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REPUBLIC OF KENYA

THIRTEENTH PARLIAMENT | FIFTH SESSION

THE SENATE

STANDING COMMITTEE ON FINANCE AND BUDGET

REPORT ON THE STOPPAGE OF TRANSFER OF FUNDS TO THE COUNTY
GOVERNMENT OF MERU

Rt. Hon. Speaker
You may approve for tabling
J. M. Nyegenye, C.B.S.,
Clerk of the senate/ secretary, PSC
Date: 12/05/26

Clerk's Chambers,
Parliament Buildings,
NAIROBI.

May, 2026

100



Mr. Hon. Speaker
You may also find
in the Appendix
of the House
the following

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LIST OF ABBREVIATIONS/ACRONYMS

CDMSP	-	County Debt Management Strategy Paper
COB	-	Controller of Budget
FY	-	Financial Year
OAG	-	Office of the Auditor-General
PFM	-	Public Finance Management

MEMBERSHIP OF THE COMMITTEE

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

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

PRELIMINARIES

ESTABLISHMENT AND MANDATE OF THE COMMITTEE

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

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

The Senate Standing Committees on Finance and Budget is established pursuant to section 8 (1) of the Public Finance Management Act, Cap.412A and standing order 228 of the Senate Standing Orders. The Fourth Schedule to the Senate Standing Orders outlines the subject matter assigned to each specific Committee. The Standing Committee on Finance and Budget is mandated to-

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

- b. Pursuant to Article 228 (6) of the Constitution, to examine the report of the Controller of Budget on the implementation of the budgets of county governments.

CHAIRPERSON'S FOREWORD

The National Treasury and Economic Planning, vide letter Ref No. IGFR/MERU/A (17) dated 15th April, 2026 submitted to Parliament a request for approval to stop the transfer of funds to the County Government of Meru pursuant to Article 225 of the Constitution and section 96 of the Public Finance Management Act, Cap. 412A, on grounds of a serious material breach arising from non-payment of an arbitral award relating to a lease dispute between the proprietor of Leopard Rock Mico Limited and the County Government of Meru.

The National Treasury indicated that the County Government of Meru had failed to honour an arbitral award and a High Court judgment issued on 19th December, 2019 in favour of Mr. Michel Dechauffour amounting to Ksh.339,070,485 with interest accruing at 14 per cent per annum. Consequently, the stoppage of funds took effect on 10th April, 2026 on the grounds of enforcing prudent financial management and preventing further accumulation of interest.

The Cabinet Secretary's power to stop the transfer of funds to a county government must be exercised within the context of the constitutionally guaranteed funding of devolved units. Article 219 of the Constitution guarantees that a county's share of national government revenue shall be transferred without undue delay and without deduction, except where stopped under Article 225. Article 225(3) permits the Cabinet Secretary responsible for finance to stop such transfers only upon a serious material breach or persistent material breaches, and strictly subject to the requirements of the Constitution.

Section 93(3) of the Public Finance Management Act specifies the instances constituting a serious material breach or persistent material breach, namely where a county government fails to operate a compliant financial management system or is unable to meet its financial commitments under the Constitution or the Act. Section 94 of the Act further identifies additional indicators of breach, including failure to make payments as and when due and default on financial obligations.

Section 96 of the Public Finance Management Act provides the procedure to be followed by the Cabinet Secretary where a determination is made to stop the transfer of funds to a county government.

Parliament is required to consider and determine whether to approve the request

by the Cabinet Secretary for the National Treasury seeking to stop the transfer of funds to the County Government of Meru within thirty (30) days of receipt of the decision.

Upon consideration of the Cabinet Secretary's request on the stoppage of transfer of funds to the County Government of Meru, the Committee resolved to hold consultative meetings with the Cabinet Secretary for National Treasury and Economic Planning, the Controller of Budget, Office of the Auditor-General and the County Executive of Meru; and seek clarification from the Ministry of Investments, Trade and Industry.

The Committee, having considered the request for approval of stoppage of transfer of funds to the County Government of Meru, and submissions from relevant stakeholders' made the following observations. That—

- a) An arbitral award of Ksh. 339,070,485 was issued on 19th December, 2019, in favour of Mr. Michel Dechauffour, the proprietor of Leopard Rock Mico Limited with interest accruing at the rate of 14% per annum from 8th March, 2019.
- b) Stoppage of funds by the Cabinet Secretary arose from the outstanding payment of an arbitral award issued in 2019 against the County Government of Meru in favour of the proprietor of Leopard Rock Mico Limited. Although the County Government made several attempts to appeal the award, the appeals were unsuccessful, leaving a pending financial obligation against the County Government.
- c) As confirmed by the Auditor-General and the Controller of Budget, the County Government of Meru had paid Ksh 200 million towards settlement of the arbitral award.
- d) There were several interventions by national government agencies to assist the County Government in resolving the matter, including inter-agency meetings convened by the Solicitor-General which recommended a conditional grant to offset the outstanding amount, as well as multi-agency negotiations involving relevant ministries, the County Government and the legal representatives of Mr. Dechauffour to explore payment options.

The Committee having considered the request for approval of stoppage of transfer of funds to the County Government of Meru, and deliberations with relevant stakeholders', recommends that-

- a) the Senate does not approve the decision of the cabinet Secretary to stop the transfer of funds to the County Government of Meru; and
- b) the national government, through the National Treasury, grant the County Government of Meru a conditional grant in FY 2026/27 for the settlement of the outstanding principal award of Ksh.139 million and all accrued interest thereon.

Acknowledgment

I take this opportunity to commend the Members of the Committee for their devotion and commitment to duty, which made the consideration of the report on the stoppage of transfer of funds to the county government of Meru successful.

I also wish to thank the Offices of the Speaker and the Clerk of the Senate for the support extended to the Committee in undertaking this important assignment.

Lastly, I wish to thank the parties who provided information on the matter and appeared before the Committee to express their views.

It is now my pleasant duty, pursuant to standing order 223(6) of the Senate Standing Orders, to present the Report of the Standing Committee on the stoppage of transfer of funds to the County Government of Meru.

Signature.....

Date.....*12 May 2026*

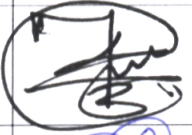
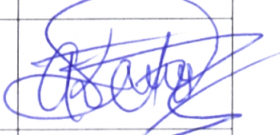
SEN. (CAPT.) ALI IBRAHIM ROBA, EGH, MP.

CHAIRPERSON,

STANDING COMMITTEE ON FINANCE AND BUDGET

ADOPTION OF THE REPORT ON THE STOPPAGE OF TRANSFER OF FUNDS TO THE COUNTY GOVERNMENT OF MERU.

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

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

CHAPTER ONE

1.0 STOPPAGE OF TRANSFER OF FUNDS TO COUNTY GOVERNMENT OF MERU

Background

1. The National Treasury and Economic Planning, vide a letter, Ref No. IGFR/MERU/A (17), dated 15th April 2026, submitted to Parliament a request for approval to stop the transfer of funds to the County Government of Meru. The request was made pursuant to Article 225 of the Constitution and section 96 of the Public Finance Management Act, Cap. 412A on the grounds of a serious material breach arising out of the non-payment of an arbitral award in relation to a legal dispute over the termination of a lease between the proprietor of Leopard Rock Mico Limited and the County Government of Meru.
2. The letter indicated that the County Government of Meru had failed to honour an arbitral award and a subsequent High Court judgment dated 19th December 2019, which awarded Mr. Michel Dechauffour, the proprietor of Leopard Rock Mico Limited the sum of KSh.339,070,485 including an interest rate accruing at 14% per annum. The National Treasury noted that notwithstanding the exhaustion of all avenues of appeal and advisories from both the Attorney-General and the Controller of Budget, the County Government of Meru had only paid Ksh.20 million of the arbitral award during Financial Year 2023/24 and that the failure to settle the remainder of the award amounted to a serious material breach as contemplated by section 93(3)(b) of the PFM Act.
3. The National Treasury further justified the exercise of the power under section 96(1) of the PFM Act on the grounds of the potential risk of loss of public funds through accumulating interest and the adverse effect on bilateral relations between Kenya and France.
4. The stoppage took effect on 10th April 2026, with the aim of enforcing prudent financial management as enshrined under Article 201 of the Constitution. The National Treasury further advised that the withheld funds would only be released upon resolution of the matter or as directed by Parliament.

5. Upon receipt of the request for approval by the Cabinet Secretary for the National Treasury to stop the transfer of funds to Meru County, Parliament is required to consider whether to approve the request within thirty (30) days of the decision.

CHAPTER TWO

2.0 LEGAL PROVISION RELATING TO THE POWER TO STOP TRANSFER OF FUNDS

2.1 The Constitution

6. The power of the Cabinet Secretary to stop the transfer of funds to a county government must be understood within the context of the constitutionally guaranteed funding of devolved units. In particular, Article 219 of the Constitution provides that “a county’s share of revenue raised by the national government shall be transferred to the county without undue delay and without deduction, except when the transfer has been stopped under Article 225”. The power of the Cabinet Secretary is therefore the only exception to the obligation placed on the national government to transfer revenue due to counties in a timely manner.

7. Article 225 of the Constitution provides for the general power of the Cabinet Secretary to stop the transfer of funds to an entity in the following terms—

(2) *Parliament shall enact legislation to ensure both expenditure control and transparency in all governments and establish mechanisms to ensure their implementation.*

(3) *Legislation under clause (2) may authorise the Cabinet Secretary responsible for finance to stop the transfer of funds to a State organ or any other public entity—*

(a) *only for a serious material breach or persistent material breaches of the measures established under that legislation; and*

(b) *subject to the requirements of clauses (4) to (7).*

(4) *A decision to stop the transfer of funds under clause (3) may not stop the transfer of more than fifty per cent of funds due to a county government.*

(5) *A decision to stop the transfer of funds as contemplated in clause (3)—*

(a) *shall not stop the transfer of funds for more than sixty days; and*

(b) may be enforced immediately, but will lapse retrospectively unless, within thirty days after the date of the decision, Parliament approves it by resolution passed by both Houses.

8. Article 225 of the Constitution also provides for the extension of the period for which the transfer of funds is stopped as follows -

(6) Parliament may renew a decision to stop the transfer of funds but for no more than sixty days at a time.

(7) Parliament may not approve or renew a decision to stop the transfer of funds unless—

(a) the Controller of Budget has presented a report on the matter to Parliament; and

(b) the public entity has been given an opportunity to answer the allegations against it, and to state its case, before the relevant parliamentary committee.

2.2 The Public Finance Management Act

2.2.1 Assessment of the need for intervention

9. Section 93(1) of the Public Finance Management Act provides for the assessment to be undertaken by the Cabinet Secretary with regard to the exercise of the power under Article 225(3)(a) of the Constitution as follows—

If the Cabinet Secretary becomes aware of financial problems in a State organ or other public entity, the Cabinet Secretary shall promptly—

(a) ascertain the seriousness of the problem and the proposed remedial measures or solution to the financial problem by the State organ or public entity; and

(b) determine whether the situation constitutes a serious material breach or persistent material breach requiring stopping of transfer of funds under Article 225(3) of the Constitution.

10. With respect to county governments, section 93(3) of the Act provides that “*in the case of a State organ which is a county government or county government entity, if it—*

(a) does not operate a financial management system that complies with the requirements prescribed in this Act and the financial problem has met conditions for intervention in terms of Article 190(3) of the Constitution; or (b) is unable to meet its financial commitments as set out in the Constitution or this Act,

this shall constitute a serious material breach or persistent material breach for purposes of stopping transfer of funds under Article 225(3) of the Constitution.

11. Instructively, section 93(4) of the Act provides that, “*when determining whether the conditions for the Cabinet Secretary to stop transfer of funds referred to in Article 225(3) of the Constitution are met, all relevant facts shall be considered before the Cabinet Secretary acts*”.

12. Section 94 of the Act sets out the following additional indicators of a serious or persistent material breach—

(1) The following factors, singly or in combination, may further indicate that a State organ or public entity is in serious material breach or persistent material breach of the measures established under this Act—

(a) the State organ or public entity—

(i) has failed to make any payments as and when due;

(ii) has defaulted on financial obligations for financial reasons;

(iii) had an operating deficit in excess of a percentage of revenue in the most recent financial year for which financial information is available as prescribed in regulations; or

(iv) is more than sixty days late in submitting its annual financial statements to the Auditor-General in accordance with this Act or any other legislation;

(b) the State organ or public entity has failed to make any other payment as and when due, which individually or in the aggregate is more than an amount as may be prescribed or, if none is prescribed, more than two percent of the State organ's or public entity's budgeted operating expenditure;

(c) the Controller of Budget has raised material issues in their quarterly report;

(d) the Auditor-General has withheld an opinion or issued a disclaimer due to inadequacies in the financial statements or records of the State organ or public entity or has issued an opinion which identifies a serious financial problem in the State organ or public entity; or

(e) recurring or continuous failure by a State organ or public entity to meet its financial commitments which substantially impairs the State organ's or public entity's ability to procure goods, services or credit on usual commercial terms.

(2) Provisions of this section shall not apply with respect to—

(a) disputed obligations which are subject to litigation in a court of law, provided such litigation is not instituted to avoid an intervention; or

(b) obligations explicitly waived by creditors.

2.2.2 Process of stoppage of funds

13. Section 96 of the Public Finance Management Act provides the procedure to be followed by the Cabinet Secretary where a determination is made to stop the transfer of funds to a county government in the following terms—

(1) Where the Cabinet Secretary finds a State organ which is a county government entity to be in serious or persistent material breach of its obligations or financial commitments, the Cabinet Secretary shall, in accordance with Article 225 of the Constitution, immediately stop the transfer of funds.

(2) Within seven days of stopping the transfer of funds under subsection (1), the Cabinet Secretary shall inform—

(a) the accounting officer, of the State organ or public entity; or

(b) the Cabinet Secretary responsible for matters relating to intergovernmental relations;

(c) the County Executive Committee member responsible for finance;

- (d) the Controller of Budget;*
- (e) the Commission on Revenue Allocation; and*
- (f) Intergovernmental Budget and Economic Council.*

(3) The Cabinet Secretary shall in the alternative promptly—

- (a) inform the county executive committee member responsible for finance; and*
- (b) request the Auditor-General to—*
 - (i) determine the reasons for the breach;*
 - (ii) assess the county government financial state; and*
 - (iii) submit to the Cabinet Secretary and county executive member for finance a report within thirty days from the date of the request.*

(4) The Cabinet Secretary may prescribe regulations in relation to the process of stoppage of transfer of funds.

14. Section 97 of the Act further provides that—

97 Procedure for stoppage of funds

(1) Where the Cabinet Secretary makes a decision to stop the transfer of funds to a State organ or public entity in accordance with Article 225(3) of the Constitution and provisions of this Act, the Cabinet Secretary shall stop the payment and inform the Controller of Budget in respect of—

- (a) the date from when the stoppage of transfer of funds takes effect; and*
- (b) the nature of serious material breaches, or persistent material breaches, committed by the State organ or public entity.*

(2) Not later than seven days after the date of the decision to stop the transfer of funds, the Cabinet Secretary shall seek approval from Parliament.

(3) Within fourteen days after the decision to stop the transfer of funds under subsection (1), the Controller of Budget shall investigate the matter and submit a report to Parliament in accordance with Article 225(7) of the Constitution.

(4) Parliament shall, within thirty days of the decision by the Cabinet Secretary to stop the transfer of funds, approve or renew the decision of the Cabinet Secretary to stop the transfer of funds and the Cabinet Secretary shall abide by the decision of Parliament.

(5) The Cabinet Secretary may not stop the transfer of more than fifty percent of funds due to a county government.

(6) Any person may exercise his or her right to petition Parliament in terms of Article 119 of the Constitution in respect of the action taken to stop the transfer of funds.

CHAPTER THREE

3.0 ANALYSIS OF SUBMISSIONS

15. Upon consideration of the Cabinet Secretary's request on the stoppage of transfer of funds to the County Government of Meru, the Committee resolved to hold consultative meetings with the Cabinet Secretary for National Treasury and Economic Planning, the Controller of Budget, Office of the Auditor-General and the County Executive of Meru; and seek clarification from the Ministry of Investments, Trade and Industry. Below is the summary of their submissions—

3.1 Submission by the National Treasury and Economic Planning

16. The National Treasury vide a letter Ref: IGFR/MERU/A/TY/(3) dated 28th April, 2026 submitted the following—

- a) That in 2018, the County Government of Meru evicted Mr. Michel Dechauffour, the proprietor of Leopard Rock Mico Limited, from a long-term lease at Meru National Park, in contravention of a lease agreement with the defunct Nyambene County Council. Following arbitration proceedings an award of Ksh.339,070,485 with interest at 14 percent per annum from 8th March, 2019 was awarded. The National Treasury further indicated that all appeals filed by the county government in both the High Court in Meru and the Court of Appeal in Nyeri were unsuccessful.
- b) The National Treasury reported that the matter came to the attention of the National Government after the President of France raised the matter with the President of Kenya at a bilateral meeting in Berlin. Consequently, the President directed the Attorney-General to convene relevant National Government departments to advise the county government on modalities for settling the outstanding payment.
- c) The National Treasury outlined the following intervention efforts undertaken thereafter—
 - i) The Solicitor-General, through letter Ref: AG/CONF/3/B//289 VOL. III dated 17th January, 2024, convened an inter-agency meeting on 15th

February, 2024, during which the County Government acknowledged the debt but cited insufficient budgetary provisions. At this meeting, the Solicitor-General indicated that the Attorney-General had written to the Governor of Meru on 19th December, 2023, urging immediate resolution of the payment and warning of the potential impact of non-payment on National Government projects funded by the French Government.

ii) The inter-agency technical team recommended that the County Government formally request a loan or conditional grant from the National Government, while cautioning that the National Government assuming the debt could set a precedent for other counties with outstanding obligations.

iii) The County Government of Meru, vide letter Ref: CGM/GVN/COR/VOL.1/(92) dated 16th February 2024, requested a conditional grant from the Cabinet Secretary for National Treasury to offset the arbitral award, citing rising wage bill and inadequate budgetary allocations. The county acknowledged accrued interest approximated at Ksh. 600 million as of the date of the letter.

iv) The National Treasury, through letter Ref: IGFR/CG/02/C/ (06) dated 23rd February 2024, declined the county's request citing prevailing economic conditions and budgetary constraints, and instead advised the county to renegotiate a long-term repayment plan with the claimant through the Attorney-General's Office.

v) The Office of the Controller of Budget, in letter Ref: COB/AG/002/2(76) dated 18th March, 2026, offered detailed guidance on resolving the matter and indicated that it would recommend to the Cabinet Secretary to stop the transfer of funds to the County Government if the arbitral award remained unsettled.

vi) The State Department for Foreign Affairs, in letter Ref: MFA.REL/6 VOL.5 (4) dated 18th September 2024, requested authorisation for the National Government to take over the debt, noting that the Ambassador

of France was willing to engage Mr. Dechauffour to waive interest contingent on such a commitment. The National Treasury advised against this, citing the risk of contravening existing legal and regulatory frameworks and setting a precedent for other county governments with pending bills.

- d) The National Treasury reported that the continued non-settlement of the arbitral award posed three key risks: the potential attribution of State responsibility under international law; adverse effects on bilateral relations between Kenya and France and on Kenya's credit rating, particularly given the existing Bilateral Investment Treaty; and the continued accrual of interest at 14 percent per annum, with total payments projected to exceed Ksh. 650 million.
- e) The National Treasury acknowledged that the County Government had included the arbitral award in its Meru County Debt Management Strategy Paper (CDMSP) 2024, providing for Ksh. 650 million as a contingent liability payable to Leopard Rock Mico Limited in the following instalments: Ksh. 100 million for FY 2023/24, Ksh. 174 million for FY 2024/25, and Ksh. 376 million for FY 2025/26. However, the National Treasury reported that despite this, the county did not include this outstanding payment in its budgets or in its FY 2025/26 pending bills action plan submitted to the Controller of Budget in September, 2025.
- f) The National Treasury further reported that a request for an update sent to the county government vide letter Ref: IGFR/LM/01/A (15) dated 19th January 2026 elicited no response from the county government prior to the notification of the stoppage. The county government subsequently responded through letter Ref No. CGM/FIN/NT&EP/001/2026 dated 14th April 2026 after Parliament and the Controller of Budget had already been notified, reporting total payments of Ksh. 200 million and an outstanding balance of Ksh.442,868,897.68 as of August 2025, while indicating its inability to settle the balance without National Government's support.
- g) The National Treasury submitted that the County Government of Meru had committed a serious material breach within the meaning of section 93(3)(b),

section 94, and section 96(1) of the PFM Act, by failing to make payments for the arbitral award as and when they fell due, thereby defaulting on its financial obligations under section 94(1)(a)(i) and (ii) of the Act.

- h) The National Treasury stated that the stoppage marked an initial step in preventing further loss of public funds through accrued interest rates and provided an opportunity for the National Government to intervene. The intervention would entail the National Government would settle the arbitral award and allow the county government to repay in a manner that does not compromise service delivery. The National Treasury indicated that they do not intend to extend the stoppage beyond the timeframe established in law or as guided by the Committee.

17. Further, the National Treasury through a letter dated 30th April, 2026, Ref No. IGFR/MERU/A/TY/(6), acknowledged that the county government had made significant payments amounting to Ksh. 200 million towards the arbitral award. The National Treasury further acknowledged that there were ongoing discussions between the Ministry of Investments, Trade and Industry and representatives of Leopard Rock Mico Limited aimed at a reduction of the accrued interest.

18. The Cabinet Secretary appeared before the Committee on Thursday, 7th May, 2026 and vide a letter Ref. No. IGFR/MERU/A/31 dated 6th May, 2026 submitted as follows–

- a) The decision to stop the transfer of funds was occasioned by recommendation of the Controller of Budget, due to the county's failure to include the outstanding payment in their budget and the pending bills action plan. Further, due to delayed responses by the county government on request for information by the National Treasury.
- b) Following the resolution of a meeting between the county leadership and the Head of the State regarding the national government taking over the obligation, a letter would be written to the Head of Public Service requesting for the presidential directive on this matter so as to facilitate necessary action by the National Treasury.

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- c) The national government will consider paying the outstanding principal sum of Ksh.139 million. Further, the Ministry of Foreign Affairs will be notified to initiate diplomatic negotiations with the Ambassador of France and Mr. Dechauffour for the waiver of all accrued interest.
 - d) On broader fiscal governance, the National Treasury noted that accumulation of pending bills by county governments is a serious systemic problem and it requires concerted efforts by all constitutional oversight bodies, including the Controller of Budget, the Auditor-General, to ensure settlement of pending bills.
 - e) The National Treasury indicated their willingness to support the County Government of Meru to ensure service delivery, while stressing that the County Government should have taken earlier steps to resolve the matter rather than relying solely on discussions with the Head of State.

3.2 Submissions by the Office of the Controller of Budget

19. The Office of the Controller of Budget (CoB) appeared before the Committee and submitted a report regarding the Cabinet Secretary decision to stop the transfer of funds to the County Government of Meru. The report indicated that -

- 
- a) the stoppage is primarily based on the county government's persistent failure to comply with an arbitral award to the proprietor of Leopard Rock Mico Limited. Although the original award was Ksh. 337,070,485, the debt had grown to approximately Ksh. 642.9 million as of July 2025 due to a 14% annual interest rate. As at the reporting date, the county had only paid Ksh. 200 million;
 - b) the county government's inaction constitutes a serious material breach under the PFM Act. Additionally, the stoppage complies with constitutional provisions- it does not exceed 50% of the funds due to the county and is legally restricted to a maximum duration of 60 days unless extended by Parliament;
 - c) the stoppage of the funds has a solid legal basis because the county government has exhausted all legal avenues for appeal and has no further grounds to avoid payment. The report highlighted a disconnect between stated intention and budgetary action, noting that while the county government acknowledged the debt in its 2024 Debt Management Strategy Paper, it failed to make

corresponding budgetary provisions in its FY 2025/26 Pending Bills Action Plan;

- d) the county government's failure to settle the debt exposes the country to international diplomatic risk. This is due to the principles of international law that could hold the National Government responsible for the county government's default;
- e) while a stoppage carries inherent risks to essential services like health and education, the responsibility for this disruption rests primarily with the county government for failing to meet its legal obligations;
- f) the Senate should uphold the Cabinet Secretary's decision to stop the funds. As a condition for releasing the withheld money, the CoB proposed that the county government must prepare a comprehensive, time-bound Recovery Plan pursuant to section 99 of the PFM Act, identifying specific mechanisms for full settlement of the award;
- g) the county government should be directed to engage the investor to negotiate a structured payment that stops the accrual of interest and ensure that the FY 2026/27 budget estimates include adequate provisions for the debt;
- h) the Senate should recommend to the National Treasury to issue guidance to all counties on management of similar liabilities to prevent future occurrences; and
- i) all procedural requirements for the stoppage were met. The office of COB committed to monitoring the situation and would report to Parliament on the county's compliance with the proposed recovery plan.

3.3 Submissions by the County Government of Meru

20. The County Executive of Meru submitted the following;

- a) The dispute originated from a 25-year lease agreement signed on October 3, 2008, between the defunct Nyambene County Council and Leopard Rock Mico Limited for the establishment of Leopard Rock Lodge. The conflict arose when the county issued a six-month notice for the lessee to vacate the premises, leading to various court cases and subsequent arbitral proceedings.

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- b) That an arbitral award was issued on December 19, 2019, in favor of Leopard Rock Mico Limited for Ksh. 337,317,985 plus costs of reference. Subsequent judicial actions, including a judgment by the High Court in January 2021, increased the total decree and interest to approximately Ksh. 445,025,378.
 - c) While interim stay orders prevented payments between 2019 and June 2022, there has been significant efforts to settle the debt. The arbitral award was included in the Meru County Debt Management Strategy Paper (CDMSP) 2024 as a contingent liability and that a total of Ksh. 200,000,000 had already been paid to the claimant's counsel through four installments between September 2023 and March 2025.
 - d) the National Government, through a presidential directive, agreed to take over the settlement of the remaining liability following a request from the county's leadership. The responsibility for negotiating a final settlement was assigned to the Ministry of Investments, Trade and Industry.
 - e) multi-agency negotiation meetings were held in July 2025, where the National Government offered an all-inclusive payment of Ksh. 200 million. However, the applicant rejected this, providing a counteroffer of Ksh. 320 million, which led to a deferral of negotiations to a later date for further consultation between the Office of the Attorney General and the applicant's counsel.
 - f) The Cabinet Secretary, National Treasury's request to stop fund transfers failed to disclose material facts such as the ongoing execution proceedings and the fact that the National Government had already taken over the liability. They further contended that the National Treasury did not properly assess the need for intervention as required by section 93 and 94 of the Public Finance Management Act, noting that their prior payment of Ksh.200 million demonstrated that they were not in serious or persistent material breach.
 - g) the county executive and county assembly withheld budgeting for this liability because it had been publicly and officially taken over by the National Government's Ministry of Investments, Trade and Industry. They maintained that any delay in payment by the Ministry should not be interpreted as an inability or refusal by the county government to pay.

- h) the Senate should disregard the proposed stoppage of funds, as it would ignore the tangible measures already taken and the active engagement of the National Government. They requested an opportunity to make budgetary provisions for the award in the Financial Year, 2026/2027, in consultation with the county assembly, should the National Government takeover not be finalized.
- i) the stoppage of funds should be suspended as it has severely paralyzed county operations and the delivery of essential services. This will allow the conclusion of the Ministry of Trade and Industry's takeover process before taking any further action against the county's exchequer releases.

3.4 Submissions by Manyonge Wanyama & Associates LLP

21. Manyonge Wanyama & Associates LLP, the legal representative of the aggrieved investor, vide a letter dated 6th May 2026 submitted the following. That—

- a) in 2001, Mr. Michel Jean Andre Dechauffour and his wife, Corine Dechauffour, invested in Kenya by paying USD 550,435.910 to the International Finance Corporation (IFC) to cover the indebtedness of Meru Park Adventure Limited, a transaction that involved the defunct Nyambene County Council. Thereafter, the Dechauffour's signed a lease with Nyambene County Council to operate Leopard Rock Lodge at Meru National Park and subsequently invested heavily in the lodge, with valuations done during arbitration indicating investments of up to Ksh. 650 million.
- b) On 21st September 2013, Mr. Dechauffour tragically lost his wife and daughter in the Westgate Shopping Mall terrorist attack. Following this incident, officials of the County Government of Meru believed Mr. Dechauffour would abandon the lodge and thereafter intensely frustrated his attempts to run it. In 2018, the Governor of Meru, Hon. Kiraitu Murungi, , asked Mr. Dechauffour to vacate the lodge without compensation. When the firm commenced arbitration proceedings as required by the law, the County Government forcibly evicted Mr. Dechauffour.
- c) That arbitration was concluded and the County Government of Meru was ordered to pay Mr. Dechauffour's company, Leopard Rock Mico Limited, the sum of Ksh.337 million plus interest and costs, which had since accumulated to

Ksh.680,751,390.24 inclusive of interest and taxed litigation costs. The firm further reported that all efforts by the county government to appeal the decree had been rejected by both the High Court and the Court of Appeal.

- d) On 27th March 2025, the High Court at Meru ordered the County Government to pay Kshs. 50 million by 30th June 2025 and to file in court a payment plan for the balance of the decretal sum, but the County Government did not comply with these court orders. However, as of 6th May 2026, the county government had paid Ksh.200 million, leaving an outstanding balance of Ksh.480,751,390.24 due to their client.
- e) the County Government informally approached the President to help and he publicly stated that the National Government would assume liability.
- f) Officers from the county government had been arrested for contempt of court but were released on bond pending intervention by the National Government. The matter was scheduled for mention in court on 11th May 2026 to confirm the progress of these interventions.
- g) due to existing legal requirements including the Foreign Investment Act, Cap. 518, and specifically the Declaration of Special Arrangements for the Reciprocal Promotion and Protection of Investments, 2009 which protects investments by French nationals and companies in Kenya, the Government had a legal obligation to promptly compensate French nationals who invest in Kenya when their assets are expropriated. Pursuant to these provisions, Mr. Dechauffour brought the matter to the attention of the President of France and the French Embassy in Nairobi seeking an expedited resolution.
- h) The President of France, in turn, raised the issue with the President of Kenya on multiple occasions, stating that failing to secure prompt and full compensation, the Government of Kenya had breached the Treaty as well as the Declaration of Special Arrangements for the Reciprocal Promotion and Protection of Investments, 2009. This position was an embarrassment to Kenya at the bilateral level.
- i) The firm sought the intervention of the Senate to direct that their client be promptly paid the outstanding balance of Ksh. 480,751,390.24, which was due as of 6th May, 2026, noting that interest continues to accrue.

3.5 Submissions by the Office of the Auditor-General

22. The Office of the Auditor-General (OAG) vide a letter dated 28th April, 2026 submitted the following. That-

- a) over the last three financial years, the Office has consistently raised audit observations on the financial statements of the County Government of Meru regarding the contingent liability owed to Leopard Rock Mico Limited. In each instance, the Management failed to provide a complete schedule of contingent liabilities reflecting estimated amounts, taxed amounts, fee notes paid, status of cases, and unpaid balances concerning litigations affecting the County.
- b) In Financial Year 2024/25, the County Government made a payment totalling Kshs.140,507,214, which included an amount of Kshs.100,000,000 as part payment of the contingent liability. However, Management did not deduct withholding tax from the advocate as required by law. A further Kshs.40,507,214 in legal payments was not disclosed in the financial records, not budgeted for, and no explanation was provided on how unapproved expenditure was paid without a budget.
- c) a total of Kshs.200,000,000 was paid to the Claimant through their Counsel in four instalments between September 2023 and March 2025, and that this payment was captured in the Meru County Debt Management Strategy Paper (CDMSP) 2024. As at August 2025, the outstanding certified amount stood at Kshs.442,868,898 due to the continued accrual of interest at 14% per annum.
- d) Notwithstanding the County Government's acknowledgement of the debt in the CDMSP 2024, the approved budget for FY 2025/26 made no budgetary provision for the contingent liability owed to the Company. The County Assembly of Meru approved a budget that excluded this liability, placing the agreed payment plan at risk and contributing to the further accumulation of interest.
- e) The County Government has been sued severally, and many cases remain in court, the details of which have remained undisclosed in the county's financial records. The OAG noted that this points to a broader pattern of financial non-disclosure beyond the Leopard Rock Mico Limited matter, raising concerns about the completeness and transparency of the county's financial reporting.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS AND FINDINGS

4.1 Observations

23. The Committee having considered the request for approval of stoppage of transfer of funds to the County Government of Meru, and submissions from relevant stakeholders made the following observations. That—

- a) an arbitral award of Ksh.339,070,485 was issued on 19th December, 2019, in favour of Mr. Michel Dechauffour, the proprietor of Leopard Rock Mico Limited with interest accruing at the rate of 14% per annum from 8th March, 2019;
- b) The facts underlying the stoppage of funds by the Cabinet Secretary relate to the outstanding payment of an arbitral award by the County Government of Meru to the proprietor of Leopard Rock Mico Limited. The arbitral award was given in 2019 and while there were several attempts by the County Government of Meru to appeal, these attempts were unsuccessful. There is therefore a pending financial obligation on the County Government of Meru to pay the arbitral award and the applicable interest.
- c) As confirmed by the Auditor-General and the Controller of Budget, the County Government of Meru had paid Ksh.200 million towards settlement of the arbitral award. These payments had been made in four installments made between 21st September, 2023 and 21st March, 2025.
- d) The County Government had included the outstanding payment in their CDMSP 2024. However, the County failed to make corresponding budgetary provisions in its FY 2025/26 Pending Bills Action Plan;
- e) There had been several attempts by various national government agencies to offer assistance to the county government to resolve this matter. These interventions included a convening, by the Solicitor-General, of meetings of an inter-agency task force which recommended a conditional grant from the national government to the county government to offset the outstanding amount; and a multi-agency negotiation meeting of the Ministry of Investments, Trade and Industry, the

Attorney-General, the Ministry of Foreign Affairs, the County Government and the legal representatives of Mr. Dechauffour to explore payment options;

- f) In February 2024, the County Government made a formal request to the National Treasury to issue a conditional grant to offset the outstanding payment. The National Treasury denied this request on the basis of budgetary constraints, contravention of existing legal and regulatory framework and setting a precedent for other county governments to seek the national government's intervention in settling pending bills. However, in its submission to the Committee on 7th May, 2026, the National Treasury indicated that the decision to stop the transfer of funds was an opportunity for the national government to intervene by entering into an intergovernmental agreement for the national government to settle the arbitral award. Consequently, the requested the Senate to amend the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026), to include a conditional allocation of Ksh.139 million to Meru County Government;
- g) Whereas the National Treasury has committed to pay the outstanding principal sum of Ksh.139 million, they indicated to the Committee that the accrued interest will be subject to diplomatic negotiations between the Ministry of Foreign Affairs, the Ambassador of France and Mr. Dechaffour for a waiver of all accrued interest;
- h) The power of the Cabinet Secretary, under Article 225(3) of the Constitution as read together with section 96(1) of the PFM Act, is tempered by several safeguards. In the first instance section 93(4) of the Act contemplates that the Cabinet Secretary shall take into account all relevant facts before acting. In the present case and at the effective date on which the Cabinet Secretary stopped the transfer of funds , the County Government had paid Ksh.200 million towards the settlement of the award. Additionally, engagements between the Ministry of Investments, Trade and Industry, Ministry of Foreign and Diaspora Affairs and the County Government, had created a legitimate expectation that the national government would assist in meeting this financial obligation;
- i) Article 225(3)(a) of the Constitution provides for the two conditions upon which the Cabinet Secretary may stop the transfer of funds to a State organ or any other

public entity. These conditions are only for a serious material breach or persistent material breach. Section 93(3) of the PFM Act provides for the specific instances where a county may be deemed to be in serious material breach or persistent material breach. These are where a county government does not operate a financial management system or fails to meet its financial commitments under the Constitution or the PFM Act.

- 
- j) While ostensibly it would seem that the condition under section 93(3)(b) of the PFMA has been satisfied and the action of the Cabinet Secretary justified, the steps taken by the County Government to settle the liability must also be brought to bear on the decision of whether to approve the stoppage of transfer of funds. Indeed Article 225(7) of the Constitution requires that the relevant parliamentary committee gives an opportunity to a public entity to answer its allegations and state its case. This requirement is not merely to satisfy the principles of fair administrative action but to ensure that in considering whether to approve the decision of the Cabinet Secretary, Parliament is informed of any circumstances that may mitigate against the exercise of that power under Article 225(3).
- k) The Constitution and the PFM Act provide other mechanisms for the supervision of 1 for the prudent management of public funds. For instance, Article 190(3) of the Constitution provides that “Parliament shall, by legislation, provide for intervention by the national government if a county government is unable to perform its functions”. This includes meeting financial commitments in the discharge of devolved functions.
- l) Section 92(3)(a) and (b) of the PFM Act further provides that *“If a State organ or other public entity encounters a serious financial problem or anticipates serious challenges in performing its financial function or meeting its financial commitments, it shall immediately seek solutions to resolve the financial problems; and notify the Cabinet Secretary or the CEC member for finance where the State organ is a county government organ”*. The county government had informed the National Treasury of its inability to pay the arbitral award in 2024 and requested the national government for a conditional grant to settle. On this basis, the National
- 

Treasury should have considered alternative means of intervention in the matter including informing the Senate as the apex institution exercising oversight over county governments under Article 96(3) of the Constitution before making the decision to stop the transfer of funds to the County Government of Meru.

- m) The Cabinet Secretary exercised the power to stop funds under Article 225(3) and section 96(1) of the PFM Act to stop the transfer of funds to the County Government of Meru on the basis that county government was unable to meet its financial commitments with respect to an outstanding payment. However, the issue of county governments failing to meet their financial commitments including the settlement of pending bills is ubiquitous. Indeed, the County Governments Budget Implementation and Review Report for FY 2025/26, the Controller of Budget reported that the County Governments cumulative outstanding trade payables of Ksh.163.74 billion as of 31st December, 2025. Cognisant that the Constitution contemplates that all persons are equal before the law, the interventions by the Cabinet Secretary should be holistically considered and appropriate action taken to safeguard the interests of all citizen and foreigner suppliers of goods and services any other persons who is lawfully owed by the counties and not a piecemeal intervention on a case by case basis.

4.2 Recommendations

24. The Committee having considered the request for approval of stoppage of transfer of funds to the County Government of Meru, and deliberations with relevant stakeholders', recommends that-
- a. the Senate does not approve the decision of the cabinet Secretary to stop the transfer of funds to the County Government of Meru; and
 - b. the national government, through the National Treasury, grant the County Government of Meru a conditional grant in FY 2026/27 for the settlement of the outstanding principal award of Ksh.139 million and all accrued interest thereon.

LIST OF APPENDICES

Appendix 1: Minutes of the Committee Proceedings

Appendix 2: Cabinet Secretary Request for approval of stoppage of transfer of funds

Appendix 3: Copies of stakeholders' submissions



Appendix 1: Minutes of the Committee Proceedings





MINUTES OF THE TWO HUNDRED AND SEVENTY-SECOND (272ND) HYBRID MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON TUESDAY, 12TH MAY, 2026 IN COUNTY HALL, MINI CHAMBER AT 1:30 P.M.

PRESENT

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

ABSENT WITH APOLOGY

- | | | |
|--------------------------------------|---|--------|
| 7. Sen. (Dr.) Boni Khalwale, CBS, MP | - | Member |
| 8. Sen. Richard Momoima Onyonka, MP | - | Member |
| 9. Sen. Shakila Abdalla Mohamed, MP | - | Member |

SECRETARIAT

- | | | |
|----------------------------|---|-------------------------|
| 1. Mr. Christopher Gitonga | - | Clerk Assistant |
| 2. Ms. Beverlyne Chivadika | - | Clerk Assistant |
| 3. Ms. Lucy Radoli | - | Legal Counsel |
| 4. Mr. Michael Kioko | - | Fiscal Analyst |
| 5. Mr. Stanley Gikore | - | Media Relations Officer |
| 6. Mr. Godana Mamo | - | Sarjeant- At-Arms |
| 7. Ms. Rose Ometere | - | Audio Officer |
| 8. Ms. Angelica Wachira | - | Protocol Officer |

MIN/SEN/SCF&B/1588/2026

PRELIMINARIES

The Chairperson called the meeting to order at 1.45 p.m. This was followed by a word of prayer and introduction.

MIN/SEN/SCF&B/1589/2026

ADOPTION OF THE AGENDA

The agenda was adopted having been proposed by Sen. Eddy Gicheru Oketch, MP. and seconded by Sen. Mohamed Faki Mwinyihaji, CBS, MP, as listed-

1. Prayer;
2. Introduction;
3. Adoption of the Agenda;
4. Consideration and adoption of the report on the stoppage of transfer of funds to the County Government of Meru- *-(Committee Paper No.175B)*
5. Any other Business; and
6. Adjournment and Date of the Next Meeting.

MIN/SEN/SCF&B/1590/2026

**CONSIDERATION AND ADOPTION OF THE
REPORT ON THE STOPPAGE OF TRANSFER OF
FUNDS TO THE COUNTY GOVERNMENT OF
MERU -(COMMITTEE PAPER NO.175B).**

- A. The Committee considered the report and made various observations including-
- a) An arbitral award of Ksh. 339,070,485 was issued on 19th December, 2019, in favour of Mr. Michel Dechauffour, the proprietor of Leopard Rock Mico Limited with interest accruing at the rate of 14% per annum from 8th March, 2019.
 - b) Stoppage of funds by the Cabinet Secretary arose from the outstanding payment of an arbitral award issued in 2019 against the County Government of Meru in favour of the proprietor of Leopard Rock Mico Limited. Although the County Government made several attempts to appeal the award, the appeals were unsuccessful, leaving a pending financial obligation against the County Government.
 - c) As confirmed by the Auditor-General and the Controller of Budget, the County Government of Meru had paid Ksh.200 million towards settlement of the arbitral award.
 - d) There were several interventions by national government agencies to assist the County Government in resolving the matter, including inter-agency meetings convened by the Solicitor-General which recommended a conditional grant to offset the outstanding amount, as well as multi-agency negotiations involving relevant ministries, the County Government and the legal representatives of Mr. Dechauffour to explore payment options.
 - e) Whereas the National Government through the National Treasury has committed to pay the outstanding principal sum of Ksh.139 million. The accrued interest will be subject to diplomatic negotiations between the Ministry of Foreign Affairs, the Ambassador of France and Mr. Dechaffour for a waiver;
 - f) The power of the Cabinet Secretary, under Article 225(3) of the Constitution as read together with section 96(1) of the PFM Act, is tempered by several safeguards. In the first instance section 93(4) of the Act contemplates that the Cabinet Secretary shall take into account all relevant facts before acting. In the present case, the County Government had paid Ksh. 200 million towards the settlement of the arbitral award and on the reliance of an undertaking that the National Government would take up the obligation, the county

had a legitimate expectation that the national government would assist in the payment of the remainder of the award;

- B. The Committee resolved to adopt the report with the recommendation that the Seante should not approve the stoppage of transfer of Funds to the County Government of Meru.
- C. The report was unanimously adopted having been proposed by Sen. Maureen Tabitha Mutinda, CBS, MP. and seconded by Sen. Mohamed Faki Mwinyihaji, CBS, MP

MIN/SEN/SCF&B/1591/2026

ADJOURNMENT AND DATE OF THE NEXT MEETING

The meeting adjourned at 2:25 p.m. The next meeting shall be held on Thursday, 14th May, 2026 at 9:00 a.m.

SIGNATURE: ...  DATE: ...12th May, 2026...

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

(CHAIRPERSON)



Appendix 2:

Cabinet Secretary Request for approval of stoppage of transfer of funds





REPUBLIC OF KENYA
THE NATIONAL TREASURY



Telegraphic Address: 22921
FAX NO. 310833
Telephone: 2252299
When Replying Please Quote

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

Ref No. IGFR/MERU/A (17)

15th April 2026

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



① DC (EG)
DLPS

VERY URGENT

Please deal

MA

20/4/26

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

Dear

Jeremiah

**RE: REQUEST FOR APPROVAL OF STOPPAGE OF FUNDS TRANSFER TO THE
COUNTY GOVERNMENT OF MERU PURSUANT TO SECTION 96 OF THE
PUBLIC FINANCE MANAGEMENT ACT, CAP. 412A AND ARTICLE 225 OF THE
CONSTITUTION OF KENYA FOR SERIOUS MATERIAL BREACH**

Reference is made to the our Letter Ref: IGFR/MERU/A(13) dated 27th March 2026 to the County Executive Committee Member for Finance for the County Government of Meru on the above subject matter. (Copy attached)

The County Government of Meru in 2018, evicted a French investor Mr. Michel Dechauffour of Leopard Rock Mico Limited from an active long term lease at the Meru National Park. The dispute was referred for arbitration in accordance with provisions of the lease agreement. On 19th December 2019, the High Court of Meru awarded Mr. Michel Dechauffour a sum of KSh. 339,070,485 with interest accruing at 14 percent per annum from 8th March 2019 as compensation for investments made on the leased property. Appeals by the County Government against the arbitral award were unsuccessful. Despite advisories from the National Government entities including the National Treasury, the Attorney General and the Office of the Controller of Budget, the County made a payment of only KSh. 20 Million in the 2023/24 financial year, with no further payments made thereafter.

③ Mr. Gitonga
Kindly bring this to
u.e. Urgent Attention of
Finance Committee
21/04/26

② DSEC
Please deal

20/4/2026

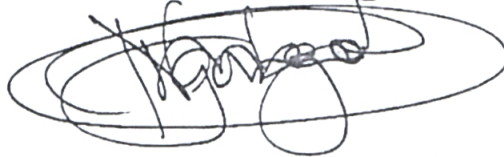
The inaction by the County Government of Meru, coupled with its failure to pay the arbitral award to **Mr. Michel Dechauffour of Leopard Rock Mico Limited**, exposes public funds to further potential risk of loss due to accumulating interest and continues to strain bilateral relations between Kenya and France. This inability to pay the arbitral award demonstrates a failure by the County Government to make payments as and when due, thereby defaulting on the County's financial obligation as set out in Section 94(1)(a)(i) and (ii) of the Public Finance Management Act (PFMA), Cap 412A, which constitutes a **serious material breach**.

By the powers conferred by the Public Finance Management Act (PFMA), Cap 412A, I have invoked provisions of Section 96(1) of the PFMA in accordance with Article 225(3) of the Constitution on stoppage of funds transfer to the County Government of Meru, **effective 10th April 2026**. This action is taken to ensure the County Government adheres to prudent and responsible financial management as enshrined in Article 201 of the Constitution. Funds withheld during the stoppage period will be released in full upon resolution of the breach or as directed by Parliament, while adhering to constitutional and statutory safeguards.

The Purpose of this letter therefore is to inform you of this decision for your approval in accordance with the provisions of Section 97(2) of the Public Finance Management Act, 2012.

Yours

Sincerely

A handwritten signature in black ink, appearing to read 'John Ng'ongo Mbadi', enclosed within a large, loopy oval flourish.

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



Appendix 3:

Copies of

stakeholders'

submissions



REPUBLIC OF KENYA

THE NATIONAL TREASURY

NATIONAL TREASURY SUBMISSION ON THE REQUEST FOR APPROVAL OF STOPPAGE OF TRANSFER OF FUNDS TO THE COUNTY GOVERNMENT OF MERU BY THE CABINET SECRETARY TO THE NATIONAL TREASURY TO THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET ON THURSDAY, 30TH APRIL, 2026 AT THE GROUND FLOOR BOARDROOM, COUNTY HALL, PARLIAMENT BUILDING NAIROBI.

1. Introduction

Hon. Chairman and Honorable Members, it is my pleasure and honor to present the submissions of the National Treasury regarding the **request for approval of stoppage of funds transfer to the County Government of Meru due to serious material breach** in accordance to section 96(1) of the Public Finance Management Act, Cap 412A and Constitution of Kenya. Article 225(3).

2. Background on the Dispute and Arbitration

Hon. Chairman, in 2018 the County Government of Meru evicted Mr. Michel Dechauffour a French national and investor operating through Leopard Rock Mico Limited from a long term lease in Meru National Park. This eviction contravened a lease agreement between the defunct Nyambene County Council and Mr. Dechauffour's company.

Leopard Rock Mico Limited sought arbitration for compensation for the investments made on the property prior to the eviction. On 19th December, 2019 the High Court in Meru issued an arbitral award, granting Mr. Michel Dechauffour a sum of **KSh. 339,070,485**, with interest accruing at a rate of **14 percent per annum** from 8th March 2019. The County Government of Meru subsequently filed appeals against this award in both the High Court in Meru and the Court of Appeal in Nyeri, both of which were unsuccessful.

3. National Government Intervention

Hon. Chairman and Honorable Members, the National Government became involved on this matter after it was brought up by the French President during a meeting in Berlin, Germany,

between His Excellency the President of Kenya and His Excellency Emmanuel Macron, the President of France. Following this meeting, His Excellency the President directed the Attorney General to convene the relevant National Governments departments and advise the County Government on modalities for settling the outstanding amount.

Hon. Chairperson and Honorable Members, the following outlines the various efforts initiated made by the National Government after the meeting of the President of Kenya and his French counterpart.

- a. To implement this directive, the Solicitor General through **letter Ref: AG/CONF/3/B//289 VOL. III dated 17th January 2024**, convened an inter-agency meeting on 15th February 2024 to discuss the matter. During this inter-agency meeting, the County Government acknowledged the debt but indicated it lacked sufficient budgetary provisions to settle the payment in full. The inter-agency technical team recommended that the County Government of Meru **formally request a loan or conditional grant from the National Government to settle the debt**. It was further noted that the **National Government assuming responsibility for the debt could set a precedent for other counties** with outstanding debts. In addition, the inter-agency team advised that should the National Government take over the debt, it should be formalized within an intergovernmental agreement outlining recovery mechanisms of the amount paid from the County Government by the National Government. *(See Annex 1, 2&3)*
- b. In the invitation letter to the inter-agency meeting, the Solicitor General disclosed that the Attorney General's office had previously communicated with the Governor of Meru on 19th December 2023. This earlier correspondence provided guidance on the matter, urging the County Government to seek an immediate resolution for the payment to Mr. Dechauffour. The Governor was informed of the potential ramifications of non-payment, **including its impact on National Government projects funded by the French Government**. *(See Annex 1)*
- c. The County Government of Meru vide letter Ref: CGM/GVN/COR/VOL.1/ (92) dated 16th February 2024 **formally requested a conditional grant** from the Cabinet Secretary for National Treasury and Economic Planning, to offset the arbitral award. This request cited **inadequate budgetary allocations to settle the debt immediately**, due to rising wage bill within the County. *(Annex 4)*. The arbitral award of **KSh. 339,070,985** is accruing interest at 14 percent per annum and all avenues for appeal had been exhausted. It further

acknowledged that the debt has accrued interest approximated at **KSh. 600 million** as of the date of the letter. Additionally, the **County Government expressed cognizance of its obligation to settle all legally owed debts** to third parties, notwithstanding the prevailing financial constraints.

- d. In response to the request, the National Treasury through letter Ref: IGFR/CG/02/C/ (06) dated 23rd February, 2024, **declined** the County Government of Meru's formal request for a loan or conditional grant to settle the arbitral award. The decline cited **prevailing economic conditions and budgetary constraints** at the National Government. The County was advised to renegotiate with the claimant through the Attorney General's Office to establish a long term repayment plan mutually agreeable to both parties. (Annex 5)
- e. The Office of the Controller of Budget in letter Ref: COB/AG/002/2(76) dated 18th March 2026 addressed to the Solicitor General and copied to the National Treasury and the County Executive Committee Member for Finance in Meru County offered detailed guidance on how the matter could be resolved by the County Government. The letter further stated that the office would recommend to the Cabinet Secretary for National Treasury to stop transfer of funds to the County Government due to serious material breach if the County Government was unable to settle the arbitral award. (See Annex 6)
- f. The State Department for Foreign Affairs, within the Ministry of Foreign Affairs in letter Ref: MFA.REL/6 VOL.5 (4) dated 18th September 2024 addressed to Chief of Staff and Head of Public Service with a copy to the Principal Secretary for the National Treasury requested for authorization to commit the National Government to take over the debt. It further **indicated that the French Ambassador was willing to engage Mr. Michel Dechauffour to waive interest, contingent upon the National Government formally committing to take over the debt.** The National Treasury in response, advised against the National Government assuming the debt, citing potential contravention of existing legal and regulatory frameworks and setting precedent to other County Governments with pending bills. (See Annex 7)

4. Consequences of Continued Non-Settlement

Hon. Chairman and Honorable Members, the continued non-settlement of the arbitral award is detrimental to the fiscal sustainability of the County Government and foreign relations between Kenya and France. The notable consequences include:

- a) **State Responsibility Attribution:** International law recognizes the concept of **State Responsibility Attribution**, whereby certain actions of government agencies may be considered '**acts of state**', thereby capable of giving rise to **State responsibility**. This therefore makes this matter of great importance and the need for urgent intervention. (*Annex I*)
- b) **Bilateral Relations and effect on Kenya's Credit Rating:** The Republic of Kenya and the French Republic are signatories to a Bilateral Investment Treaty (BIT), which if invoked by Mr. Michel Dechauffour on grounds of denial of justice, could result in a **higher award and penalties**, ultimately affecting **Kenya's relations with France** and potential effect on **Kenya's' credit rating**. (*Annex I*).
- c) **Accrued Interest:** The arbitral award continues to accrue interest at a rate of 14 percent per annum, which raises concerns about the risk to public resources resulting from continued non-payment. With the current pace of settlement, the total interest payments along with the principal are expected to exceed **KSh 650 million**, **resulting** in the government incurring losses nearly equivalent to the principal amount due in interest payments.

5. Current Status of Settlement of the Arbitral Award

Hon. Chairman and Honorable Members, we acknowledge the efforts of the County Government in aligning its fiscal frameworks towards the settlement of the arbitral award. The Meru County Debt Management Strategy Paper (CDMSP) 2024 identified KSh. 650 **million** as contingent liabilities payable to Leopard Rock Mico Limited, with **KSh. 100 million** proposed for allocation in FY 2023/24. Further, the County intended to allocate the remaining **KSh. 550 million**, with **KSh. 174 million** earmarked for FY 2024/25 and **KSh. 376 million** for FY 2025/26. However, despite this acknowledgment and the provisions detailed in the CDMSP 2024, the County Government of Meru's pending bills action plan for FY 2025/26, submitted to the Office of the Controller of Budget in September 2025, does not reflect the proposed payments outlined in the CDMSP 2024 a fiscal year during which this matter is expected to be fully resolved. (*Folios 5 and 6*)

In light of the omission of this pending bill in the action plan, the National Treasury vide letter Ref: **IGFR/LM/01/A (15)** dated 19th January 2026 wrote to the County Executive Committee Member for Finance requesting an update on the settlement of the matter. The letter also requested information and documentation to confirm the status. As of the date of

notification of stoppage to the County Government, the National Treasury had not received any update or response from the County Government on the matter. *(See Annex 8)*

Hon Chairman, following the notification to stop funds transfer to the County addressed to the County Executive Committee Member and copied to the County Governor, the County Government responded through **letter Ref No. CGM/FIN/NT&EP/001/2026 dated 14th April 2026** arguing that they didn't receive the letter requesting for an update on the settlement of the award from the National Treasury. We also note that this response was received after the National Treasury had formally notified Parliament and the Office of the Controller of Budget on the decision to stop funds transfer to the County Government. In this letter, the County Government reported that it had made payments through the legal representatives of Leopard Rock Mico Limited amounting to **KSh. 200 million** with an outstanding balance of **KSh. 442,868,897.68** as of August 2025. The County Government has indicated that it is unable to settle outstanding balance and is awaiting support from the National Government through the Ministry of Investments, Trade, and Industry *(see annex 9)*

6. Basis for Serious Material Breach by the County Government of Meru

Honorable Chairman and Honorable Members, the ongoing delays in the payment of the arbitral award and the County Governments failure to fully settle this longstanding obligation are clear indicators of significant fiscal challenges within the County Government.

Section 93 of the Public Finance Management Act (PFMA), Cap 412A, outlines the criteria for assessing whether a State organ including a county government or entity meets the conditions for intervention as stipulated in Article 225 of the Constitution. Section 93(3) (b) of the PFMA provides that if a county government '*is unable to meet its financial commitments as set out in the Constitution or this Act, this shall constitute a serious material breach or persistent material breach for purposes of stopping transfer of funds under Article 225(3) of the Constitution*'. Furthermore, **Section 94** of the act details the factors that may indicate serious material breach or persistent material breach, either singularly or in combination. Additionally, **Section 96(1)** of the Public Finance Management Act, Cap 412A empowers the Cabinet Secretary for the National Treasury to stop funds to a county government due to serious or persistent material breaches.

In light of the above, the County Government of Meru has committed a **serious material breach** due to its **failure to make payments for the arbitral award as and when it fell due,**

thus defaulting on its financial obligation as set out in section 94(1)(a)(i) and (ii) of the Public Finance Management Act, Cap 412A.

7. National Treasury Proposed Modality of Settlement and Recovery

Hon. Chairman and Hon. Members, the decision to stop funds transfer to the County Government of Meru due to serious material breach marks our initial step in preventing further loss of public funds through accrued interest rates. This action will provide an opportunity for the National Government to intervene.

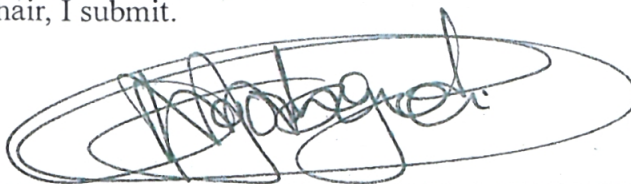
The proposed intervention will entail the National Government entering into an intergovernmental agreement in the form of a recovery plan, whereby the National Government will settle the arbitral award, allowing the county Government to repay in a manner that does not compromise service delivery. The National Treasury does not intend to stop the transfers beyond the timeframe established in law or as guided by this committee, during which an appropriate recovery plan will be collaboratively developed with the County Government.

8. Conclusion

I extend my gratitude to this esteemed committee for the opportunity to present my submission on this matter. I urge you to consider this submission with the aim of preventing further loss of public funds due to accruing interest and safeguarding the County from potential inability to provide devolved services as a result of the weight of the arbitral award. We remain available to assist the Committee as needed during this process.

Lastly, and most importantly, the National Treasury is fully committed to supporting county governments in fulfilling their functions in accordance with the Constitution, the Public Finance Management Act, Cap 412A and all other relevant laws to promote prudent financial management.

Hon. Chair, I submit.



HON.FCPA JOHN MBADING'ONGO, EGH
CABINET SECRETARY



Office of the Controller of Budget

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REF: COB/SEN/002/VOL.V1(12)

27th April 2026

Mr. Jeremiah Nyegenye, CBS
Clerk of the Senate
Parliament Buildings
csenate@parliament.go.ke
NAIROBI

Dear *Mr. Nyegenye*

RE: REQUEST FOR APPROVAL OF STOPPAGE OF TRANSFER OF FUNDS TO THE
COUNTY GOVERNMENT OF MERU

Reference is made to your letter Ref: SEN/DSEC/F&B/2026/055(a) dated 23rd April 2026, inviting this office to a meeting with the Standing Committee on Finance and Budget to deliberate on the approval of the stoppage of transfer of funds to the County Government of Meru by the Cabinet Secretary, National Treasury and Economic Planning.

Please find attached our submission to the Committee for your consideration.

Yours *sincerely,*

FCPA Stephen Masha, EBS
FOR: CONTROLLER OF BUDGET



Office of the Controller of Budget

REPORT OF THE CONTROLLER OF BUDGET ON THE STOPPAGE OF TRANSFER OF FUNDS TO THE COUNTY GOVERNMENT OF MERU

PURSUANT TO ARTICLE 225(7) OF THE CONSTITUTION OF KENYA,
SECTION 97(3) OF THE PUBLIC FINANCE MANAGEMENT ACT, CAP.
412A AND SECTION 10(a) OF THE CONTROLLER OF BUDGET ACT,
CAP. 429

*Submitted to the Senate Standing Committee on Finance and Budget,
Republic of Kenya*

April, 2026

ACRONYMS

COB	Controller of Budget
CS	Cabinet Secretary
CDMSP	County Debt Management Strategy Paper
OCOB	Office of the Controller of Budget
PFMA	Public Finance Management Act (Cap. 412A)
PFMR	Public Finance Management (County Governments) Regulations, 2015

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EXECUTIVE SUMMARY

The Office of the Controller of Budget (OCOB) submits this Report to the Senate of the Republic of Kenya pursuant to Article 225(7) of the Constitution of Kenya, Section 97(3) of the Public Finance Management Act, (Cap. 412A), and Section 10(a) of the Controller of Budget Act, No. 26 of 2016 (Cap. 412C). The Report arises from the decision of the Cabinet Secretary responsible for Finance, conveyed by letter Ref. No. IGFR/MERU/A(16) dated 15th April 2026, to stop the transfer of funds to the County Government of Meru with effect from 10th April 2026.

The stoppage is based on the County Government of Meru's persistent failure to comply with the arbitral award issued by the High Court of Meru on 19th December 2019 in favour of Mr Michel Dechauffour of Leopard Rock Mico Limited, arising from the unlawful termination of a lease agreement in 2018. The arbitral award, adopted as a judgment of the court, was Ksh.337,070,485¹ with interest accruing at 14 percent per annum from 8th March 2019, the accumulated judgment debt has grown to approximately Ksh.642.9 million as of 22nd July 2025. Despite repeated advisories from the National Treasury, the Attorney General, and the Office of the Controller of Budget, the County Government paid Ksh.200 million in partial satisfaction of this debt.

The Cabinet Secretary, acting under Section 96(1) of the PFM Act and Article 225(3) of the Constitution, determined that the County Government's continued inaction constitutes a serious material breach within the meaning of Section 94(1)(a)(i) and (ii) of the PFM Act, and invoked the stoppage mechanism accordingly. The stoppage does not exceed fifty percent (50%) of funds due to the County Government, in compliance with Article 225(4) of the Constitution, and shall not exceed sixty (60) days in accordance with Article 225(5).

Having reviewed the circumstances of the stoppage, the relevant legal framework, and all material available to this Office, the Controller of Budget makes the following key findings and recommendations to the Senate:

Findings: (i) The stoppage was effected with legal basis under the PFM Act and the Constitution; (ii) the County Government has demonstrably and persistently failed to discharge its financial obligations in respect of the arbitral award, constituting a serious material breach; (iii) the accumulated interest on the unsettled award poses a growing risk to public finances; and (iv) the County Government's own Debt Management Strategy Paper, 2024 acknowledged the liability but no corresponding budgetary provision was made.

Recommendations: (i) The Senate should take note of the circumstances of the stoppage and satisfy itself as to the constitutional compliance of the same; (ii) the County Government of Meru should, in consultation with the National Treasury and the Controller of Budget, prepare a time-bound Recovery Plan under Section 99 of the PFM Act as a condition precedent to the release of withheld funds; (iii) upon adoption of an acceptable Recovery Plan, the withheld funds should be released in a structured manner tied to demonstrable progress in settling the arbitral award; and (iv) the Senate should direct the County Government to provide quarterly progress reports on the settlement of the debt to this the Controller of Budget.

¹ Based on the Certificate of Order against the Government issued by the High Court of Meru on 18th June 2021

1. INTRODUCTION

1.1 Mandate and Establishment of the Office of the Controller of Budget

The Office of the Controller of Budget is an independent constitutional office established under Article 228 of the Constitution of Kenya, and operationalised by the Controller of Budget Act, (Cap. 429). The mandate of the OCOB includes oversight and reporting on the implementation of budgets of both the National Government and the County Governments. This mandate encompasses the controlling, reporting, advisory, investigative, dispute resolution, and public sensitisation functions as elaborated under the Controller of Budget Act. CAP. 429 and the Public Finance Management Act CAP. 412A.

With respect to this Report, the relevant mandate is the advisory function of the OCOB under Article 225(7) of the Constitution, which provides that where the Cabinet Secretary responsible for Finance stops the transfer of funds to a State organ or public entity, the Senate cannot lift or sustain such stoppage before the Controller of Budget presents a report on the matter. It is in exercise of this constitutional duty that the present Report is submitted.

1.2 Purpose of the Report

This Report is submitted to the Senate in accordance with Article 225(7) of the Constitution of Kenya, Section 97(3) of the Public Finance Management Act (Cap. 412A), and Section 10(a) of the Controller of Budget Act (Cap. 429), following notification by the Cabinet Secretary responsible for Finance of the stoppage of the transfer of funds to the County Government of Meru. The Report sets out the legal framework governing the stoppage mechanism, the background and circumstances that led to the stoppage, the Office's analysis and findings, and its recommendations to the Senate.

Where the Cabinet Secretary invokes his powers under Section 97 of the PFMA, Article 225(7) and Section 97(3) of the PFMA mandate the Controller of Budget to undertake an investigation and inquire into

- a. Where the decision of the Cabinet Secretary is in accordance with the law.
- b. Whether the issues forming the basis for the stoppage of funds constitute a serious material breach or a persistent breach.
- c. Recommend to Parliament whether to uphold or rescind the decision of the Cabinet Secretary.

1.3 Scope of the Report

The Report examines the circumstances surrounding the stoppage of funds to the County Government of Meru as notified by the Cabinet Secretary's letter Ref. No. IGFR/MERU/A(16) dated 15th April 2026. It considers the arbitral dispute between the County Government and Leopard Rock Mico Limited, the history of advisories and interventions by the national institutions, the County Government's response and remedial measures, the constitutional and statutory compliance of the stoppage decision, and the conditions necessary for the release of the withheld funds.

2. LEGAL FRAMEWORK GOVERNING STOPPAGE OF FUNDS

2.1 Constitutional Provisions

Article 225(3) of the Constitution of Kenya empowers Parliament, through legislation, to authorise the Cabinet Secretary responsible for Finance to stop the transfer of funds to a State organ or any other public entity. Such authority may only be exercised for a serious material breach or persistent material breaches of the measures established under the relevant legislation. Article 225(4) provides that any such stoppage shall not exceed fifty percent (50%) of the funds due to the affected entity. Article 225(5) further provides that a stoppage may not continue for more than sixty (60) days, and that during the stoppage period, the National Treasury must seek parliamentary approval for sustaining the stoppage.

Article 225(7) provides that the Senate cannot lift or sustain any such stoppage before the Controller of Budget presents a report to Parliament on the matter. It is this provision that creates the constitutional duty underpinning the present Report. The stoppage mechanism is further informed by Article 201 of the Constitution, which enshrines the principles of transparency and accountability in public finance, and Article 189, which governs intergovernmental cooperation and financial obligations.

2.2 Statutory Framework

The Public Finance Management Act (Cap. 412A) provides the detailed statutory framework for the stoppage mechanism contemplated under Article 225 of the Constitution. Section 94 of the PFM Act prescribes the grounds that constitute a serious material breach by a county government. Specifically, Section 94(1)(a)(i) provides that a county government commits a serious material breach where it fails to pay or remit amounts due and payable, in accordance with a legal obligation or agreement, as and when they fall due. Section 94(1)(a)(ii) further provides that it constitutes a serious material breach where a county government fails to make payment to third parties in respect of financial obligations incurred.

Section 96 of the PFM Act authorises the Cabinet Secretary to stop the transfer of funds to a county government upon a finding of a serious material breach. Section 96(1) provides that the stoppage may be effected in accordance with Article 225(3) of the Constitution while, Section 96(2) requires that within seven (7) days of the decision, the Cabinet Secretary shall notify the relevant institutions, including the Controller of Budget, the Auditor-General, the Commission on Revenue Allocation, the Council of Governors, and the Senate.

Section 97 of the PFM Act governs the conduct of the stoppage period. Section 97(1) provides that the stoppage shall not exceed fifty percent (50%) of the funds due to the county government, while Section 97(5) mirrors the sixty-day constitutional limit. Section 97(3) specifically requires the Controller of Budget to submit a report to Parliament on the stoppage. Section 99 of the PFM Act provides for the preparation of a Recovery Plan as a mechanism to restore the county government to financial compliance and to release withheld funds.

The Controller of Budget Act (Cap. 429) at section 10, further reinforces the duty of the Controller of Budget to report to Parliament on matters relating to the implementation of budgets, including the circumstances of a funds stoppage.

3. BACKGROUND TO THE STOPPAGE

3.1 The Leopard Rock Mico Limited Lease Dispute

The origins of the present matter trace to a series of lease agreements entered into between Leopard Rock Mico Limited and the Nyambene County Council, the predecessor in title to the County Government of Meru in 1997. The original lease was for all the premises known as Leopard Rock Lodge, measuring forty (40) acres within the Meru National Park, for a term of twenty-five (25) years, at a monthly rent of Kenya Shillings Thirty Thousand (Ksh.30,000/-) and a daily payment of five percent (5%) of bed occupancy revenues.

The lease was subsequently superseded by a fresh Lease Agreement dated 30th October 2008, which revised the monthly rent to Kenya Shillings Sixty Thousand (Ksh.60,000/-), subject to a ten percent (10%) increment every two years, and increased the daily bed occupancy contribution to ten percent (10%) of total collections, payable monthly in arrears.

3.2 Termination of the Lease and Arbitration

In July 2018, the County Government of Meru purported to terminate the lease on the grounds that certain building plans had not received the requisite approvals. The Company disputed the termination and, in accordance with the arbitration clause in the lease agreement, referred the matter to arbitration. Following the arbitration proceedings, an arbitral award was issued on 19th December 2019 in favour of the Company. The arbitral award granted the Company a sum of Ksh.339,070,485, comprising compensation of Ksh.329,633,985 for investments made in the leased property, and Ksh.7,436,500 in respect of the cost of facilities and movable assets, with interest accruing at the rate of fourteen percent (14%) per annum from 8th March 2019.

The arbitral award was subsequently adopted as a judgment of the High Court. The County Government's appeals against the arbitral award were unsuccessful. As at the time of the Cabinet Secretary's notification to this Office, the accumulated judgment debt, including accrued interest, stood at approximately Ksh.642.9 million as of July 2025.

3.3 Attempts at Settlement and Advisories

Following the adoption of the arbitral award as a court judgment, various national institutions took steps to impress upon the County Government of Meru the urgency of settling the debt. The National Treasury issued advisories to the County Government, including a letter Ref. No. IGFR/LM/01/A(15) dated 19th January 2026, addressed to the County Executive Committee Member for Finance and copied to the Governor. The Attorney General also communicated with the County on the matter, emphasising the implications of State Responsibility Attribution under international law, given the investor's national identity and Kenya's bilateral relations with France.

In or around February 2024, the County Government wrote to the National Treasury under letter Ref. CGM/GVN/COR/VOL.1/(92) dated 16th February 2024, requesting a conditional grant from the National Treasury to settle the award, citing the County's inability to pay the full amount on account of the wage bill consuming approximately forty-nine per cent (49%) of its budget. That request was not granted by the National Treasury, citing budgetary constraints.

In 2024, the County Government included the arbitral award in its County Debt Management Strategy Paper (CDMSP), 2024, recognising it as a contingent liability. The CDMSP 2024 provided for Ksh.650 million as contingent liabilities, of which Ksh.100 million was proposed for allocation in Financial Year 2023/24, Ksh.174 million for Financial Year 2024/25, and Ksh.376 million for Financial Year 2025/26.

The County Government made a partial payment of Ksh.200 million in the Financial Year 2023/24, and FY2024/25. No further payments were made thereafter.

3.4 Notification by the National Treasury

By letter Ref. No. IGFR/MERU/A(13) dated 27th March 2026, the Cabinet Secretary responsible for Finance formally notified the County Executive Committee Member for Finance, Department of Finance, Economic Planning and ICT, of the National Treasury's decision to stop the transfer of funds to the County Government of Meru with immediate effect, citing the County Government's persistent failure to settle the arbitral award. Copies of that letter were dispatched to, among others, the Principal Secretary, State Department for Devolution; the Governor of Meru County; the Controller of Budget; the Auditor-General; the Chairperson of the Commission on Revenue Allocation; the Chief of Staff, Office of the Deputy President; and the Chief Executive Officer of the Council of Governors.

By a further letter Ref. No. IGFR/MERU/A(16) dated 15th April 2026, the Cabinet Secretary formally notified the Controller of Budget of the stoppage decision, confirming that the stoppage took effect from 10th April 2026, and was effected pursuant to Section 96(1) of the PFM Act and Article 225(3) of the Constitution. The Cabinet Secretary's letter confirmed compliance with Article 225(4) and (5) of the Constitution, in that the stoppage did not exceed fifty percent (50%) of funds due to the County Government and shall not exceed sixty (60) days.

The Cabinet Secretary further confirmed that in accordance with Section 96(2) of the PFM Act, the relevant institutions were notified within seven (7) days, that the National Treasury would forthwith seek parliamentary approval in accordance with Article 225(5)(b) and Section 97(2)-(4) of the PFM Act, and that a Recovery Plan would be prepared in consultation with the County Government under Section 99 of the PFM Act.

4. ANALYSIS AND FINDINGS

4.1 Legal Basis for the Stoppage

The Cabinet Secretary invoked Section 96(1) of the PFM Act, as read together with Article 225(3) of the Constitution, as the legal basis for stopping the transfer of funds to the County Government of Meru. Upon review of the material placed before this Office, the Controller of Budget finds that the invocation of the stoppage mechanism is legally grounded, subject to the observations set out herein.

Section 94(1)(a)(i) of the PFM Act defines a serious material breach to include a failure by a county government to pay or remit amounts due and payable in accordance with a legal obligation or agreement, as and when they fall due. Section 94(1)(a)(ii) further includes failure to make payment to third parties in respect of financial obligations incurred. The arbitral award, adopted as a judgment of the High Court, constitutes a legal obligation within the meaning of these provisions. The County Government's failure over a period exceeding six years to fully settle an award that it has not successfully challenged, having exhausted all avenues of appeal, amounts to both a serious material breach and a persistent material breach within the contemplation of Section 94 of the PFM Act and Article 225(3) of the Constitution.

The Controller of Budget further observes that the Cabinet Secretary complied with the procedural requirements under Section 96(2) of the PFM Act by notifying the relevant institutions, including this Controller of Budget, within the prescribed seven-day period. The stoppage, as notified, does not exceed fifty percent (50%) of the funds due to the County Government, in compliance with Article 225(4), and the Cabinet Secretary has committed to seeking parliamentary approval within the sixty-day window mandated by Article 225(5).

4.2 Assessment of the Breach

The Controller of Budget's assessment confirms the following material facts establishing the breach:

First, the County Government of Meru has been subject to a court-adopted arbitral award since 19th December 2019, representing a legally binding financial obligation to pay Ksh.337,070,485, with interest at 14 percent per annum from 8th March 2019. No legal basis has remained available to the County Government to resist payment, having exhausted all avenues of appeal.

Second, over a period of more than six years, the County Government has remitted Ksh.200 million, representing approximately three percent (59%) of the principal award, exclusive of accrued interest. The total judgment debt, including interest, has grown to approximately Ksh.642.9 million, with interest continuing to accrue daily, causing growing prejudice to the judgment creditor and risk to public funds.

Third, while the County Government's CDMSP 2024 acknowledged the liability and proposed a structured repayment schedule across Financial Years 2023/24, 2024/25, and 2025/26, only two financial years' proposed allocations were given effect in the respective budgets of FY 2023/24 and FY 2024/25. The County's FY 2025/26 Pending Bills Action Plan, submitted to the Controller of Budget in September 2025, omitted the proposed payments. This disconnect between stated intention and budgetary action constitutes a clear failure of financial planning obligations under Section 123 of the PFM Act.

Fourth, the failure to settle the debt exposes the Republic of Kenya to international diplomatic risk, given the nationality of the investor and the principle of State Responsibility Attribution under international law, which may hold the national government responsible for the international obligations arising from the County's default.

4.3 Compliance with Constitutional and Statutory Requirements

The Controller of Budget has examined the stoppage decision against the requirements of Article 225 of the Constitution and Sections 96 and 97 of the PFM Act. The Controller of Budget finds as follows:

- a. The stoppage is anchored on a ground of serious material breach within the meaning of Article 225(3)(a) of the Constitution and Section 94(1)(a)(i) and (ii) of the PFM Act, and separately constitutes a persistent material breach, having continued over a period exceeding six years.
- b. The requirement under Article 225(4) that the stoppage shall not exceed fifty percent (50%) of funds due to the County Government is confirmed to have been complied with. The requirement under Article 225(5) that the stoppage shall not exceed sixty (60) days has been acknowledged in the Cabinet Secretary's notification and is being monitored accordingly.
- c. The procedural requirement under Section 96(2) of the PFM Act to notify the relevant institutions within seven days was complied with.
- d. The Cabinet Secretary further committed, in the notification letter, to seeking parliamentary approval in accordance with Article 225(5)(b) and Sections 97(2)-(4) of the PFM Act, and to preparing a Recovery Plan in consultation with the County Government under Section 99 of the PFM Act. Compliance with these commitments is pending and will require monitoring.

4.4 Implications for Service Delivery

The Controller of Budget notes that a stoppage of funds transfers to a county government carries inherent risk to service delivery, particularly in areas of recurrent expenditure such as health services, education support, agriculture extension, and public works. The constitutional framework acknowledges this risk by limiting the stoppage to fifty percent (50%) of funds due to the county. The Controller of Budget urges both the National Treasury and the County Government to ensure that the remaining fifty percent of the funds transfer is channelled to protect essential services for the residents of Meru County throughout the duration of the stoppage.

The Controller of Budget further notes that the responsibility for the disruption to service delivery rests primarily with the County Government of Meru, which, through its persistent failure to settle a legally binding financial obligation, has created the conditions that necessitated the intervention of the Cabinet Secretary.

5. RECOMMENDATIONS

The Controller of Budget makes the following recommendations to the Senate:

5.1 Confirmation of the Stoppage

Upon undertaking an investigation in line with Article 225(7) of the Constitution and section 97(3) of the PFM Act, this office is satisfied that the constitutional and statutory requirements applicable to the stoppage of funds have been complied with.

The County Government of Meru is in a serious and persistent material breach as contemplated under section 94(1)(a)(i) and 94(1)(a)(ii) of the PFM Act, having failed to settle the judgment debt as and when it fell due for a period of over six years. Further, the County Government of Meru has neither settled this financial obligation despite repeated advisories, nor has it taken any tangible, concrete steps to plan how it will settle the outstanding financial obligation.

This office is satisfied that the decision of the Cabinet Secretary, National Treasury to stop the transfer of funds to the County Government of Meru is within the criteria for the stoppage of funds under section 94(1)(a)(i) and (ii) of the PFM Act and therefore recommends that the Senate uphold the decision of the Cabinet Secretary.

5.2 Preparation of a Recovery Plan

The County Government of Meru should, in consultation with the National Treasury, prepare a comprehensive and time-bound Recovery Plan pursuant to Section 99 of the PFM Act. The Recovery Plan should identify specific and binding mechanisms for the full settlement of the arbitral award, including structured payments, budgetary provisions in the FY 2026/27 County Appropriation Bill, and realistic milestones for extinguishing the judgment debt.

The Recovery Plan should be approved by the Joint Intergovernmental Technical Committee and notified to the Controller of Budget, the Auditor-General, and the Senate, as required by Section 99(1)(d) of the PFM Act.

5.3 Conditions Precedent to the Release of Withheld Funds

The withheld funds should not be released unless and until an acceptable Recovery Plan, compliant with the requirements of Section 99 of the PFM Act, has been adopted. The County Government has demonstrated, to the satisfaction of the National Treasury and the Controller of Budget, that it has commenced implementation of the plan, including the making of substantive payments towards the discharge of the arbitral award. The Senate should direct that compliance reports be submitted to the Controller of Budget quarterly.

5.4 Engagement with the Judgment Creditor

The County Government of Meru, in consultation with the National Treasury, should engage directly with Leopard Rock Mico Limited to negotiate a structured payment agreement that arrests the continuing accrual of interest, thereby limiting the exposure of public funds to further loss. Any such agreement should be incorporated into the Recovery Plan.

5.5 Budgetary Provision

The County Government of Meru should ensure that its FY 2026/27 County Fiscal Strategy Paper and Budget Estimates include adequate provision for the settlement of the arbitral award, in conformity with the Recovery Plan.

The Controller of Budget will monitor the County's compliance with this requirement through the budget review process under Section 5 of the Controller of Budget Act.

5.6 Prevention of Future Breaches

The Senate should direct the National Treasury and the Council of Governors to issue guidance to all county governments on the management of contingent liabilities arising from arbitral awards and court judgments, to prevent the recurrence of the circumstances that led to the present stoppage. County governments should be required to make specific, enforceable budgetary provisions for such liabilities in their annual and supplementary budgets, and to report on the status of settlement to the Controller of Budget in the quarterly financial statements submitted pursuant to Section 168 of the PFM Act.

6. CONCLUSION

The stoppage of the transfer of funds to the County Government of Meru by the Cabinet Secretary responsible for Finance, effective from 10th April 2026, is legally grounded on Section 96(1) of the Public Finance Management Act and Article 225(3) of the Constitution of Kenya. The County Government's persistent failure over more than six years to satisfy a court adopted arbitral award of KSh.337,070,485, with accrued interest bringing the total judgment debt to approximately KSh.642.9 million as of 22nd July 2025, constitutes both a serious material breach and a persistent material breach within the meaning of Section 94(1)(a)(i) and (ii) of the PFM Act.

The Controller of Budget is satisfied that the procedural requirements under Section 96(2) of the PFM Act have been complied with in terms of notification to the relevant institutions. The stoppage does not exceed fifty percent (50%) of the funds due to the County Government, in accordance with Article 225(4) of the Constitution. The 60-day timeline for seeking parliamentary approval under Article 225(5) is running and must be closely monitored.

The Controller of Budget urges the Senate to take all necessary action to protect the fiscal interests of the public, to ensure the restoration of the County Government of Meru to financial compliance, and to direct that an enforceable Recovery Plan be prepared and implemented as a condition precedent to the lifting of the stoppage. The withheld funds should be released only upon the satisfactory adoption and commencement of implementation of such a Recovery Plan, or as directed by Parliament in accordance with the constitutional and statutory framework.

The Controller of Budget remains committed to monitoring the implementation of the Recovery Plan and reporting to Parliament on the County Government's compliance, in fulfilment of its mandate under the Constitution and the Controller of Budget Act.

FCPA Dr. Margaret Nyakang'o, CBS

CONTROLLER OF BUDGET

Date: _____

7. ANNEXES

Annex 1: Cabinet Secretary's Notification Letter to the Controller of Budget Ref. No. IGFR/MERU/A(16) dated 15th April 2026.

Annex 2: National Treasury letter to the County Government of Meru notifying the stoppage of funds, Letter Ref. No. IGFR/MERU/A(13) dated 27th March 2026.

Annex 3: Certificate of Order (High Court of Kenya at Meru) of 18th June 2021.

Annex 4: Summary Chronology of Events Relating to the Leopard Rock Mico Limited Arbitral Award.

Annex 1



REPUBLIC OF KENYA
THE NATIONAL TREASURY

Telegraphic Address: 22921
FAX NO. 310833
Telephone: 2252299
When Replying Please Quote

NATIONAL TREASURY
0007-00100
NAIROBI

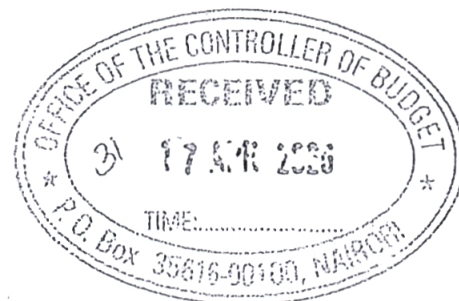
Ref No. IGFR/MERU/A (16)

April 2026

FCPA Dr. Margaret Nyakango, CBS
Office of the Controller of Budget
Bima House, 12th Floor
P.O Box 35616 – 00100
NAIROBI

Dear

Margaret



RE: NOTIFICATION OF STOPPAGE OF FUNDS TRANSFER TO THE COUNTY GOVERNMENT OF MERU PURSUANT TO SECTION 96 OF THE PUBLIC FINANCE MANAGEMENT ACT, CAP. 412A AND ARTICLE 225 OF THE CONSTITUTION OF KENYA FOR SERIOUS MATERIAL BREACH

Reference is made to the National Treasury Letter Ref: IGFR/MERU/A(13) dated 27th March 2026 which you were copied on the above subject matter. *(Copy attached)*

As you are aware, the County Government of Meru in 2018 evicted a French investor Mr. Michel Dechauffour of Leopard Rock Mico Limited from a long term lease agreement within Meru National Park. The ensuing dispute was referred to arbitration in accordance with the lease agreement's provisions. On 19th December 2019, the High Court of Meru awarded Mr. Michel Dechauffour a sum of KSh. 339,070,485 with interest accruing at 14 percent per annum from 8th March 2019 as compensation for investments that had been made by the investor on the leased property. Appeals by the County Government against the arbitral award were unsuccessful. Despite repeated advisories from the National Government entities including the National Treasury, the Attorney General and the Office of the Controller of Budget, the County made a payment of only KSh. 20 Million in the 2023/24 financial year with no further payments remitted to settle the award.

not
covered

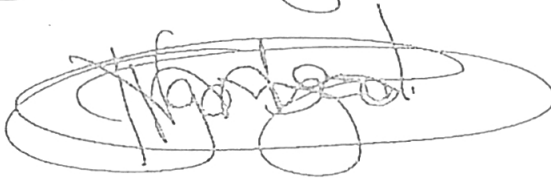
The inaction by the County Government of Meru in settling the arbitral award due to Mr. Michel Dechauffour of Leopard Rock Mico Limited, poses significant risk of further loss to public funds due to accumulating interest and detrimentally impacts bilateral relations

between Kenya and France. This inaction and failure to remit payments as and when they are due constitutes default on the County's financial obligation as set out in Section 94(1)(a)(i) and (ii) of the Public Finance Management Act (PFMA), Cap 412A, thereby constituting a serious material breach.

By the powers conferred by the Public Finance Management Act (PFMA), Cap 412A, I have invoked provisions of Section 96(1) of the PFMA in accordance with Article 225(3) of the Constitution on stoppage of funds transfer to the County Government of Meru, effective 10th April 2026. This action is taken to ensure the County Government adheres to prudent and responsible financial management as enshrined in Article 201 of the Constitution.

The purpose of this letter, therefore, is to formally notify you of this decision for your necessary action as stipulated in Section 97(1)(a) and (b) of the Public Finance Management Act, 2012.

Yours

Sincerely,


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

Annex 1a



REPUBLIC OF KENYA
THE NATIONAL TREASURY

Telegraphic Address: 22921
FAX NO. 310833
Telephone: 2252299
When Replying Please Quote

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

Ref No. IGFR/MERU/A (13)

27th March 2026

CPA Monica Kathono Kaithiori
County Executive Committee Member
Department of Finance, Economic Planning & ICT
P.O. Box 120-60200
MERU

Dear *Monica*

RE: NOTICE OF STOPPAGE OF TRANSFER OF FUNDS TO COUNTY GOVERNMENT OF MERU PURSUANT TO SECTION 96 OF THE PUBLIC FINANCE MANAGEMENT ACT, CAP. 412A AND ARTICLE 225 OF THE CONSTITUTION OF KENYA FOR SERIOUS MATERIAL BREACH FOR NON-PAYMENT OF ARBITRAL AWARD TO LEOPARD ROCK MICO LIMITED

Reference is made to the National Treasury Letter Ref: IGFR/LM/01/A (15) dated 19th January 2026 addressed to the County Executive Committee Member for Finance and copy to the Governor on the above subject matter.

The letter sought for an update on the settlement of the Arbitral award granted to Mr. Michel Dechauffour a French investor, through Leopard Rock Mico Limited. To date, no response has been received. As you are aware, the High Court of Meru issued an arbitral award, granting Mr. Michel Dechauffour of Leopard Rock Mico Limited a sum of KSh. 339,070,485, with interest accruing at a rate of 14 percent per annum from 8th March 2019. The County Government, through its letter Ref: CGM/GVN/COR/VOL.1/ (92) dated 16th February 2024, requested a conditional grant from the National Treasury to settle the award. In the letter, County confirmed it had exhausted all avenues of appeal and was unable to pay the award in full, citing a wage bill consuming approximately 49% of its budget. This request was not granted by the National Treasury due to budgetary constraints and economic conditions.

Further in 2024, the County Government in an effort to settle the arbitral award, included the arbitral award in the Meru County Debt Management Strategy Paper (CDMSP), 2024 recognizing it as part of contingent liabilities. The CDMSP, 2024 provided KSh. 650 million as contingent liabilities payable to Leopard Rock Mico Limited, of which KSh. 100 million was proposed for allocation in FY 2023/24.

The County further proposed to allocate the remaining KSh. 550 million, with KSh. 174 million earmarked for FY 2024/25 and KSh. 376 million for FY 2025/26.

Copy to:

Michael L. Lenasalon
Principal Secretary
Office of the Deputy President
State Department for Devolution
Teleposta Towers - Kenyatta Avenue
P.O. Box 30004 - 00100
NAIROBI

H.E. Hon. Rev. Mutuma M'Ethigia
Governor
County Government of Meru
P.O. Box 120-60200.
MERU

FCPA, Dr. Margaret Nyakang'o, CBS
Controller of Budget
Bima House, 12th Floor
P.O Box 35616 - 00100
NAIROBI

FCPA, Nancy Gathungu, CBS
The Auditor-General
P.O Box 30084-00100
NAIROBI

CPA, Mary Wanyonyi Chebukati, CBS
Chairperson
Commission on Revenue Allocation
P.O Box 1310 - 00100
NAIROBI

Dr. Christopher K. Wanjau, PhD
Chief of Staff
Office of the Deputy President
Harambee House Annex - Harambee Avenue.
P.O. Box 74434 - 00200
NAIROBI.

Mary Mwiti
Chief Executive Officer
Council of Governors
P.O Box 40401 - 00100
NAIROBI

Annex 2



REPUBLIC OF KENYA
THE NATIONAL TREASURY

Telegraphic Address: 22921
FAX NO. 310833
Telephone: 2252299
When Replying Please Quote

Ref No. IGFR/MERU/A (13)

CPA Monica Kathono Kaithiori
County Executive Committee Member
Department of Finance, Economic Planning & ICT
P.O. Box 120-60200
MERU



Dear CB

RE: NOTICE OF STOPPAGE OF TRANSFER OF FUNDS TO COUNTY GOVERNMENT OF MERU PURSUANT TO SECTION 96 OF THE PUBLIC FINANCE MANAGEMENT ACT, CAP. 412A AND ARTICLE 225 OF THE CONSTITUTION OF KENYA FOR SERIOUS MATERIAL BREACH FOR NON-PAYMENT OF ARBITRAL AWARD TO LEOPARD ROCK MICO LIMITED

Reference is made to the National Treasury Letter Ref: IGFR/LM/01/A (15) dated 19th January 2026 addressed to the County Executive Committee Member for Finance and copy to the Governor on the above subject matter.

The letter sought for an update on the settlement of the Arbitral award granted to Mr. Michel Dechauffour a French investor, through Leopard Rock Mico Limited. To date, no response has been received. As you are aware, the High Court of Meru issued an arbitral award, granting Mr. Michel Dechauffour of Leopard Rock Mico Limited a sum of KSh. 339,070,485, with interest accruing at a rate of 14 percent per annum from 8th March 2019. The County Government, through its letter Ref: CGM/GVN/COR/VOL.1/ (92) dated 16th February 2024, requested a conditional grant from the National Treasury to settle the award. In the letter, County confirmed it had exhausted all avenues of appeal and was unable to pay the award in full, citing a wage bill consuming approximately 49% of its budget. This request was not granted by the National Treasury due to budgetary constraints and economic conditions.

Further in 2024, the County Government in an effort to settle the arbitral award, included the arbitral award in the Meru County Debt Management Strategy Paper (CDMSP), 2024 recognizing it as part of contingent liabilities. The CDMSP, 2024 provided KSh. 650 million as contingent liabilities payable to Leopard Rock Mico Limited, of which KSh. 100 million was proposed for allocation in FY 2023/24.

The County further proposed to allocate the remaining KSh. 550 million, with KSh. 174 million earmarked for FY 2024/25 and KSh. 376 million for FY 2025/26.

Despite this acknowledgment and the provisions outlined in the CDMSP 2024, the county neither allocated nor provided for the proposed payments in the FY 2023/24 supplementary budgets, nor in the subsequent budgets for FY 2024/25 and FY 2025/26. Furthermore, the County Government of Meru's FY 2025/26 pending bills action plan, submitted to the Office of the Controller of Budget in September 2025, does not reflect the proposed payments outlined in the CDMSP 2024.

I therefore, formally notify you of the National Treasury's decision to stop the transfer of funds to the County Government of Meru with effective immediately. This decision is made in accordance with Section 96(1) of the Public Finance Management Act (PFMA), Cap 412A and Article 225(3) of the Constitution of Kenya, which authorises the Cabinet Secretary responsible for Finance to stop the transfer of funds to a county government for serious material breach or persistent material breach.

This stoppage is a result of the County Government's persistent inability to pay the arbitral award to Mr. Michel Dechauffour of Leopard Rock Mico Limited. This inability demonstrates a failure to make payments as and when due, thereby defaulting on the County's financial obligation as set out in Section 94(1)(a)(i) and (ii) of the Public Finance Management Act, Cap 412A. The County's continued inability to pay and its inaction in settling the arbitral award constitute a serious material breach.

During this stoppage and in line with the constitutional and statutory safeguards, I will ensure that:

1. The stoppage shall not exceed fifty per cent (50%) of the funds due to the County Government in line with Article 225(4) of the Constitution and Section 97(5) of the PFMA.
2. The stoppage shall not exceed sixty (60) days and shall take effect immediately in line with Article 225(5) of the Constitution.
3. The relevant institutions are notified within seven (7) days of this decision as required under Section 96(2) of the PFMA.
4. The National Treasury will forthwith seek parliamentary approval in accordance with Article 225(5)(b) and Section 97(2) - (4) of the PFMA. The Controller of Budget will submit the requisite report to Parliament, and the County Government will be afforded an opportunity to present its case before the relevant parliamentary committee in compliance to Article 225(7) of the Constitution.
5. A recovery plan is prepared in consultation with the county government to address the identified breaches and restore compliance as provided under Section 99 of the PFMA.

This action has been taken in the interest of prudent and responsible financial management as enshrined in Article 201 of the Constitution. It is not intended to disrupt essential service delivery but to enforce accountability and safeguard public resources. Funds withheld during the stoppage period will be released in full upon resolution of the breach or as directed by Parliament.

Yours

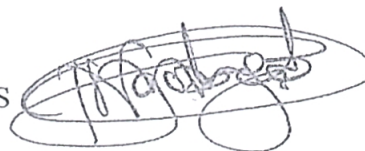
HON. FCPA JOHN NG'ONGO MBADI, EGH
CABINET SECRETARY

Copy to:

Michael L. Lenasalon
Principal Secretary
Office of the Deputy President
State Department for Devolution
Teleposta Towers - Kenyatta Avenue
P.O. Box 30004 - 00100
NAIROBI

H.E. Hon. Rev. Mutuma M'Ethigia
Governor
County Government of Meru
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MERU

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NAIROBI



FCPA, Nancy Gathungu, CBS
The Auditor-General
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NAIROBI

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Chairperson
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Dr. Christopher K. Wanjau, PhD
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NAIROBI.

Mary Mwiti
Chief Executive Officer
Council of Governors
P.O Box 40401 - 00100
NAIROBI

REPUBLIC OF KENYA
IN THE HIGH COURT OF KENYA AT MERU
MISCELLANEOUS APPLICATION NO. 1 OF 2020
[AS CONSOLIDATED WITH MERU MISC. APPLICATION NO. 23 OF 2020: THE
COUNTY GOVERNMENT OF MERU VERSUS LEOPARD ROCK MICO LTD]
LEOPARD ROCK MICO LIMITED.....APPLICANT
VERSUS
COUNTY GOVERNMENT OF MERURESPONDENT

CERTIFICATE OF ORDER AGAINST THE GOVERNMENT

(Under order 29 Rule 3 of the Civil Procedure Rules, 2010)

BY A DECREE of this court dated the 18th day of June 2021, it was ordered;

1. The Application dated 20th February 2020 by the Respondents to set aside the arbitral award dated 19th December 2019 by Calvin Nyachoti, Sole Arbitrator, be and hereby dismissed.
2. The Ruling and Order of the Court dated 22nd January 2021 be and is hereby reviewed and Amended at Paragraph 34 (b) therefore as follows:
 - I. **APPLICATION** dated 6th January 2020 by the applicant to recognise the arbitral award dated 19th December 2019 by Calvin Nyachoti Sole Arbitrator, be allowed and be enforced as a Decree of this Court.
 - II. The Respondent be and is hereby ordered to pay the Applicant the following:
 - (a) the sum of the of Kshs. 329,633,985 being costs of facilities built by the Tenant on the lease property.
 - (b) Kshs.7,436,500 being costs of assorted movable assets.
 - (c) Simple interest on (a) and (b) above at 14% p.a from 8th March 2019 till payment in full; and
 - (d) costs of the reference.
 - III. Respondent pays costs of the application dated 11th June 2021.

I HEREBY CERTIFY that the amount payable to the Applicant by the Respondent in pursuance of the said decree is Kshs.337,070,485 plus interest thereon from 8th March 2019 until 22nd July 2025 of Kshs. 300,966,490,72 and costs of Kshs. 4,083,700 and Kshs.748,221.96 LESS amount paid of Kshs. 200,000,000.00

The amount payable is accordingly **Kshs.442,868,897.68** which sum continues to attract interest until payment in full.

ISSUED at **MERU** this.....22ndday of.....*July*2025

DEPUTY REGISTRAR
HIGH COURT OF KENYA AT MERU

Annex 4: Chronology of Key Events

Date	Event
1997	Leopard Rock Mico Limited (then dealing with Nyambene County Council) entered into the first lease agreement for 40 acres within Meru National Park.
30th October 2008	Second lease agreement executed, revising rent terms and bed occupancy contributions.
July 2018	The County Government of Meru terminates the lease, citing unapproved building plans. The investor disputes the termination and initiates arbitration.
19th December 2019	Arbitral award issued in favour of Leopard Rock Mico Limited for KSh. 339,070,485, with interest at 14% per annum from 8th March 2019. Award adopted as judgment of the High Court of Meru.
2018–2023	County Government pursues unsuccessful appeals against the arbitral award.
FY 2023/24 & FY 2024/25	County Government makes a partial payment of Ksh.200 million. No further payments made thereafter. Accumulated judgment debt grows to approximately Ksh.642.9 million by July 2025.
16th February 2024	County Government writes to National Treasury requesting a conditional grant to settle the award (Ref. CGM/GVN/COR/VOL.1/(92)).
2024	CDMSP 2024 acknowledges the liability of KSh. 650 million and proposes structured payments across FY 2023/24 to FY 2025/26. No corresponding budgetary provisions were made.
September 2025	County Government submits the FY 2025/26 Pending Bills Action Plan to OCOB, omitting the arbitral award payments.
19th January 2026	National Treasury writes to the County Executive Committee Member for Finance, requesting an update on the settlement (Ref. IGFR/LM/01/A(15)).
27th March 2026	Cabinet Secretary issues formal Notice of Stoppage of Transfer of Funds to County Government of Meru (Ref. IGFR/MERU/A(13)).
10th April 2026	Stoppage of funds transfer to the County Government of Meru takes effect.
15th April 2026	Cabinet Secretary formally notifies Controller of Budget of the stoppage decision (Ref. IGFR/MERU/A(16)).
17th April 2026	Notification received and registered at the Office of the Controller of Budget.



**Manyonge Wanyama
& Associates LLP**

Marsabit Plaza, 1st Floor, Room 107
Ngong Road
P.O.Box 100493 - 00101, Nairobi
Cell: +254 790 497 880
+254 706 129 153
+254 112125347
Email: info@manyongewanyama.com
manyongeadvocates@gmail.com

OUR REF:

YOUR REF:

DATE:

6th May 2026

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

Dear

Sir

**DISPUTE BETWEEN LEOPARD ROCK LODGE LIMITED AND THE COUNTY
GOVERNMENT OF MERU: HIGH COURT OF KENYA AT MERU, JR NO. E003
OF 2021: REPUBLIC VERSUS CHIEF OFFICER FINANCE, COUNTY
GOVERNMENT OF MERU EX PARTE LEOPARD ROCK MICO LIMITED**

This is a brief concerning the plight of **Mr. Michel Jean Andre Dechauffeur**, a *French* National. In 2001, Mr. Michel Jean Andre Dechauffeur and his wife, Corine Dechauffeur, invested in Kenya by paying **USD 550,435,910** to the International Finance Corporation (IFC) to cover the indebtedness of Meru Park Adventure Limited. The transaction involved the then Nyambene County Council. Thereafter, Dechauffeur and his wife signed a lease with Nyambene County Council to operate Leopard Rock Lodge at Meru National Park. Later, they invested heavily in the lodge. **The valuation done during the arbitration hearing indicated investments of up to Kshs. 650 M**

Sadly, on **21st September 2013**, Mr. Michel Jean Andre Dechauffeur lost his wife and daughter in a terrorist incident at the Westgate Shopping Mall (*they were shot dead outside their car at the mall entrance while driving home*). After the attack, officials of the County Government of Meru thought Mr. Dechauffeur would abandon the lodge. The County Government intensely frustrated Mr. Dechauffeur's attempts to run the lodge. In 2018, the

without compensation. He instructed **Peter Wanyama, Advocate,** to represent him. When the lawyer commenced arbitration proceedings as required by the lease, the County Government of Meru forcibly evicted **Mr. Michel Jean Andre Dechauffeur** from the lodge using armed men. The arbitration was concluded, whereupon the County Government of Meru was ordered to pay Mr. Dechauffeur's company, **Leopard Rick Mico Limited,** the sum of **Kshs. 337 million plus interest and costs.** The amount has since accumulated to **Kshs. 680,751,390.24** [interest and taxed litigation costs].

Efforts by the County Government of Meru to frustrate the decree have been rejected by the High Court and the Court of Appeal. What remains is payment. Because of the push from the Courts, the County Government has paid our law firm **Kshs. 200 million,** leaving a balance of **Kshs. 480,751,390.24,** which is due to our client as of **6th May 2026.**

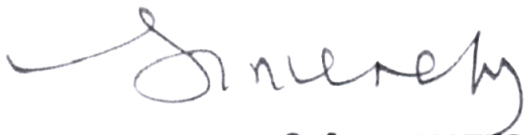
The status of the case: on 27th March 2025, the High Court at Meru ordered the County Government of Meru to pay **Kshs. 50 m** by **30th June 2025** and file in Court a payment plan for the **balance of the decretal sum.** But the County Government of Meru has not complied with the Court orders. Instead, it informally approached the President of Kenya to help. Recently, **HE Dr. William Ruto, the President of the Republic of Kenya,** publicly stated that the national government will assume liability. Officers from the County Government have since been arrested for contempt of court but have been released on bond pending intervention by the National Government. The case is scheduled for mention in court on **11th May 2026** to confirm the progress of these interventions.

Because of the obligations of the Government of Kenya to promptly compensate French nationals who invest in Kenya when their assets are expropriated-pursuant to *the Foreign Investment Act, Chapter 518 of the Laws of Kenya* and specifically *the Declaration of Declaration of Special Arrangements for the Reciprocal Promotion and Protection Of Investments, 2009* that protects investments by French nationals and companies in Kenya- Mr. Dechauffuor brought this matter to the attention of **President, Mr. Emmanuel Macron**, and the French Embassy in Nairobi to seek an expedited resolution.

President Mr. Emmanuel Macron has, in turn, raised the issue with our President, HE Dr. William Ruto. This has been done many times. By failing to push for or secure prompt and full compensation, the Government of Kenya has breached the Treaty, the Declaration of Special Arrangements for the Reciprocal Promotion and Protection of Investments, 2009, and this is embarrassing to Kenya at the bilateral level.

We enclose the underlying documents and seek the intervention of the Senate to direct that our client be promptly paid the balance of **Kshs. 480,751,390.24**, which is due as of **6th May 2026**. Interest continues to accrue.

Yours


MANYONGE WANYAMA & ASSOCIATES LLP


PETER WANYAMA, Legal Compliance Specialist

REPUBLIC OF KENYA
IN THE HIGH COURT OF KENYA AT MERU
MISCELLANEOUS APPLICATION NO. 1 OF 2020
[AS CONSOLIDATED WITH MERU MISC. APPLICATION NO. 23 OF 2020: THE
COUNTY GOVERNMENT OF MERU VERSUS LEOPARD ROCK MICO LTD]
LEOPARD ROCK MICO LIMITED.....APPLICANT
VERSUS
COUNTY GOVERNMENT OF MERURESPONDENT

CERTIFICATE OF ORDER AGAINST THE GOVERNMENT

(Under order 29 Rule 3 of the Civil Procedure Rules, 2010)

BY A DECREE of this court dated the 18th day of June 2021, it was ordered;

1. The Application dated **20th February 2020** by the Respondents to set aside the arbitral award dated **19th December 2019** by Calvin Nyachoti, Sole Arbitrator, be and hereby dismissed.
2. The Ruling and Order of the Court dated **22nd January 2021** be and is hereby reviewed and Amended at Paragraph 34 (b) therefore as follows:
 - I. **APPLICATION** dated **6th January 2020** by the applicant to recognise the arbitral dated **19th December 2019** by Calvin Nyachoti Sole Arbitrator, be allowed and be enforced as a Decree of this Court.
 - II. The Respondent be and is hereby ordered to pay the Applicant the following:
 - (a) the sum of the of **Kshs. 329,633,985** being costs of facilities built by the Tenant on the lease property.
 - (b) **Kshs.7,436,500** being costs of assorted movable assets.
 - (c) Simple interest on (a) and (b) above at 14% p.a from 8th March 2019 till payment in full; and
 - (d) costs of the reference.
 - III. Respondent pays costs of the application dated 11th June 2021.

I HEREBY CERTIFY that the amount payable to the Applicant by the Respondent in pursuance of the said decree is **Kshs.337,070,485** plus interest thereon from **8th March 2019** until **6th May 2026** of **Kshs. 338,984,983.28** and costs of **Kshs. 4,083,700** and **Kshs.748,221.96** LESS amount paid of **Kshs. 200,000,000.00**

The amount payable is accordingly **Kshs.480, 751,390. 24** which sum continues to attract interest until payment in full.

ISSUED at **MERU** this.....6th ...day of.....**May**2026

DEPUTY REGISTRAR
HIGH COURT OF KENYA AT MERU



**Manyonge Wanyama
& Associates LLP**

Marsabit Plaza, 1st Floor, Room 107
Ngong Road
P.O.Box 100493 - 00101, Nairobi
Cell: +254 790 497 880
+254 706 129 153
+254 112125347
Email: info@manyongewanyama.com
manyongeadvocates@gmail.com

OUR REF:

YOUR REF:

DATE:

30th October 2024

Mr. Michael Jean Andre Dechauffour,
The Chairman,
Leopard Rock Mico Limited,
P. O Box 3444-00100,
NAIROBI

Dear Sir,

RE: MERU HIGH COURT JR E003 OF 2021: LEOPARD ROCK MICO LIMITED VERSUS THE CHIEF OFFICER FINANCE OF COUNTY GOVERNMENT OF MERU AND COUNTY SECRETARY, COUNTY GOVERNMENT OF MERU & 2 OTHERS

We refer to the above matter.

We attended court today for mention of our application dated 10th July 2024. The application seeks further sanctions against the Chief Officer Finance, The County Secretary County Government of Meru and the County Executive Committee Member for finance.

In the alternative, we also seek an order that compels the filing in court of a payment plan for the balance of the decretal sum which stands at over Kshs 520 million. We strongly urged the application by explaining the intense frustrations and delays used by the County Government of Meru to frustrate payment of the decretal sum.

On its part, the County Government of Meru informed the judge that they are experiencing a cash problem, but they are doing their best to pay.

Consequently, the judge has ordered that the County Government of Meru responds to our application within 10 days and scheduled the matter for mention on **25th November 2024**. In the meantime, the judge has asked that both parties meet and negotiate a satisfying payment plan.

We will attend court and update you on the developments.

Yours

MANYONGE WANYAMA & ASSOCIATES LLP

Peter Wanyama, Legal Compliance Specialist

ADVOCATES
Peter Wanyama
Enith Kyalo
Kevine Ondago

PIN NO. 10519174455

The Chief Officer,
Finance, Economic Planning & ICT,
County Government of Meru,
P.O Box 120-60200.

MERUEmail: merucounty@meru.go.ke

Dear Sir,

**RE: MERU JUDICIAL REVIEW NO. E003 OF 2021: LEOPARD ROCK MICO LIMITED
VERSUS THE COUNTY GOVERNMENT OF MERU.**

On 23rd June 2022, the High Court of Kenya in Meru issued orders of *mandamus* to compel payment of the decretal sum in this matter. At the time the orders of *mandamus* were issued, both of your offices lacked substantive holders. Since this situation has now changed and you remain parties subject to the court orders, it is imperative that you collectively make efforts to settle the outstanding decree.

Court orders are not issued in vain; we attach the said mandamus orders for your further reference and compliance. The decretal sum stands at more than Kshs. 500,000,000/=.

Please note that at the expiry of **fourteen (14) days**, we will make the necessary application for summons to be issued against you for persistent disobedience of the court orders.

Yours

MANYONGE WANYAMA & ASSOCIATES LLP


Peter Wanyama, Legal Compliance Specialist

CC The County Secretary,
County Government of Meru,
P.O Box 120-60200,
Meru
Email: merucounty@meru.go.ke

Page 1 of 2

ADVOCATES
Peter Wanyama
Grace Sitati
Enith Kyalo
Kurgat Cleophas.

PIN NO.: P0519174455

County Executive Committee Member For Finance
County Government of Meru,
County Government of Meru,
P.O Box 120-60200,

Meru

Email: merucounty@meru.go.ke

Elias Mutuma,
Mutuma Gichuru & Associates Advocates,
Hurlingham Plaza, 2nd Floor, Suite C1,
Argwings Kodhek Road,
P.O Box 46059-00100,

Nairobi.

Client

BETWEEN

LEOPARD ROCK MICO LIMITED APPLICANT

-VERSUS-

THE CHIEF OFFICER FINANCE OF COUNTY GOVERNMENT OF MERU 1ST RESPONDENT

COUNTY SECRETARY, COUNTY GOVERNMENT OF MERU 2ND RESPONDENT

COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE COUNTY GOVERNMENT OF MERU 3RD RESPONDENT

IN COURT ON 23RD DAY OF JUNE 2022 BEFORE HON. LADY JUSTICE T.W. CHERERE – JUDGE

DECREE

THIS MATTER coming up for Judgement on 23RD day of June 2022 before Lady Justice T.W. CHERERE in the presence of counsel for applicant and for the respondent.

Application for;

1. An Order of Mandamus be and is hereby issued directing and compelling the Chief Officer responsible for financial matters of the County Government of Meru, County Secretary of the County Government of Meru and County Executive Committee Member responsible for financial matters of the County Government of Meru to pay the Applicant the sums contained in:
 - a) The Decree dated 18th June, 2021 comprised in the Certificate of Order against the Government dated 24th June, 2021 compelling the Respondents to comply with the Certificate of Order against the Government issued in *Misc. Applic No. 1 of 2021, Leopard Rock Mico Limited vs County Government of Meru*.
 - b) Certificate of Order for Costs against the Government dated 11th May, 2021 issued in *Misc. Cause No. 11B of 2020, Leopard Rock Mico Limited vs County Government of Meru*.
 - c) Certificate of Order for Costs against the Government dated 11th May, 2021 issued in *Misc. Cause No. 1-005 of 2021, Leopard Rock Mico Limited vs County Government of Meru*.
2. Respondents pays the costs of this application

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

Ref: OAG/CG/12/CONF/(8)

Mr. Jeremiah Nyegenye, CBS
Clerk of the Senate
P.O. Box 41842-00100
NAIROBI

Dear

REQUEST FOR APPROVAL OF STOPPAGE OF TRANSFER OF FUNDS TO THE COUNTY GOVERNMENT OF MERU

The Office of the Auditor-General (OAG) is an Independent Office established by Article 229 of the Constitution of Kenya. The Office is charged with the primary oversight role of ensuring accountability in the use of public resources within the three arms of government (the Legislature, the Judiciary and the Executive) County Governments as well as the Constitutional Commissions and Independent Offices.

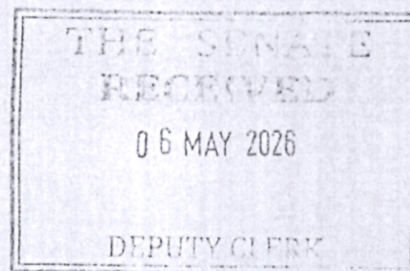
Reference is made to the above-mentioned matter and to your letter Ref.SEN/DSEC/F&B/2026/055(d), dated 23 April, 2026, requesting the Office to submit any information pertaining to the subject matter.

Kindly find attached, my submissions pertaining to the matter.

Yours

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Encls





**SUBMISSION TO THE SENATE STANDING COMMITTEE ON
FINANCE AND BUDGET ON A REQUEST FOR APPROVAL OF
STOPPAGE OF TRANSFER OF FUNDS TO THE COUNTY
GOVERNMENT OF MERU**

28 April, 2026

SUBMISSION TO THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET ON A REQUEST FOR APPROVAL OF STOPPAGE OF TRANSFER OF FUNDS TO COUNTY GOVERNMENT OF MERU.

The Chairperson, the Senate Standing Committee on Finance and Budget, Sen.
Ali Roba Ibrahim

Honorable Members of the Committee,

A. BACKGROUND

1. At the Committee sitting held on 23 April, 2026, the Committee resolved to request my Office to submit any information pertaining to the audit of the County Government of Meru. In particular the dispute between a Lease Agreement between County Government of Meru and Leopard Rock Mico Limited

B. AUDITOR-GENERAL REPORTS

2. In the last three financial years, my Office has made the following observations on the Financial Statements of the Meru County Executive, touching on this matter;

S/No.	Year	Section	Title	Particulars
1.	2024/2025	Report on Financial Statements	Payment of Undisclosed Legal Fees	The statement of financial performance and as disclosed in Note 10 to the financial statements reflects use of goods and services amount of Kshs.1,585,636,068 which includes other operating expenses amount of Kshs.310,276,980. The latter amount further includes legal payments totalling Kshs.140,507,214 which includes an amount of Kshs.100,000,000 in respect of part payment of a contingent liability of Kshs.756,757,420 disclosed in the audit report for the financial year 2023/2024. However, Management did not deduct the withholding tax from the advocate as required by law. Further, payment for other legal cases totalling Kshs.40,507,214 were not disclosed in the financial records. These cases were not budgeted for and no explanation has been provided on how unapproved expenditure was paid without a budget.

				In addition, details of the court cases were not provided with any supporting documents, including details such as fee requisitions indicating amount, taxed amount, the amount paid, unpaid balances and status of the cases. The County Executive has been sued severally and many cases are in court which have remained undisclosed in their financial records.
2.	2023/2024	Emphasis of Matter	Contingent Liability	Other Important Disclosures under Note 14(5) reflects contingent liabilities totalling Kshs.756,757,420.11. However, Management did not provide a complete schedule of the contingent liabilities reflecting the estimated amounts, taxed amounts, fee notes paid, status of the cases, and unpaid balance concerning the litigations affecting the County.
3.	2022/2023	Emphasis of Matter	Contingent Liability	Other Important Disclosures, reflect contingent liabilities totalling Ksh.601,169,420 however, Management has neither given details of the court case(s) as prescribed by the template nor provided any supporting documents.

C. COURT CASES:

The County Government of Meru through Nyambene County Council, leased a Lodge comprising of a forty acres parcel of land to Leopard Rock Mico Limited, to operate at Meru National Park for a period of twenty-five years from 1 January, 1999 at a monthly rent of Kshs.60,000 plus 10% of bed occupancy, increased every two years. In May 2018, the County Government forcefully took over the lodge, and disrupted the existing Lease arrangement and a dispute ensued. The dispute resulted in the following subsequent applications that were reviewed and determined by the courts and arbitrator;

- a) MERU HCCC NO. 24 OF 2019; MERU HC ELC 27 OF 2019;
- b) MERU HC 16 OF 2019; NAIROBI ARBITRATION APPLICATION;
- c) MISC APP. 1/2020 (Consolidated with MISC APP NO. E078/20);
- d) MERU CIV APPEAL E011/2021;
- e) MERU HC MISC APPLI. 1/2021;
- f) MERU HC JR E003/2021

3. The matter was initially placed before a Single Arbitrator appointed by the Chartered Institute of Arbitrators and a Decree of Kshs.337,070, 485/= at 14% p.a. from 8 March, 2019 till payment in full, was entered in favor of the Claimant and costs of reference awarded. (Annex "A")

4. Due to non-payment of the decretal amount by the County Government of Meru, an application for Contempt of Court through Judicial Review proceedings commenced against the County Secretary, CECM Finance and Chief Officer Finance in E001, E003 and E037/ 2021 and interim orders of stay were issued and were in force until June, 2022.
5. The Applicants were thereafter granted orders on 30 June, 2022, of mandamus against the County Government of Meru for settlement of Kshs.495,269,477/=(Annex B"). The County Government, tabled their proposed Payment Plan to the Controller of Budget on 10 February, 2025, with a proposal to make the final payment of Kshs. 137 million in the financial year 2025/2026. (Annex C).

D. PART PAYMENT OF DECRETAL AMOUNT

6. Our audit has established that the County Government of Meru, captured the contingent liability in the Meru County Debt Management Strategy Paper (CDMSP), 2024 and an amount of **Kshs.200,000,000/=** was paid to the Claimant through their Counsel (Manyonge Wanyama & Co. Advocates) **as at 30 June, 2025**. Payment vouchers (Annex "D") to Manyonge Wanyama & Associate are attached hereto in support of the payments made as per the table below;

Date	Payment Voucher No.	Description	Amount Kshs.
21.9.2023	005	Payment of decretal amount for petition No E003 of 2021 – Partial payment No. 1	20,000,000
14.5.2024	426	Payment of decretal amount for petition No E003 of 2021 – Partial payment No. 2	80,000,000
4.11.2024	004	Payment of decretal amount for petition No E003 of 2021 – Partial payment No. 3	50,000,000
21.3.2025	354	Payment of decretal amount for petition No E003 of 2021 – Partial payment No. 4	50,000,000
	Total Kshs.		200,000,000

7. The awarded amount continues to accrue court interest at the rate of 14% per annum. In August, 2025 the County Government of Meru, had an outstanding certified amount of Kshs.442,868,898 due to the running interest on the principal amount owed. A Certificate of Order Against the Government, issued on 22 July, 2025 is attached hereto to this effect. **(Annex "E")**

E. TAKE OVER OF LIABILITY

8. The National Government's Ministry of Investment, Trade and Industry initiated a Multi-Agency negotiation meeting held on 15 July, 2025 between the Applicant and his counsel; representatives of the Ministry of Trade and Investment; Office of the Attorney General; Ministry of Foreign Affairs; Kenya Wildlife Services and the County

Government of Meru. (Copy of the attendance list of the Multi-Agency meeting is attached and marked Annex "F").

F. FAILURE TO BUDGET FOR THE CONTINGENT LIABILITY

9. Review of the budget for the financial year 2025/2026 for the County Government of Meru revealed that no budgetary provision for the contingent liability owed to the Claimant- Leopard Rock Mico Limited in the financial year 2025/2026 was made. Therefore, the approved budget by the County Assembly of Meru excluded this liability. Consequently, the agreed payment plan risks to be breached and will lead to accumulation of further interest.

G. LEGAL FRAMEWORK GOVERNING STOPPAGE OF FUNDS IN COUNTY GOVERNMENTS

10. Article 225(3) of the Constitution authorises the Cabinet Secretary responsible for finance to stop the transfer of funds to a State Organ or any other public entity only for serious material breach or persistent material breaches of the measures established under that legislation. The decision to stop the transfer of funds may further only be made subject to the requirements in Article 225(4) to (7) of the Constitution of Kenya, 2010.
11. This provision is further enabled through Section 96 and Section 97 of the Public Finance Management Act, Cap. 412A, which allows the Cabinet Secretary to immediately stop the transfer of funds and inform the Controller of Budget, where he finds a county government to be in serious breach or persistent material breach of its obligations or financial commitments, in accordance with Article 225 of the Constitution.

H. CONCLUSION

12. Before the decision to stop the transfer of funds is finalized the provisions of Article 225 (7) must apply, and Parliament may not approve or renew a decision to stop the transfer of funds unless, the Controller of Budget has presented a report on the matter to Parliament; and the public entity has been given an opportunity to respond to the allegations against it, and to state its case, before the relevant Parliamentary Committee.
13. I assure the Committee of our continued support in the joint oversight mandate on effective use of public resources.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

28 April, 2026

**REPUBLIC OF KENYA
IN THE HIGH COURT OF KENYA AT MERU
MISCELLANEOUS APPLICATION NO.1 OF 2020**

**(AS CONSOLIDATED WITH MERU MISC. APPLICATION NO.23 OF 2020: THE COUNTY
GOVERNMENT OF MERU VERSUS LEOPARD ROCK MICO LIMITED)
LEOPARD ROCK MICO LIMITEDAPPLICANT
-VERSUS-
COUNTY GOVERNMENT OF MERU.....RESPONDENT**

(In Court on 18th June 2021 before the Honourable Justice P.J Otieno)

DECREE

CLAIM FOR:

A. AMENDMENT of the Ruling and Order dated 22nd January 2021 at paragraph 34(b) (i) to read as follows:

34(b) The application dated 6th January 2020 be allowed as follows:

- (i) That the final Award by the sole arbitrator, Calvin Nyachoti, Chartered Arbitrator, dated 19/12/2019 in the sum of Kshs. 329,633,985 being the cost of facilities built by the applicant and Kshs. 7,436,500, being the costs of movable assets making an aggregate award of Kshs. 337,070,485; Simple Interest on the aggregate award of Kshs 337,070,485 at 14% p.a from 8th March 2019 till payment in full; and Costs of the reference be recognized as binding and enforceable between parties herein and a decree be issued in accordance therewith.

B. Costs of the application

THIS MATTER COMING up on 17th June 2021 for hearing by way of highlighting Submissions on the application dated 11th May 2021 seeking to amend and review the Ruling and Order of Court of 22nd January 2021, and application dated 20th January 2021 and **UPON READING** the pleadings, the Affidavits in support and reply thereto, together with Submissions filed in Support; **AND UPON HEARING** Counsel for the applicant in respect of the application dated 11th May 2021 for amendment of the ruling dated 22nd January 2021 and the in absence of Counsel for the Respondent,

IT IS HEREBY ORDERED THAT:

1. The Application dated 20th February 2020 by the Respondents to set aside the arbitral award dated 19th December 2019 by Calvin Nyachoti, Sole Arbitrator, be and hereby dismissed.

2. The Ruling and Order of the Court dated 22nd January 2021 be and is hereby reviewed and Amended at Paragraph 34 (b) therefore as follows:

I. **APPLICATION** dated 6th January 2020 by the applicant to recognise the arbitral dated 19th December 2019 by Calvin Nyachoti Sole Arbitrator, be allowed and be enforced as a Decree of this Court;

II. The Respondent be and is hereby ordered to pay the Applicant the following:

(a) the sum of the of Kshs. 329,633,985 being costs of facilities built by the Tenant on the lease property;

(b) Kshs.7,436,500 being costs of assorted movable assets;

(c) Simple interest on (a) and (b) above at 14% p.a from 8th March 2019 till payment in full; and

(d) costs of the reference.

III. Respondent pays costs of the application dated 11th June 2021.

GIVEN under my hand and seal of this Honourable Court on 18th day of June 2021

ISSUED this.....22th..... day ofJune.....2021


DEPUTY REGISTRAR

HIGH COURT OF KENYA AT MERU

HNNEX

B



04 JUL 2022

REPUBLIC OF KENYA
IN THE HIGH COURT OF KENYA AT MERU
JUDICIAL REVIEW NO. E003 OF 2021



IN THE MATTER OF:

AN APPLICATION BY LEOPARD ROCK MICO LIMITED FOR
JUDICIAL REVIEW BY WAY OF AN ORDER OF MANDAMUS;

AND

IN THE MATTER OF:

SECTION 21 OF THE GOVERNMENT PROCEEDINGS ACT
(CHAPTER 40 OF THE LAWS OF KENYA);

AND

IN THE MATTER OF:

ENFORCEMENT AND REALIZATION OF THE CERTIFICATE OF
ORDER FOR COSTS AND CERTIFICATE OF ORDER AGAINST
COUNTY GOVERNMENT OF MERU

BETWEEN

LEOPARD ROCK MICO LIMITED APPLICANT

-VERSUS-

THE CHIEF OFFICER, FINANCE OF COUNTY
GOVERNMENT OF MERU 1st RESPONDENT

COUNTY SECRETARY,
COUNTY GOVERNMENT OF MERU 2nd RESPONDENT

COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE
COUNTY GOVERNMENT OF MERU 3rd RESPONDENT



CERTIFICATE OF ORDER AGAINST THE GOVERNMENT
(Under order 29 Rule 3 of the Civil Procedure Rules, 2010)

BY A DECREE of this court dated the 23rd June 2022, it was ordered THAT;

1. The Applicant's Application dated 30th June 2021 be and is hereby allowed in the following terms:

1. THAT an order of *Mandamus* be and is hereby issued to direct and compel the Chief Officer responsible for financial matters of the County Government of Meru, County Secretary of the County Government of Meru and the County Executive Committee Member responsible for financial matters of the County Government of Meru to pay to the Applicant the sums of money contained in the:

- a) The Decree dated 18th June 2021 comprised in the Certificate of Order against the Government dated 24th June 2021 issued in *Meru High Court Miscellaneous Cause No. 1 of 2021, Leopard Rock Mico Lodge vs County Government of Meru*;

This is the annexure marked MTAD-20 in
the Supporting Affidavit of Michel Jean
dated 31st August 2022

Andre Bechauffoux

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- b) Certificate of Order for Costs against the Government dated 11th May 2021 issued in *Meru Miscellaneous Cause No. 11B of 2020, Leopard Rock Mico Lodge vs County Government of Meru* and
- c) Certificate of Order for Costs against the Government dated 11th May 2021 issued in *Meru Miscellaneous Cause No. E005 of 2021, Leopard Rock Mico Lodge vs County Government of Meru.*
2. THAT the sums owed to the Applicant be paid by the Respondents within Thirty days (30) of this Ruling and Order.
3. THAT costs be borne by the Respondents.

I HEREBY CERTIFY that the amount payable to the Applicant by the Respondents in pursuance of the said Decree is Kshs.337,070,485 plus Interest thereon from 8th March 2019 until 8th June 2022 of Kshs. 153,367,071 together with Costs taxed at Kshs. 4,083,700 and Kshs. 748,221/= respectively

The amount payable is accordingly Kshs.495,269,477/= which sum continues to attract interest until payment in full.

ISSUED at MERU this 30th day of June 2022

DEPUTY REGISTRAR
HIGH COURT OF KENYA
MERU
DEPUTY REGISTRAR
HIGH COURT OF KENYA AT MERU

45

ANNEX C1

COUNTY GOVERNMENT OF MERU



DEPARTMENT OF FINANCE, ECONOMIC PLANNING AND ICT

Email: merucounty@meru.go.ke
When replying please quote

Meru County Headquarters
P.O Box 120-60200
MERU

10th February, 2025

Ref: CGM/CECM/FIN/BUDGET/95

The Controller of Budget,
Bima House, 12th Floor Harambee Avenue,
P O Box 35616 - 00100,
NAIROBI.

Dear FCPA,

RE: MERU JUDICIAL REVIEW NO. E003 OF 2021: LEOPARD ROCK MICO
LIMITED VERSUS THE COUNTY GOVERNMENT OF MERU & TWO OTHERS:-

I make reference to the above communication vide letter Ref: COB/MRU/002/2/2(34)
dated 4th February 2025.

The firm submits that the matter has taken longer than initially expected to resolve
and therefore requesting for a mediation.

Informed by the County's budget and the available funds we had committed to settle
the matter as follows:-

- 1) Financial Year 2023/2024- Kes. 100 Million amount which has already been paid.
- 2) Financial Year 2024/2025- Kes. 100 Million. Kes.50 Million has been paid and the balance is in the process of requisitioning.
- 3) Financial Year 2025/2026- Kes. 137 Million will be provided to settle the principal amount and this will effectively will have cleared Kes. 337 Million principal amount.

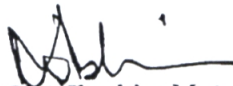
In the meantime, we will be seeking to have Kes. 147 Million accrued interest to be waived and the proposed mediation is highly welcome to have this addressed.

Our source of money meant to support our budget is majorly the equitable share and own source revenue as per the approved budget.

The expenditure in question relating to the Leopard Rock is a development component and therefore can only be catered and provided for from the development vote.

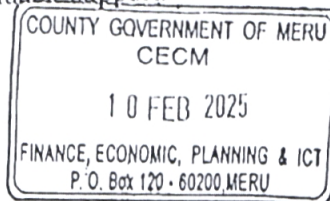
Thank you for your continued valuable support.

Yours faithfully,



CPA Ibrahim Mutwiri Kiriimi

CEC(M) Finance, Economic Planning and ICT



cc. The County Secretary,
County Government of Meru

HVVNEX D
MFLU-CEP₂₃ - 1.1K₂ - REC - 3569

✓ 10
F.O 20 (Revised)

REPUBLIC OF KENYA
Payment voucher
(Voted provision)

MK-1

PAYEE'S NAME AND ADDRESS: MANYONGE WANYAMA & ASSOCIATE

Particulars	LPO No.	Invoice no.	Amount	
			Sh.	Cts
BEING PAYMENT OF DECETAL AMOUNT FOR PETITION NO.E003 OF 2021 , AS PER ATTACHED DOCUMENTS. <i>partial part no 1.</i>			20,000,000	00
			20,000,000	00

AMOUNT PAYABLE (IN WORDS); TWENTY MILLION SHILLINGS ONLY

Examination Voucher examined by: _____ date: <u>01/18/2023</u>	Internal audit _____
---	------------------------------------

VBC CERTIFICATE I certify that the expenditure has been entered in the Vote Book and that adequate funds to cover it are available against the chargeable item as shown here below: Approved Estimates/Allocation Item No. _____ KSh Less: Total expenditure plus commitment KSh. Balance --- Less: This ENTRY -Vch. No. _____ Ksh. Balance -- Ksh. Date <u>15/9/2023</u> Signature _____ Accountant i/c VBC	AIE HOLDER CERTIFICATE I Certify that the expenditure detailed above has been incurred for the authorized purpose and should be charged to the item shown here below. Signature _____ Designation of A.I.E Holder Date <u>18/9/2023</u> AUTHORIZATION I certify that the rate/price charged is/are according to regulation/contract, fair and reasonable, that the expenditure has been incurred on proper authority and should be charged as under. Where appropriate a certificate overleaf has been completed. I hereby AUTHORIZE payment of the amount shown above without any alteration. Signature _____ DIRECTOR OF ACCOUNTS/C.O-FINANCE Date _____
--	---

Vote (R) (D)	HEAD	Sub-head		ITEM	
	3569	LEGAL AFFAIRS		LEGAL FEES	
A.I.E No.	Account No.	Dept. Vch. No.	Station	CASH BOOK	AMOUNT
				Vch. No. Date	Cts.
2023/2024	3569-0702013560-221308	PSAL 040 A	Station	REC 243 DEV 005	20,000,000 00

MERU COUNTY TREASURY
PAID
21 SEP 2023
IB LEVEL II

MERU COUNTY GOVERNMENT
TREASURY
15 SEP 2023
REQUISITIONED
P. O. Box 120 - 60200, MERU

constraints that render the County financially incapable of settling the balance of the decree from its own resources.

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17. THAT it is therefore in the supreme interest of justice that this Honourable Court lifts the Warrants of Arrest and stays any further execution to allow the National Government-led negotiations to be concluded.

18. THAT what is deponed herein is true to the best of my knowledge, information, and belief.

SWORN AT NAIROBI BY THE SAID)

MONICA KATHONO)

This 7th day of November 2025)

BEFORE ME)



COMMISSIONER FOR OATHS)


.....
DEPONENT

DRAWN & FILED BY: -

MUTUMA GICHURU & ASSOCIATES
ADVOCATES.

MGA-LAW CHAMBERS.

HURLINGAM PLAZA, 2ND FLOOR

SUITE C1

ALONG ARGWINGS KODHEK ROAD

P.O BOX 46059-00100

NAIROBI.

Email : mgalawoffice2@mgaadvocates.com

Tel : 0789 897 811.

TO BE SERVED UPON: -

MANYONGE WANYAMA & ASSOCIATES LLP

MARSABIT PLAZA, 1ST FLR, RM 107

P.O.BOX 100493-00101

NAIROBI

Email : info@wanyamamanyonge.com

Tel : 0708 574 421

MERU - APR 29 - HK3 - DEB - 3569

F.O 20 (Revised)

13

REPUBLIC OF KENYA
Payment voucher
(Voted provision)

946397

PAYEE'S NAME AND ADDRESS: MANYONGE WANYAMA & ASSOCIATES

Particulars	LPO No.	invoice no.	Amount	
			Sh	Cts
BEING PAYMENT OF DECRETAL AMOUNT FOR PETITION NO. E003 OF 2021, AS PER ATTACHED DOCUMENTS.(PARTIAL PAYMENT NO.2)			80,000,000	00
			80,000,000	00

AMOUNT PAYABLE (IN WORDS): EIGHTY MILLION SHILLINGS ONLY.

Voucher examined by: <u>[Signature]</u> date: <u>21/05/2024</u>	Internal audit
---	-----------------------

VBC CERTIFICATE I certify that the expenditure has been entered in the Vote Book and that adequate funds to cover it are available against the chargeable item as shown here below: Approved Estimates/Allocation-- Item No. Less: Total expenditure and commitments Ksh. Balance --- Ksh. Less: This Entry - Vch. No. Balance -- Ksh. Date <u>22/4/2024</u> Signature <u>[Signature]</u> Accountant i/c VBC	AIE HOLDER CERTIFICATE I Certify that the expenditure detailed above has been incurred for the authorized purpose and should be charged to the item shown here below. Signature <u>[Signature]</u> Designation of A.I.E Holder <u>C.O LARUMA</u> Date <u>22/04/2024</u> AUTHORIZATION I certify that the rate/price charged is/are according to regulation/contract, fair and reasonable, that the expenditure has been incurred on proper authority and should be charged as under. Where appropriate a certificate overleaf has been completed. I hereby AUTHORIZE payment of the amount shown above without any alteration. Signature <u>[Signature]</u> DIRECTOR OF ACCOUNTS/C.O-FINANCE Date <u>24/04/24</u>
--	---

Vote (D)	HEAD 3569			Sub-head PUBLIC SERVICE		ITEM LEGAL FEE	
A.I.E No.	Account No.	Dept. Vch. No.	Station	CASH BOOK		AMOUNT	
				Vch. No.	Date		Cts.
2023/2024	1-3569-0714013560-2211308	PSAL 055 7		DW 426		7 80,000,000	00
MERU COUNTY TREASURY							

MERU COUNTY TREASURY
PAID
14 MAY 2024
IB LEVEL II



CENTRAL BANK OF KENYA
BANKI KUU YA KENYA

STATEMENT OF ACCOUNT

CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

P.O.BOX 60000 - 0200

NAIROBI

STATEMENT PERIOD: FROM 15/05/2024 TO 15/05/2024

Rundate : 15/07/2025

Runtime : 11:47:17

Customer Number : 119462

Account Number : 1000170352

Account Name : MERU COUNTY DEVELOPMENT(KES)

Opening Balance : 80112430.25

No.	Txn Date	Value Date	Reference No	Txn Details	Dr Amt	Cr Amt	Balance
1	15/05/2024	15/05/2024	FT24136T8V6C	Outward RTGS Payment MT 103	80,000,000.00	0.00	112,430.25
				0023002883			
				MERU COUNTY:999999			
				Manyonge Wanyama And Associates Llp			
				0023002883			



REPUBLIC OF KENYA

Payment voucher

(Voted provision)

PAYEE'S NAME AND ADDRESS: MANYONGE/WANYAMA & ASSOCIATE

Particulars	LPO No.	invoice no.	Amount	
			Sh.	Cts
BEING PAYMENT OF DECRETAL AMOUNT FOR PETITION NO. EOO3 OF 2021 (PARTIAL PART NO.3), AS PER ATTACHED DOCUMENTS.			50,000,000	00
AMOUNT PAYABLE (IN WORDS); FIFTY MILLION SHILLINGS ONLY.			50,000,000	00

AMOUNT PAYABLE (IN WORDS); FIFTY MILLION SHILLINGS ONLY.

Examination Internal audit						
Voucher examined by: _____ date: <u>04/11/2024</u>						
VBC CERTIFICATE I certify that the expenditure has been entered in the Vote Book and that adequate funds to cover it are available against the chargeable item as shown here below: Approved Estimates/Allocation-- Item No. Less: Total expenditure plus commitments Ksh. Balance --- Less: This ENTRY -Vch. No. Balance -- Date: <u>04/11/2024</u> Signature: _____ Accountant i/c VBC		AIE HOLDER CERTIFICATE I Certify that the expenditure detailed above has been incurred for the authorized purpose and should be charged to the item shown here below. Signature: _____ Designation of A.I.E Holder: <u>Co-lapsma</u> Date: <u>04/11/2024</u> AUTHORIZATION I certify that the rate/price charged is/are according to regulation/contract, fair and reasonable, that the expenditure has been incurred on proper authority and should be charged as under. <i>Where appropriate a certificate overleaf has been completed.</i> I hereby AUTHORIZE payment of the amount shown above without any alteration. Signature: _____ DIRECTOR OF ACCOUNTS/C.O-FINANCE* Date: <u>4/11/2024</u>				
Vote (D)	HEAD 3569	Sub-head PUBLIC SERVICE	ITEM LEGAL FEES			
A.I.E No.	Account No.	Dept. Vch. No.	Station	CASH BOOK	AMOUNT	
				Vch. No.	Date	
2024/2025	3569-0714013560-2211308	PSAL 002		New Vch		50,000,000 00

WERJ 2706224/0.4



CENTRAL BANK OF KENYA
BANKI KUU YA KENYA

STATEMENT OF ACCOUNT

CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

P.O.BOX 60000 - 0200

NAIROBI

STATEMENT PERIOD: FROM 05/11/2024 TO 05/11/2024

Rundate : 15/07/2025

Runtime : 11:45:12

Customer Number : 119462

Account Number : 1000170352

Account Name : MERU COUNTY DEVELOPMENT(KES)

Opening Balance : 54992895.2

No.	Txn Date	Value Date	Reference No	Txn Details	Dr Amt	Cr Amt	Balance
1	05/11/2024	05/11/2024	FT24310C7SK4	Outward RTGS Payment MT 103	50,000,000.00	0.00	4,992,895.20
				0023003800			
				MERU COUNTY:999999			
				Manyonge Wanyama And Associates Llp			
				0023003800			



REPUBLIC OF KENYA
Payment voucher
(Voted provision)

PAYEE'S NAME AND ADDRESS: MANYONGE WANYAMA & ASSOCIATE

Particulars	LPO No.	Invoice no.	Amount	
			Sh.	Cts
BEING PAYMENT OF DECRETAL AMOUNT OF PETITION NO.E003 OF 2021 (PARTIAL PAYMENT NO. 4). AS PER ATTACHED DOCUMENTS.			50,000,000	00
			50,000,000	00

AMOUNT PAYABLE (IN WORDS): FIFTY MILLION SHILLINGS ONLY.

Examination Voucher examined by: <u>[Signature]</u> <u>025</u>		Internal audit	
VBC CERTIFICATE I certify that the expenditure has been entered in the Vote Book and that adequate funds to cover it are available against the chargeable item as shown here below: Approved Estimates/Allocations Item No. Less: Total expenditure Ksh Balance --- Ksh Less: This ENTRY -Vch: Ksh No. Ksh. ance -- Ksh. Date: <u>11/03/2025</u> Signature: <u>[Signature]</u> Accountant i/c VBC		AIE HOLDER CERTIFICATE I Certify that the expenditure detailed above has been incurred for the authorized purpose and should be charged to the item shown here below. Signature: <u>[Signature]</u> Designation of A.I.E Holder: <u>Ceo-lapsma</u> Date: <u>11/03/2025</u> AUTHORIZATION I certify that the rate/price charged is/are according to regulation/contract, fair and reasonable, that the expenditure has been incurred on proper authority and should be charged as under. Where appropriate a certificate overleaf has been completed. I hereby AUTHORIZE payment of the amount shown above without any alteration. Signature: <u>[Signature]</u> DIRECTOR OF ACCOUNTS & FINANCE Date: <u>20/3/25</u>	
Vote (D)	HEAD 3569	Sub-head PUBLIC SERVICE	ITEM LEGAL FEE
A.I.E No.	Account No.	Dept. Vch. No.	Station
2024/2025	I-3569-0714013560-2211308	PSAL 003	
CASH BOOK		AMOUNT	
Vch. No.	Date		Cts.
DEV 354		50,000,000	00

MERU COUNTY TREASURY
PAID
21 MAR 2025
IB LEVEL II



CENTRAL BANK OF KENYA
BANKI KUU YA KENYA

STATEMENT OF ACCOUNT

CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

P.O.BOX 60000 - 0200

NAIROBI

STATEMENT PERIOD: FROM 24/03/2025 TO 24/03/2025

Rundate : 15/07/2025

Runtime : 11:51:48

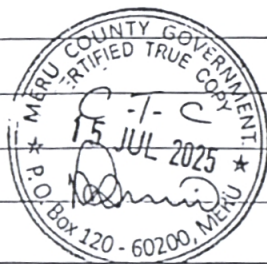
Customer Number : 119462

Account Number : 1000170352

Account Name : MERU COUNTY DEVELOPMENT(KES)

Opening Balance : 81135272.55

No.	Txn Date	Value Date	Reference No	Txn Details	Dr Amt	Cr Amt	Balance
1	24/03/2025	24/03/2025	FT25083TVWG8	Outward RTGS Payment MT 103	3,800,000.00	0.00	77,335,272.55
				0023004640			
				MERU COUNTY:9999999			
				MERU COUNTY IMPREST ACCOUNT			
				0023004640			



Supplier Statement

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Period Name APR-24							
Document Type	Document Number	Document Date	Status	GL Date	Description	Debit	Credit
Standard	PSAL 055	22-APR-2024	Validated/ Accounted /	22-APR-2024	BEING PAYMENT OF DECRETAL AMOUNT FOR PETITION NO.E003 OF 2021(LEOPAR D ROCK)	0.00	80,000,000.00
Payment Process Request	23002883/PS AL 055	24-APR-2024	Accounted /	24-APR-2024		80,000,000. 00	0.00
Period Total						80,000,000. 00	80,000,000.00
Balance Brought						20,000,000. 00	20,000,000.00
Cumulative Total						100,000,000. 00	100,000,000.00

Period Name SEP-24							
Document Type	Document Number	Document Date	Status	GL Date	Description	Debit	Credit
Payment Process Request	23003800/PS AL 002	26-SEP-2024	Not Accounted /	26-SEP-2024		50,000,000. 00	0.00
Standard	PSAL 002	26-SEP-2024	Validated/ Accounted /	26-SEP-2024	BEING PAYMENT OF DECRETAL AMOUNT OF PETITON NO.E003 OF 2021 (PARTIAL PAYMENT NO. 3	0.00	50,000,000.00
Period Total						50,000,000. 00	50,000,000.00
Balance Brought						100,000,000. 00	100,000,000.00
Cumulative Total						150,000,000. 00	150,000,000.00

Period Name FEB-25							
Document Type	Document Number	Document Date	Status	GL Date	Description	Debit	Credit
Payment Process Request	23004549/PS AL 003	28-FEB-2025	Not Accounted /	28-FEB-2025		50,000,000. 00	0.00
Standard	PSAL 003	28-FEB-2025	Validated/ Accounted /	28-FEB-2025	BEING PAYMENT OF	0.00	50,000,000.00



Supplier Statement

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Report Date 1
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					DECRETAL AMOUNT OF PETITON NO.E003 OF 2021 (PARTIAL PAYMENT NO. 4		
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Period Total		50,000,000. .00	50,000,000.00
Balance Brought		150,000,000. .00	150,000,000.00
Cumulative Total		200,000,000. .00	200,000,000.00

Supplier Site Total		200,000,000. .00	200,000,000.00
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Operating Unit Total		200,000,000. .00	200,000,000.00
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Supplier Total		200,000,000. .00	200,000,000.00
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End Of Report



REPUBLIC OF KENYA
IN THE HIGH COURT OF KENYA AT MERU
MISCELLANEOUS APPLICATION NO. 1 OF 2020
[AS CONSOLIDATED WITH MERU MISC. APPLICATION NO. 23 OF 2020: THE
COUNTY GOVERNMENT OF MERU VERSUS LEOPARD ROCK MICO LTD]
LEOPARD ROCK MICO LIMITED.....APPLICANT
VERSUS
COUNTY GOVERNMENT OF MERURESPONDENT

CERTIFICATE OF ORDER AGAINST THE GOVERNMENT

(Under order 29 Rule 3 of the Civil Procedure Rules, 2010)

BY A DECREE of this court dated the 18th day of June 2021, it was ordered;

1. The Application dated 20th February 2020 by the Respondents to set aside the arbitral award dated 19th December 2019 by Calvin Nyachoti, Sole Arbitrator, be and hereby dismissed.
2. The Ruling and Order of the Court dated 22nd January 2021 be and is hereby reviewed and Amended at Paragraph 34 (b) therefore as follows:
 - I. **APPLICATION** dated 6th January 2020 by the applicant to recognise the arbitral dated 19th December 2019 by Calvin Nyachoti Sole Arbitrator, be allowed and be enforced as a Decree of this Court.
 - II. The Respondent be and is hereby ordered to pay the Applicant the following:
 - (a) the sum of the of Kshs. 329,633,985 being costs of facilities built by the Tenant on the lease property.
 - (b) Kshs.7,436,500 being costs of assorted movable assets.
 - (c) Simple interest on (a) and (b) above at 14% p.a from 8th March 2019 till payment in full; and
 - (d) costs of the reference.
 - III. Respondent pays costs of the application dated 11th June 2021.

I HEREBY CERTIFY that the amount payable to the Applicant by the Respondent in pursuance of the said decree is Kshs.337,070,485 plus interest thereon from 8th March 2019 until 22nd July 2025 of Kshs. 300,966,490,72 and costs of Kshs. 4,083,700 and Kshs.748,221.96 **LESS** amount paid of Kshs. 200,000,000.00

The amount payable is accordingly **Kshs.442,868,897.68** which sum continues to attract interest until payment in full.

ISSUED at **MERU** this.....22ndday of.....**July**2025

DEPUTY REGISTRAR
HIGH COURT OF KENYA AT MERU

MK-2

MINISTRY OF INVESTMENTS, TRADE & INDUSTRY

ATTENDANCE LIST

MEETING NAME: LEOPARD ROCK HOTEL RESOLUTION'DATE: 15/07/2015

NO.	NAME	EMAIL	PHONE NUMBER	SIGN
1.	Abubakar Hassan, CBS	PS@investmentpromotion.go.ke		PS
2.	STEDITH ODUA	godua@investment-promotion.go.ke	0722825161	
3.	Dr. Shadrach Ngene	shadrachngene@gmail.co	0719701911	
4.	Wachira Ngũyo	wachiranguyo@gmail.com	0722967470	
5.	Leah Aywah	laywah.lab@gmail.com	0726051142	
6.	BEATRICE MWAUUA	BWANJUH1@MFA-GO.KE	0715674870	
7.	JUDY ADIPO	jadipo@kwa.go.ke	0722280183	
8.	Maurine Musimbi	mmusimbi@KWS-GO.KE	0720581859	

ANNEX F

MINISTRY OF INVESTMENTS, TRADE & INDUSTRY

ATTENDANCE LIST

MEETING NAME:.....DATE.....

NO.	NAME	EMAIL	PHONE NUMBER	SIGN
	EVANS MATURI	vmaturi@jshs.com	0722732837	13/12
	Wesley Kumaip	wkumaip2002@gmail.com	0721542834	13/12
	IRAH NKUUBI	irahkarana@gmail.com	0722134757	13/12
	Peter Nanyama	Manyonge@gmail.com		13/12
	Romain BOYER	romain.boyer@diplomatie.gouv.fr	0714695729	13/12
	Will Decharffen	chevron L.R	024494486	13/12