIN.NO: NA/SEN/MED/DoRB/2026/007 ADOPTION OF AGENDA

The agenda was adopted after being proposed by Sen. Mohamed Faki Mwinyihaji, CBS, and seconded by Hon. Mwengi Mutuse, OGW, MP, as follows-

1. Prayer;
2. Introductions;
3. Adoption of the Agenda;
4. Confirmation of minutes of previous meeting;
5. Consideration of the Division of Revenue Bill (National Assembly Bills No. 2 of 2026);
6. Any Other Business; and
7. Adjournment

MIN.NO: NA/SEN/MED/DoRB/2026/008 CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING

The Minutes of the First meeting held on Friday, 5th June, 2026 at 9:00 a.m. were confirmed as a true record of the proceedings of the Mediation Committee having been proposed by Hon. Mwengi Mutuse, OGW, MP, and seconded by Sen. (Dr.) Lelegwe Ltumbesi, MP.

MIN.NO: NA/SEN/MED/DoRB/2026/009 CONSIDERATION OF THE DIVISION OF REVENUE BILL (NATIONAL ASSEMBLY BILLS NO. 2 OF 2026);

1. The Committee resumed consideration of the Division of Revenue Bill, 2026 (National Assembly Bills No.2 of 2026).
2. The contentious issues for deliberation were-
    a) Equitable share allocation to the county governments;
    b) insertion of a new clause 5 to provide that if the actual revenue raised nationally in the financial year falls short of the expected revenue set out in the Schedule, the shortfall shall be borne by the national government. Similarly, if the actual revenue is in excess, this shall accrue to the

national government and may be used to reduce borrowing or pay debts, a provision that has always been included in the previous Acts.

3. The National Assembly Members submitted that owing to persistent shortfalls in revenue collection which affects budget execution, and after having reviewed the budget books, the county equitable share may be set at Ksh.423 billion as county equitable share. However, following consideration the figure was reviewed to Ksh.424 billion.
4. On the other hand, the Senate Members submitted that in order to ensure county governments are adequately funded to meet the minimum operational expenses, non-discretionary expenditures and ensure efficient service delivery, the county equitable share may be set at Ksh.445 billion. However, following consideration the figure was reviewed to Ksh.444 billion.

Following deliberations, the Committee resolved to adjourn the meeting and reconvene on Monday, 8th June, 2026, at 12:30 p.m.

MIN.NO: NA/SEN/MED/DoRB/2026/010 ADJOURNMENT AND DATE OF NEXT MEETING

There being no other business to consider, the meeting was adjourned at 12.11 p.m. The next meeting will be on Monday, 8th June, 2026 at 12.30 p.m.

SIGNED

Signed....................................	**Signed**...............................
Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	Hon. Samuel Atandi MP
Co-Chairperson	**Co-Chairperson**
Date...08/06/2026..........	**Date**...08/06/2026......

REPUBLIC OF KENYA

13TH PARLIAMENT – (FIFTH SESSION)

MINUTES OF THE FIRST (1ST) MEETING OF THE MEDIATION COMMITTEE ON THE DIVISION OF REVENUE BILL, 2026 (NATIONAL ASSEMBLY BILL NO. 2 OF 2026) HELD ON FRIDAY, 5TH JUNE, 2026 IN COMMITTEE ROOM 9, FIRST FLOOR, MAIN PARLIAMENT BUILDINGS AT 9:00 A.M.

MEMBERS PRESENT:

1. Hon. Atandi, Samuel Onunga, CBS, MP	-	**Co-Chairperson**
2. Sen. (Capt.) Ali Roba, EGH MP	-	**Co- Chairperson**
3. Sen. (Dr.) Lelegwe Ltumbesi, MP	-	Member
4. Hon. (Dr.) Pukose Robert, CBS, MP	-	Member
5. Sen. Ledama Ole Kina, CBS, MP	-	Member
6. Hon. Mwengi Mutuse, OGW, MP	-	Member
7. Sen. Maureen Tabitha Mutinda, CBS, MP	-	Member
8. Hon. Japheth Nyakundi, MP	-	Member

ABSENT WITH APOLOGY:

9. Sen. Mohamed Faki Mwinyihaji, CB	-	Member
10. Hon. Naisula Lesuuda, OGW, MP	-	Member
11. Hon. Jane Kagiri, OGW, MP	-	Member
12. Hon. Christopher Aseka, MP	-	Member
13. Sen. Eddy Gicheru Oketch, MP	-	Member
14. Sen. Cheburet Kiprono Chemitei, MP	-	Member

COMMITTEE SECRETARIAT

1. Ms. Lucy Makara	-	Senior Deputy Director, PBO
2. Mr. Fredrick Muthengi	-	Deputy Director, PBO
3. Mr. Danson Kachumbo	-	Senior Fiscal Analyst/Committee Clerk
4. Mr. Christopher Gitonga	-	Clerk Assistant
5. Ms. Beverlyne Chivadika	-	Clerk Assistant
6. Ms. Lucy Radoli	-	Legal Counsel
7. Mr. Sydney Lugaga	-	Senior Legal Counsel
8. Dr. Abel Nyagwachi	-	Senior Fiscal Analyst
9. Ms. Julie Mwithiga	-	Senior Fiscal Analyst
10. Ms. Millicent Makina	-	Senior Fiscal Analyst
11. Mr. Ringine Mutwiri	-	Fiscal Analyst II

12. Mr. Kiminza Kioko - Fiscal Analyst II
13. Mr. Constant Wamayuyi - Research Officer
14. Ms. Rose Ometere - Audio Officer

MIN.NO: NA/SEN/MED/DoRB/2026/001 PRELIMINARIES

The Co-Chairperson, Hon. Atandi, Samuel Onunga, MP, called the meeting to order at 9:30 a.m. This was followed by a word of prayer from Hon. Mwengi Mutuse, OGW, MP, and a round of introductions.

MIN.NO: NA/SEN/MED/DoRB/2026/002 ADOPTION OF AGENDA

The agenda was adopted after being proposed by Sen. Maureen Tabitha Mutinda, CBS, MP, and seconded by Hon. Japheth Nyakundi, MP, as follows-

1. Prayer;
2. Introductions;
3. Adoption of the Agenda;
4. Remarks by Co-chairpersons;
5. Briefing by PBO on the Division of Revenue Bill (National Assembly Bills No. 2 of 2026);
6. Consideration of the Division of Revenue Bill (National Assembly Bills No. 2 of 2026);
7. Any Other Business; and
8. Adjournment.

MIN.NO: NA/SEN/MED/DoRB/2026/003 REMARKS BY CHAIRPERSONS

The Co-Chairpersons made their opening remarks and thanked the Members present for creating time to attend the meeting. They urged the Committee to collaborate, and that it was expected to develop a consensus on the sharable revenue to be allocated to each of the two levels of government.

MIN.NO: NA/SEN/MED/DoRB/2026/004 BRIEF BY THE PARLIAMENTARY BUDGET OFFICE ON THE DIVISION OF REVENUE BILL, 2026 (NATIONAL ASEEMBLY BILL NO. 2 OF 2026)

The Parliamentary Budget Office briefed the Committee as follows-

a) The Division of Revenue Bill, 2026 (National Assembly Bill No. 2 of 2026) was published on 19th February 2026.
b) The Bill provided the following allocations-

i. Total Sharable revenue-Ksh. 2,901,874,758,144 ;
ii. National Government share-Ksh. 2,472,272,587,719 ;
iii. County equitable share -Ksh. 420,000,000,000;
iv. Equalization Fund -Ksh. 9,602,170,425; and
v. FY 2021/22 audited and approved revenue-Ksh. 1,920,434,085,078.

c) The National Assembly considered the Bill and approved it on Tuesday 10th March 2026 with an amendment. The basis for the sharing of revenue for FY 2026/27 was revised from the audited and approved accounts of revenue for FY 2021/22 amounting to Ksh. 1,920,434,085,078 to approved audited accounts of revenue for the FY 2022/23 amounting to Ksh. 2,050,114,740,913. This was in line with Article 203(3) of the Constitution, which requires the division of revenue to be based on the most recent audited accounts of revenue received, as approved by the National Assembly.

d) The amended Bill by the National Assembly therefore provided-
i. Total Sharable revenue-Ksh. 2,901,874,758,144;
ii. National Government share-Ksh. 2,471,624,184,439;
iii. County equitable share -Ksh. 420,000,000,000;
iv. Equalization Fund -Ksh. 10,250,573,705; and
v. FY 2022/23 audited and approved revenue-Ksh. 2,050,114,740,913.

e) The National Assembly decision was informed by the following key considerations-
i. Revenue shortfalls: the persistent shortfall in revenue collection has continued to undermine budget execution in both levels of government. Ordinary revenue as a share of GDP has declined from a peak of 18.1% in FY 2013/14 to 14.1% in FY 2024/25. Whereas shareable revenue is shared equitably under the provisions of the Constitution, the national government has solely borne the shortfalls in revenue in any given financial year. This trend leads to increased borrowing and weakens the government's fiscal position in a given financial year.
ii. National interest and obligations: The county allocation of Ksh.420 billion was arrived at by first setting aside allocations to national interest, public debt related costs and other critical national obligations. The remaining balance of Ksh.330.1 billion is Ksh. 90 billion less than the proposed equitable share for counties of Ksh. 420 billion, which means that the national government may need to borrow to fund county governments.

f) The Senate considered the Bill and passed it with the following amendments-
i. insertion of a new clause 5 to provide that if the actual revenue raised nationally in the financial year falls short of the expected revenue set out in the Schedule, the shortfall shall be borne by the national government.

Similarly, if the actual revenue is in excess, this shall accrue to the national government and may be used to reduce borrowing or pay debts.

ii. the County Equitable Share was increased by Ksh. 34.743 billion from Ksh. 420 billion to Ksh. 454.743 billion. The Schedule to the Bill was thus amended to reflect the changes-
   - Total Sharable revenue-Ksh. 2,901,874,758,144;
   - National Government share-Ksh. 2,436,881,026,560 ;
   - County equitable share -Ksh. 454,743,157,879 ; and
   - Equalization Fund -Ksh. 10,250,573,705.

9. The decision by the Senate was informed by the following key considerations-

i. the proposed county allocation increase of Ksh. 5 billion from the FY 2025/26 baseline of Ksh. 415 billion does not adequately cater for increased county operational costs including annual salary adjustments of county government workers.

ii. counties are expected to finance mandatory obligations arising from counterpart funding requirements for jointly implemented national programmes such as County Aggregation and Industrial Parks (CAIPs); Community Health Promoters (CHPs); Financing Locally-Led Climate Action Programme (FLLoCA); Food Systems Resilience Project (FSRP); and National Agricultural Value Chain Development Project (NAVCDP).

iii. county governments are in arrears in implementing the 3rd and 4th Remuneration and Benefits Review Cycles as recommended by the Salaries and Remuneration Commission with Ksh. 10.055 billion required for the final phase and first phase of the 3rd and 4th Cycles respectively.

iv. Need for stability and predictability of county budgets: The purpose of clause 5 is to protect counties from arbitrary expenditure cuts due to revenue shortfalls. This clause is critical as it gives effect to Article 219 of the Constitution which stipulates that county allocations should be transferred without undue delay and without deduction. Omission of this clause introduces uncertainty on how revenue shortfalls will be managed going forward. Notably, the national government can borrow to meet revenue shortfalls and not disrupt budget implementation, but counties have no such recourse. Clause 5 is therefore important for stability and predictability of county budgets implementation.

v. Counties and National interest: Funding counties is a core national interest expenditure which public debt and other national expenditure needs not to automatically override. It should not be treated as a residual figure after national expenditure needs including public debt obligations are met. County governments are responsible for critical services that directly affect citizens such as primary healthcare and community health services, early childhood education, agricultural extension services, county roads and water and sanitation services.

10. The National Assembly considered and rejected the Senate amendments informed by the following-

   i. Limited fiscal space: The proposed equitable share to county governments for FY 2026/27 of Ksh.454.7 billion will require an additional allocation to cater for the upward adjustment which could expand the fiscal deficit even further. The alternative is a counter-reduction in the National Government budget which will limit the already constrained discretionary expenditure available to the National Government.

   ii. National government solely bears revenue shortfalls: The introduction of a new Clause 5 in the Bill that cushions county governments from any revenue shortfalls in course of the financial year implies that the national government shall continue to bear the revenue underperformance as observed in previous years.

MIN.NO: NA/SEN/MED/DoRB/2026/005 CONSIDERATION OF THE DIVISION OF REVENUE BILL (NATIONAL ASSEMBLY BILLS NO. 2 OF 2026)

The Senate Members submitted the following-

a) The Ksh.5 billion increase (a paltry 1.2% increment) in county equitable share from the baseline of Ksh.415 billion for FY 2025/26 is insufficient to cover county governments non-discretionary expenditures such as inflation, wage drift, implementation of the 3rd and 4th Renumeration and benefits Review Cycles, counterpart funding of key national government projects, settling accrued pending bills that affect service delivery, and financing underfunded devolved functions. Therefore, the Senate's proposal of Ksh.454.74 billion would enable counties to meet minimum operational expenses.

b) proposed reduction of the proposed county equitable share from Ksh.454.74 billion to Ksh.450 billion, a figure lower than Commission on Revenue Allocation proposal of Ksh.458 billion.

c) proposed reallocation of finances for devolved functions, such as health, agriculture and water at the national level to county governments responsible for carrying out these functions.

d) The county governments conditional additional allocations/grants are often not disbursed in full or delayed, causing project payment delays, incomplete or delayed implementation of projects and budget planning challenges. For instance, in FY 2023/24, Ksh.29.37 billion out of Ksh.46.36 billion was disbursed leaving a balance of Ksh.16.99 billion. In the FY 2024/25, Ksh.27.84 billion out of the Ksh.50.54 billion allocated was disbursed leaving a balance of Ksh.22.7 billion. Hence proposed conversion of additional allocations into equitable share.

The National Assembly Members submitted that-

a) the proposed total budget for FY 2026/27 is estimated at Ksh 4.8 trillion. Majority is utilised in payment national interest expenditures such as public debt related costs.
b) the fiscal deficit for FY 2026/27 is estimated at Ksh.1.1 trillion, which will be financed through borrowing. Additionally, projected total revenue is estimated at Ksh.3.63 trillion. However, given persistent underperformance of revenue because of revenue over-projection and the ongoing geopolitical global oil crisis, shortfall in revenue collection could result in increase in the projected fiscal deficit thus increasing borrowing increasing pressures on public debt sustainability and constrained fiscal space.
c) an increase in the county equitable share could expand the fiscal deficit even further.
d) a reduction in the National Government budget will limit the already constrained national government expenditure, and that there is limited fiscal space to accommodate the additional resources to county governments.
e) urged Senate members to gradually increase the county's equitable share to Ksh.450 billion, rather than a one-off increment.

Following deliberations, the Mediation Committee resolved to adjourn the meeting and reconvene on Monday, 8th June, 2026 at 9:00 a.m. to allow for consultations.

MIN.NO: NA/SEN/MED/DoRB/2026/005 ADJOURNMENT AND DATE OF NEXT MEETING

There being no other business to consider, the meeting was adjourned at 11.19 a.m. The next meeting will be on Monday, 8th June, 2026 at 9.00 a.m.

SIGNED

Signed……………………………	**Signed**……………………………
Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	Hon. Samuel Atandi MP
Co-Chairperson	**Co-Chairperson**
Date…08/06/2026………	**Date**…08/06/2026…