



REPUBLIC OF KENYA

THIRTEENTH PARLIAMENT | FIFTH SESSION

THE SENATE

STANDING COMMITTEE ON FINANCE AND BUDGET

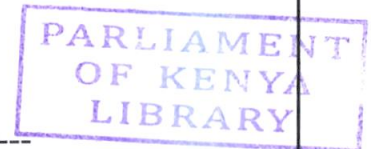
REPORT ON THE COUNTY GOVERNMENTS ADDITIONAL
ALLOCATIONS BILL 2026 (SENATE BILLS NO. 8 OF 2026)

PAPERS LAID	
DATE	10/6/2026
TABLED BY	Vice-Chair
COMMITTEE	-
CLERK AT THE TABLE	Abdirahman

Clerk's Chambers,
Parliament Buildings,
NAIROBI.

Rt. Hon. Speaker
You may approve for tabling
J.M. Nyegenye, C.B.S.,
Clerk of the senate/secretary, PSC
Date: 09/06/26

June 2026



PC Forwarded for approval
for tabling
08/06/2026
CDS Forwarded & recommended
for approval for tabling
09/06/2026

09/06/26

TABLE OF CONTENTS

Contents

LIST OF ABBREVIATIONS/ACRONYMS	3
PRELIMINARIES	4
ESTABLISHMENT AND MANDATE OF THE COMMITTEE	4
CHAIRPERSON'S FOREWORD	6
ACKNOWLEDGMENT	11
CHAPTER ONE	13
OVERVIEW OF THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2026 (SENATE BILLS NO. 8 OF 2026)	13
1.1 Introduction	13
1.2 Legal Basis for the County Governments Additional Allocations Bill	13
1.3 Overview and Structure of the Bill	14
1.4 Allocations in the Bill	14
CHAPTER TWO	22
OVERVIEW OF PUBLIC PARTICIPATION ON THE BILL	22
2.0 Introduction	22
2.1 Submissions by the National Treasury and Economic Planning	22
2.2 Submission by the Council of Governors (CoG)	24
2.3 Submissions by the Commission on Revenue Allocation (CRA)	26
2.4 Submissions by the County Assembly Forum (CAF)	27
2.5 Submission by Bajeti Hub	27
2.6 Submissions by the Ministry of Environment, Climate Change and Forestry, State Department for Forestry	29
2.7 Submissions by the Ministry of Health, State Department for Public Health and Professional Standards	30
CHAPTER THREE	31
COMMITTEE OBSERVATIONS	31
CHAPTER FOUR	34
COMMITTEE RECOMMENDATIONS	34
List of Annexes	36

LIST OF ABBREVIATIONS/ACRONYMS

ABDP	Aquaculture Business Development Programme
BREHS	Building Resilient and Responsive Health Systems
CGAAB	County Government Additional Allocation Bill
CGAAA	County Government Additional Allocation Act
CoG	Council of County Governors
MES	Managed Equipment Services
MTEF	Medium Term Expenditure Framework
NARIGP	National Agricultural and Rural Inclusive Growth Project
CRA	Commission on Revenue Allocation
K-WASH	Kenya Water, Sanitation and Hygiene
DRPNK	Drought Resilience Programme in Northern Kenya
ELRP	Emergency Locust Response Project
FLLoCA	Financing Locally-Led Climate Action
FY	Financial Year
KDSP	Kenya Devolution Support Programme
KISIP	Kenya Informal Settlement Improvement Project
KUSP	Kenya Urban Support Project
MDAs	Ministries State Departments and Agencies
NAVCDP	National Agricultural Value Chain Development Project
PFM	Public Finance Management
WSDP	Water and Sanitation Development Project

PRELIMINARIES

ESTABLISHMENT AND MANDATE OF THE COMMITTEE

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

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

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

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

MEMBERSHIP OF THE COMMITTEE

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

- | | | |
|---|---|-------------------------|
| 1) Sen. (Capt.) Ali Ibrahim Roba, EGH, MP | - | Chairperson |
| 2) Sen. Maureen Tabitha Mutinda, 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 |

CHAIRPERSON'S FOREWORD

The County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026) was published *vide* Kenya Gazette Supplement No. 61 of 16th March, 2026. The Bill was read a First Time in the Senate on Thursday, 2nd April, 2026. Thereafter, pursuant to standing order 145 of the Senate Standing Orders, the Bill was committed to the Standing Committee on Finance and Budget for consideration, facilitation of public participation and tabling of a report in the Senate.

The primary object of the Bill is to provide for the transfer of conditional or unconditional allocations from the national government's share of revenue under Article 202(2) of the Constitution and additional allocations from the proceeds of external loans and grants from development partners in line with Article 190 of the Constitution to the county governments for Financial Year 2026/2027. The Bill also provides for the responsibilities of national and county governments.

The Bill proposes to allocate a total of Ksh.66.74 billion as total additional funds to county governments in FY 2026/27 comprising Ksh.1.98 billion from Court Fines and 20% Share of Mineral Royalties, Ksh.7.37 billion from the National Government's Share of Revenue, and Ksh.57.39 billion from Proceeds of Loans and Grants from Development Partners for various programmes.

The First Schedule outlines the unconditional allocations to the respective county governments from court fines and the 20% Share of Mineral Royalties amounting to Ksh.1.98 billion. Court fines being proceeds from court fines collected from the enforcement of county legislation by the Judiciary has a total allocation of Ksh.148.26 million. The 20% Share of Mineral Royalties being proceeds from mineral royalties pursuant to section 183(5)(b) of the Mining Act has a total allocation of Ksh.1.83 billion.

The Second Schedule to the Bill outlines conditional allocations totaling Ksh.7.37 billion to county governments from the national government's share of revenue. The allocations are-

- a) Community Health Promoters (CHPs) Programme amounting to Ksh.3.234 billion to be shared among the forty-seven county governments.

- b) Supplement for Construction of County Headquarters amounting to Ksh.533 million to the following five Counties: Nyandarua, Tana River, Tharaka Nithi, Isiolo, and Lamu.
- c) County Aggregation and Industrial Parks (CAIP) programme to be undertaken in 13 counties, totalling Ksh.3.25 billion.
- d) Allocations for 0.5% of Housing Levy Fund to the County Rural and Urban Affordable Housing Committees amounting to Ksh.365.9 million.

The Third Schedule outlines additional allocations to County Governments from the proceeds of loans or grants from Development Partners for FY 2026/2027 amounting to Ksh.57.4 billion. Additionally, it indicates the beneficiary county for each of the additional allocations. These allocations include-

- a) French Development Agency credit for the Kenya Informal Settlement Improvement Project (KISIP II) amounting to Ksh.400 million.
- b) IDA (World Bank) grant for Building Resilient and Responsive Health Systems (BREHIS) Programme amounting to Ksh.Ksh.7.8 billion.
- c) Financing Locally- Led Climate Action Program, (FLLoCA) County Climate Resilience Investment (CCRI) grant financed by proceeds from a KfW (German Development Bank) loan amounting to Ksh.1.2 billion.
- d) IDA (World Bank) Credit (Financing Locally- Led Climate Action Program, FLLoCA) County Climate Resilience Investment (CCRI) Grants allocation of Ksh.6.18 billion.
- e) IDA (World Bank) loan for the Food Systems Resilience Project – (FSRP) totalling to Ksh.3.9 billion.
- f) IDA (World Bank) Loan for the National Agricultural Value Chain Development Project (NAVCDP) amounting to Ksh.3.56 billion.
- g) IDA (World Bank) loan to finance Water and Sanitation Development Project (WSDP) totalling to Ksh.850 million.
- h) IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) – Urban Institutional Grant (UIG) of Ksh.954.7 million.
- i) IDA (World Bank) Loan for Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG) of Ksh.Ksh.16.7 billion.

- j) International Fund for Agricultural Development (IFAD) loan for the Kenya Livestock Commercialization Project (KeLCoP) totalling Ksh.378.73 million.
- k) KfW (German Development Bank) Loan for the Drought Resilience Programme in Northern Kenya (DRPNK) of Ksh.853.6 million.
- l) International Fund for Agricultural Development (IFAD) loan for Integrate Integrated Natural Resources Management Programme (INReMP) of Ksh.Ksh.812.4 million.
- m) IDA (World Bank) loan for the Kenya Devolution Support Programme (KDSP) level 1 grant of Ksh.1.76 billion.
- n) IDA (World Bank) loan for the Kenya Devolution Support Programme (KDSP) level 2 grant of Ksh.7.76 billion.
- o) IDA (World Bank) loan for the Kenya Water, Sanitation and Hygiene (K-WASH) Programme amounting to Ksh.4.28 billion.

In accordance with the provisions of standing order 145(5) of the Senate Standing Orders, the Committee proceeded to undertake public participation on the Bill. In this regard, the Committee published an advertisement in the Daily Nation and Standard newspapers on Wednesday, 15th April, 2026, inviting members of the public to submit written memoranda to the Committee on the Bill. The Committee also sent invitations to key stakeholders inviting them to submit their comments on the Bill. The following stakeholders submitted their views-

- a) the National Treasury and Economic Planning;
- b) the Council of Governors (CoG);
- c) the Commission on Revenue Allocation (CRA);
- d) the County Assembly Forum;
- e) The Bajeti Hub;
- f) The Ministry of Environment, Climate Change and Forestry; and
- g) The Ministry of Health.

The Committee held a total of two (2) sittings (*Annex 1- Minutes of the Committee*) to deliberate on the Bill.

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

- a) The allocation of Ksh.8,605,844,135.60 for the transitioning of Universal Health Coverage workers to permanent and pensionable terms, need to be transferred to the counties as a conditional allocation in its first year of implementation to ensure there are no funding gaps which would result from sharing the allocation using fourth basis when its included in the Division of Revenue Act.
- b) The criteria for allocation among the beneficiary counties: the conditional allocations on FLLoCA, KDSP, KUSP, K-WASH and KISIP under the Third Schedule was omitted in the Bill.
- c) The Ministry of Environment, Climate Change and Forestry requested the Committee a new additional allocation for the Kenya Watershed Services Improvement Project of Ksh.1.8 billion to be implemented in Baringo, Marsabit., Isiolo, Samburu, Laikipia, Meru, Kitui, Tharaka Nithi, Tana River, Garissa, Makueni and Kwale.
- d) The Ministry of Health requested for rationalisation of conditional allocation for Building Resilient and Responsive Systems (BREHS); be revised from Ksh.7,799,999,982 to ksh.2,476,800,100 since the project is to be implemented in 3 financial years. Additionally, the budget for the project in FY 2026/27 included Health Products and Technologies (HPT) estimates which would not be direct fund transfers but commodity transfer.
- e) The National Treasury requested for inclusion of conditional allocation to Meru County KSh. 139 million for settlement of arbitral award. However, the total outstanding obligation including principal plus accrued interest was approximately Ksh.480.75 million.
- f) The implementation of sections 191A-E of the PFM Act Cap. 412A remained unresolved. Following requests from stakeholders, the Committee noted the need to exempt the allocations from the requirements of the provisions.
- g) The persistent challenge of delayed disbursement of additional allocations to county governments remains unaddressed in the Bill. Controller of Budget reports indicate that the majority of conditional grants for FY 2025/26 had not been received by counties as of December 2025, while county pending bills have reached Ksh. 183.0 billion and wage expenditure averages 41.4 percent of total revenue against the statutory ceiling of 35 percent.

- h) Despite a steady increase in the amounts budgeted as additional allocations to county governments, actual disbursements have persistently fallen below target. For example, in FY 2021/22, only Ksh.12.4 billion was disbursed out of the Ksh.39.88 billion. In FY 2022/23, counties received Ksh.19.26 billion against an allocation of Ksh.29.35 billion. Similarly, in FY 2023/24 and FY 2024/25, actual disbursements amounted to Ksh.27.2 billion and Ksh.25.5 billion, compared to approved budgets of Ksh.46.36 billion and Ksh.70.7 billion, respectively. This persistent gap between approved and actual transfers constrains counties' ability to implement planned programmes and ultimately weakens service delivery.
- i) Relevant implementing Ministries, Departments, and Agencies (MDAs) have expressed concern that some counties are diverting funds from their respective Special Purpose Accounts (SPAs) to cover other expenditures. These actions violate the terms of the Intergovernmental Participation Agreements signed between the two levels of government. As a result, such counties have had their right to use or benefit from donor funds suspended.
- j) The Bill requires all additional allocations to county governments to be reflected in the national government's budget estimates, a review of the FY 2026/27 budget estimates reveals some variances, particularly in the development partner-funded projects. For instance, the IDA (World Bank)-Food Systems Resilience Project (FSRP) is allocated Ksh.3.6 billion against an expected allocation of Ksh.3.9 billion, the National Agricultural Value Chain Development Project (NAVCDP) Ksh.3.5 billion against Ksh.3.56 billion, and the Water and Sanitation Development Project (WSDP) Ksh.520 million against Ksh.850 million. These discrepancies in allocations could affect the predictability and timely disbursement of funds.

The Committee, having considered the Bill and stakeholders submissions, recommends that the Senate approves the Bill with amendments.

ACKNOWLEDGMENT

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

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

Lastly, I take this opportunity to commend the Members of the Committee for their devotion and commitment to duty, which made the consideration of the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026) successful.

It is now my pleasant duty, pursuant to standing order 148(1) of the Senate Standing Orders, to present the Report of the Standing Committee on Finance and Budget to the Senate on the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026).

Signature.....



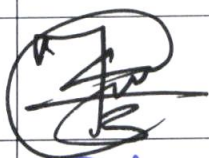
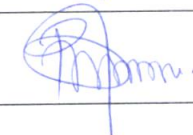
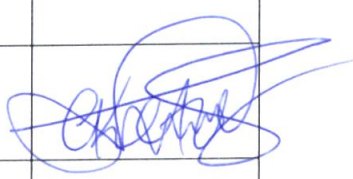
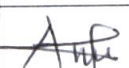
Date.....

14/05/2026

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

**ADOPTION OF THE REPORT OF THE STANDING COMMITTEE ON
FINANCE AND BUDGET ON THE COUNTY GOVERNMENTS ADDITIONAL
ALLOCATIONS BILL, 2026 (SENATE BILLS NO. 8 OF 2026)**

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	
9.	Sen. Essy Okenyuri Nyaituga, MP	Member	

CHAPTER ONE

OVERVIEW OF THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2026 (SENATE BILLS NO. 8 OF 2026)

1.1 Introduction

- 1) The County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026), was published on 16th March, 2026. The Bill was read a First Time in the Senate on Thursday, 2nd April, 2026, and thereafter stood committed to the Standing Committee on Finance and Budget for consideration, facilitation of public participation, and tabling of a report in the Senate.

1.2 Legal Basis for the County Governments Additional Allocations Bill

- 2) The County Governments Additional Allocations Bill is prepared pursuant to the provisions of Articles 187, 190(1) and 202(2) of the Constitution. Article 202(2) empowers Parliament to provide county governments with additional allocations from the national government's share of revenue, either conditionally or unconditionally. Further, Article 190(1) mandates Parliament to enact legislation to ensure that county governments receive adequate support to perform their functions. Additionally, Article 187 provides the framework for the transfer of functions and powers between the two levels of government by agreement, necessitating the concurrent transfer of resources which this Bill facilitates.
- 3) The provisions of the Bill are anchored on section 191 of the Public Finance Management Act, Cap. 412A, which requires the National Treasury to prepare and submit the Bill alongside the Budget Policy Statement (BPS). Section 191(3A) stipulates that the Bill must specify any conditions attached to the allocations, and sections 191A to 191E highlight the requirement of intergovernmental agreements between the National Treasury and county governments as a prerequisite to the transfer of additional allocations from the national government to county governments.

1.3 Overview and Structure of the Bill

- 4) The Bill is organized into eight clauses and three Schedules, detailing the title, object, purpose, and specific allocations. The total proposed allocation is Ksh.66.74 billion, distributed as follows—

Schedule	Source	Amount (Ksh.)
First Schedule	Court Fines & 20% Share of Mineral Royalties(unconditional)	1.98 billion
Second Schedule	National Government's Share of Revenue (conditional)	7.37 billion
Third Schedule	Proceeds from Loans & Grants from Development Partners (conditional)	57.39 billion
Total		66.74 billion

1.4 Allocations in the Bill

- 5) The First Schedule provides for unconditional allocations from court fines imposed in the enforcement of county legislation and the 20% share of mineral royalties to the respective county governments, amounting to **Ksh.1.98 billion** as follows—

- a) **Court fines-** the total allocation amounts to Ksh.148.26 million and is distributed to 29 counties. Major beneficiaries are Nairobi (Ksh.72.9 million), Machakos (Ksh.19.2 million), Mombasa (Ksh.14.2 million), and Uasin Gishu (Ksh. 13.9 million).
- b) **The 20% Share of Mineral Royalties-** The total allocation is **Ksh.1.83 billion** accruing from proceeds from mineral royalties pursuant to section 183(5)(b) of the Mining Act, which stipulates that twenty percent (20%) of mineral royalties paid to the State should be paid to the County Government where the mining operations occurred. Notably, the number of counties with active mining activities has remained about 30, with trends in collection remaining similar as in FY 2025/26. Counties with the highest allocation from mineral royalties include Kwale (Ksh.804.3

million), Kajiado (Ksh.310.3 million), Kilifi (Ksh.240.8 million), Nandi (Ksh.121.5 million), and West Pokot (Ksh.103.8 million). Additionally, there are notable increases in allocation to Kisumu, West Pokot, Machakos, Migori, and Nandi counties. In FY 2026/27, Kisumu will receive Ksh.97.0 million, up from nil in FY 2025/26; West Pokot Ksh.103.8 million up from Ksh.1,650; Machakos Ksh.28.1 million up from Ksh.99,716; Migori Ksh.33.2 million up from Ksh.3.1 million; and Nandi Ksh.121.5 million, up from Ksh.55.1 million.

- 6) The Second Schedule outlines conditional allocations totalling **Ksh.7.37 billion** to county governments from the national government's share of revenue. These funds are distributed across four programmes within the eligible counties as follows:

- a) **Community Health Promoters (CHP) Programme** - The CHP programme has a total allocation of **Ksh.3.23 billion** and is distributed based on the number of CHPs in each county. The initiative aims to strengthen primary healthcare at the community level nationwide. There are 107,831 CHPs and each receives a monthly stipend of Ksh.5,000, which is jointly and equally funded by the national and county governments.
- b) **Construction of the county headquarters** – This project has a total allocation of **Ksh.523 million** and has been ongoing for the past eight years across five counties that lacked adequate administrative offices at the start of devolution. The allocation per county in FY 2026/27 is as follows: Isiolo-Ksh.158.8 million, Lamu-Ksh.71.6 million, Tana River-Ksh.95.3 million, Tharaka Nithi-Ksh.30 million, and Nyandarua-Ksh.166.8 million.
- c) **County Aggregation and Industrial Parks (CAIPs) programme** - This programme has a total of **Ksh.3.25 billion** distributed equally among 13 counties, with each county receiving Ksh.250 million. The beneficiary counties are Bomet, Elgeyo Marakwet, Isiolo, Kisumu, Lamu, Makueni, Mandera, Nairobi, Samburu, Taita-Taveta, Tharaka-Nithi, Turkana, and West Pokot. This is the final group of counties to receive support from the national government for the construction of aggregation parks.

d) **Funding of County Affordable Housing Committees** - The Bill allocates Ksh.365.9 million to support the administrative activities of the Rural and Urban Affordable Housing Committees. This amount is distributed equally among the 47 counties, with each county receiving Ksh.7.8 million. The allocation is made in accordance with section 11(4)(c) of the Affordable Housing Act, No.2 of 2024, which mandates that the Affordable Housing Board set aside 0.5% of the actual receipts from the Housing Levy collected for the county committees to facilitate their administration.

7) The Third Schedule outlines conditional allocations funded by proceeds from loans or grants provided by development partners, totaling **Ksh.57.4 billion**. The following projects are under this Schedule:

a) Kenya Informal Settlement Improvement Project (KISIP II) – Ksh. 400 million

This project is funded by a loan from the French Development Agency (AID) to the following ten counties: Nairobi, Mombasa, Nakuru, Kiambu, Wajir, Lamu, Nyeri, Nyandarua, Elgeyo Marakwet, and Kajiado. The primary objective of the funding is to develop sustainable infrastructure within select informal settlements in targeted urban areas. The distribution of funds among the counties is guided by each county's level of readiness and the eligibility criteria of the settlements, as outlined in the Project Appraisal and Operations Manual. The beneficiary counties are required to carry out environmental and social safeguards and implement relocation action plans where possible.

b) The Building Resilient and Responsive Health Systems (BREHS) Programme – Ksh. 7.8 billion

This programme is funded through a loan from the International Development Association (IDA) of the World Bank. The programme's overall objective is to strengthen community health services by supporting the operations and maintenance of Level 2 and Level 3 health facilities. Funds are distributed to counties under two broad components: commodity allocations and intervention allocations. The commodity allocation amounts to **Ksh.2.508 billion**, shared among

ten counties based on the Reproductive, Maternal, Newborn, Child, and Adolescent Health (RMNCAH) index, with additional support to Turkana and Garissa counties which are hosting refugees. This commodity allocation is provided in-kind (*pharmaceutical and non-pharmaceutical products paid for by the Ministry of Health to KEMSA*) and will be received as drawing rights for the counties. The intervention allocation amounts to **Ksh.5.292 billion**, which is distributed among the 47 counties as direct fund transfers based on three criteria: the Fourth Basis Allocation Index (Ksh.3.24 billion, distributed across the 47 counties), the RMNCAH index (allocating Ksh.702 million to ten counties), and the Refugee intervention (providing Ksh.1.35 billion to two counties).

c) Financing Locally Led Climate Action Program (FLLoCA) – CCRI Grant Programme

This Programme is supported by two development partners: KfW (German Financial Cooperation), which has provided **Ksh.1.2 billion**, and the World Bank (IDA), with a contribution of **Ksh.6.18 billion**. The KfW funds will be distributed across 16 eligible counties, while the IDA funds are designated for 45 eligible counties. Access to the funds is contingent upon counties meeting basic conditions and achieving a required performance score through the Annual Performance Assessment. The primary objective of the CCRI Grant is to encourage and financially enable county governments to implement their County Climate Action Plans (CCAPs). A key condition for counties to access this funding is that, in each financial year, the county government must allocate at least 1.5% of its development budget to the County Climate Change Fund (CCCF).

d) Food Systems Resilience Project (FSRP) – Ksh. 3.9 billion

This Project is financed through a loan from the IDA -World Bank. The purpose of the funding is to increase preparedness against food insecurity and improve the resilience of food systems in 13 identified counties. The beneficiary counties are expected to each contribute Ksh.5 million.

e) National Agricultural Value Chain Development Project (NAVCDP) – Ksh. 3.56 billion

This project is financed through a loan from the IDA- World Bank and is implemented across 34 counties. Under the project, 32 counties will receive

Ksh.105 million each, while Nairobi and Mombasa counties will receive Ksh.100 million each. All beneficiary counties are required to provide a counterpart contribution of Ksh.5 million each. The project aims to enhance market participation and promote value addition among targeted farmers engaged in select value chains within these counties.

f) Water and Sanitation Development Project (WSDP) – Ksh. 850 million

The funding for this project is provided as a credit from the IDA World Bank and it is implemented across the following six counties in the coastal and northeastern regions of Kenya: Wajir-Ksh.200 million, Garissa-Ksh.100 million, Mombasa-Ksh.100 million, Taita Taveta-Ksh.100 million, Kwale-Ksh.150 million, and Kilifi-Ksh.200 million. The primary objective of the project is to support implementation of water and sanitation activities aimed at increasing water and sanitation coverage in these counties.

**g) Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG)
– Ksh.954.7 million**

This project is funded by IDA-World Bank. The funds will be distributed to 45 counties (*excluding Nairobi and Mombasa*) based on the Annual Performance Assessment, which takes into account the conditions met by each county. The aim is to support county governments in formulating urban development plans, including the establishment and operationalization of urban institutions such as charters, boards and administrative units. The urban institutions are expected to use these resources to make necessary arrangements and prepare for the infrastructure investments component of the project. One of the key conditions requires a county government to demonstrate that it has utilized at least 50 percent of the Urban Institutional Grant on activities that benefit eligible participating urban boards.

**h) Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG)
– Ksh. 16.7 billion**

This project is funded by IDA-World Bank and it targets 59 municipalities across the 45 participating counties. The allocation criteria for each municipality is based on population figures from the 2019 population census, provided that certain

conditions are met. As such, counties with a higher number of municipalities and larger populations will receive a larger share.

i) Kenya Livestock Commercialization Project (KeLCoP) - Ksh.378.73 million

This project is financed by the International Fund for Agricultural Development (IFAD) through a loan. It will be implemented across ten counties as part of the Government's commitment to the agricultural transformation agenda aimed at boosting the incomes, food security and nutrition of rural small-scale farmers. Its core objective is to enhance the livelihoods of 110,000 vulnerable livestock-keeping and pastoralist households, particularly women and youth, through environmentally sustainable practices in the targeted areas.

j) Drought Resilience Programme in Northern Kenya (DRPNK) - Ksh.853.6 million

This Programme is financed by KfW (German Development Bank) and it aims to enhance drought resilience and climate change adaptation capacities within pastoral and agro-pastoral production systems and livelihoods in select areas of Turkana and Marsabit Counties. This is achieved through the construction and rehabilitation of relevant infrastructure. It has two components: a loan portion of Ksh.308.0 million to Marsabit County, and a grant portion of Ksh.545.6 million to Turkana County. This distribution follows the financing agreement between the Government of Kenya and the Government of the Federal Republic of Germany.

k) Integrated Natural Resources Management Programme (INReMP) - Ksh.812.4 million

This is financed through credit from the International Fund for Agricultural Development (IFAD). It is an eight-year project that aims to contribute to food, nutrition and income security in rural households through a more sustainable ecosystem. It targets women, youth and vulnerable communities living in the Cherangany Hills and Mau West water towers. The beneficiary counties are West Pokot, Elgeyo Marakwet, Trans Nzoia, and Uasin Gishu (*Cherangany water tower counties*); Kakamega and Nandi (*Cherangany downstream counties*); and Kericho, Kisumu, Homa Bay and Migori (*Mau West Catchment and three downstream*

counties of the Lake Victoria basin). Each county will receive Ksh.81.24 million in FY 2026/27.

l) Kenya Devolution Support Programme -II (KDSP-II) Level I Grant - Ksh.1.76 billion

This programme is financed by the IDA-World Bank. The primary objective of the Level I Grant is to incentivize county governments to establish essential governance and institutional frameworks for managing public resources. It is expected that this will strengthen county capacities, facilitate the achievement of programme results and support effective programme coordination. Upon fulfilling all applicable conditions and achieving the prescribed results, each of the 47 county governments will receive **Ksh.37.5 million**.

m) Kenya Devolution Support Programme II (KDSP) II Level II-Grant - Ksh.7.76 billion

This Programme is funded by the IDA-World Bank. It functions primarily as a service delivery and investment grant. Its main objective is to finance county-level investments in infrastructure and service delivery. The specific allocation criteria of the (KDSP) II Level II to all 47 counties entails 50 percent allocated to the eligible county government's performance score through the Annual Performance Assessment; and the other 50 percent allocated based on the scores against the performance measures of each respective Disbursement Link Indicator (DLI) result area. The DLI against the allocation is standardized as follows:

- i) Ksh.75 million for each county that has increased its OSR by at least 5 percent annually, over and above the rate of inflation.
- ii) Ksh.75 million for each county that has prepared and is implementing an action plan to reduce the stock of pending bills and maintain it at minimal levels.
- iii. Ksh.97.5 million for each county that has integrated its HR records, authorized staff establishment and payroll, and uploaded cleaned payrolls in the IIRMIS.
- iv) Ksh.45 million for each county that is enhancing accountability for results through an integrated performance management framework.

- v. Ksh.60 million for each county with a Public Investment Management (PIM) dashboard with citizen feedback mechanisms.

n) Kenya Water, Sanitation and Hygiene (K-WASH) Programme - Ksh.4.28 billion

This programme is funded by the IDA-World Bank. It aims to increase access to improved water and sanitation services, eliminate open defecation and improve the operational and financial performance of Water Service Providers in the 19 participating counties, including refugee host counties (*Turkana and Garissa Counties*).

CHAPTER TWO

OVERVIEW OF PUBLIC PARTICIPATION ON THE BILL

2.0 Introduction

- 8) The Committee, pursuant to the provisions of Article 118 of the Constitution and standing order 145(5) of the Senate Standing Orders, proceeded to undertake public participation on the Bill. In this regard, the Committee published an advertisement in the *Daily Nation* and *Standard* newspapers on Wednesday, 15th April, 2026 inviting members of the public to submit written memoranda on the Bill. The advertisement was also posted on the Parliament website and social media platforms. A copy of the advertisement is attached (*Annex 4- Published Public Advert*).
- 9) The Committee received submissions (Annex-3) from the following stakeholders –
- (i) The National Treasury and Economic Planning;
 - (ii) The Council of Governors;
 - (iii) The Commission on Revenue Allocation;
 - (iv) County Assembly Forum;
 - (v) Bajeti Hub;
 - (vi) The Ministry of Environment, Climate Change and Forestry; and
 - (vii) The Ministry of Health.

2.1 Submissions by the National Treasury and Economic Planning

- 10) The National Treasury submitted the following–
- a) That clause 3 was renamed from "Object and Purpose of the Act" to "Object," and that clauses 10 and 11 on Transition and Financial Misconduct were not included from the Bill. They recommended the inclusion of these clauses to allow exemption of the Bill on sections 191A–191E of the PFM Act in the interim, to avoid delays in the execution of intergovernmental agreements, and to enforce fiscal governance and discipline in public finance management.
 - b) That the Bill does not have a definition of the term "Agreement" and the Treasury recommended its reinstatement as an Intergovernmental Agreement under

section 191A of the PFM Act, stating the need to provide full interpretation of technical terms used in the Bill for full clarity.

- e) That clause 3 on the Object of the Bill incorrectly referenced Article 190 and the Treasury recommended an amendment to accurately reflect that Parliament shall by legislation support county governments, stating that the Bill is one of the legislative instruments formulated to support counties.
- d) That clause 4(1)(a) on additional allocations to County Governments provides for allocation resulting from transfer of functions under Article 187. However, the Bill does not provide for any allocations due to transfer of functions from one level to another.
- e) That Bill does not include an allocation for transitioning UHC staff to permanent and pensionable terms. The National Treasury recommended its reinstatement at the revised amount of Ksh. 8,605,844,135.60, being a resolution of the 12th National and County Governments Coordination Summit held in December 2025, and cautioned that channelling the allocation through the Division of Revenue Bill would result in inconsistent allocations to individual counties.
- f) That clause 5(4) on the criteria for allocating conditional allocations under subsections 3(d) and (e) contains a wrong reference. The Treasury proposed amending clause 5(4) to read as "Conditional allocations under subsection (3)(c) and (d)" to correct the reference, stating the need to ensure consistency with clause 5(3) of the Bill for the KiW-FLLoCA-CCRI Grant and IDA (World Bank) FLLoCA-CCRI Grant instruments for counties respectively.
- g) That the Bill does not include the Performance for Results (P for R) allocation criteria under clause 5(4) for several allocations including KUSP, KDSP II Levels 1 and 2, and K-WASH. The National Treasury recommended amendments to provide the allocation criteria contained in the Project Appraisal Documents to ensure consistency with the financing instruments for counties respectively.
- h) That clause 5(6) on county governments' appropriation of allocations was amended to only require submission of allocations for approval to Parliament. They recommended a further amendment to additionally require submission to all beneficiary county governments, and that clause 5(7) be deleted, stating that all additional allocations are subject to appropriation by county governments.

- i) That clause 4(3) should be deleted since the agreements are signed between the National Treasury and Development partners. Participatory agreements are signed between the participating counties and the respective ministry/department.
- j) That the Bill should include a financial misconduct clause to enforce governance and fiscal responsibility under public finance management.
- k) That the Memorandum of Objects and Reasons incorrectly reference FY 2024/25 and FY 2023/2024 instead of FY 2026/2027 and recommended an amendment to align the contents of the Bill with the correct financial year references to avoid miscommunication and inconsistencies in the Bill.
- l) That the Second Schedule be revised to allocate Ksh. 7,373,931,679 as Conditional Additional Allocations from the National Government's share of revenue for FY 2026/27, and recommended reinstatement of the revised allocation of Ksh. 8,605,844,135.60 for Universal Health Coverage workers' transitioning to permanent and pensionable terms, reflecting a difference of Ksh. 331,770,864.40 from the earlier submission.
- m) That the Third Schedule be revised to allocate a total of Ksh. 57,399,765,294 to counties financed from fifteen donor-funded projects, and that the BREHIS project allocation of Ksh. 7,799,999,982 as submitted in the Bill be revised to Ksh.2,476,800,100 in line with the revised submission by the State Department of Public Health and Professional Standards.
- n) That a conditional allocation of Ksh.139 million be allocated to the Meru County government in FY 2026/27. This allocation will allow the county government to make a one-off payment to settle the principal amount of an arbitral award owed to the proprietor of Leopard Rock Mico Ltd. This award was given in favour of Leopard Rock Mico Ltd for breach of a lease agreement.

2.2 Submission by the Council of Governors (CoG)

11) The CoG submitted the following--

- a) That the early introduction of the Bill will improve the consideration period and align with the County Governments' budget calendar. They however urged the National Treasury to comply with the statutory requirement to publish monthly

disbursement statements by the 15th day of the subsequent month, observing that this provision had not been implemented despite being a requirement of the law.

- b) That sections 191A to 191E of the PFM Act have remained unimplemented since FY 2021/22 due to structural inconsistencies that cannot be cured. The requirement for Intergovernmental Agreements under section 191A(1) is unnecessary and duplicative of existing Intergovernmental Participation Agreements signed between county governments and relevant Ministries, Departments and Agencies. That the Senate should repeal the said sections and proposed a consequential amendment to the PFM Act to that effect.
- c) That clause 3(a) be amended to provide for additional allocations for the Financial Year 2026/27, pursuant to Articles 190(1) and 202(2) of the Constitution which require Parliament to enact legislation ensuring that county governments have adequate support to perform their functions.
- d) That clause 4(2) be amended by deleting the phrase "except allocations under section 5(1)(a)" as all additional allocations to counties should be appropriated to give county governments authority to spend. There should be no exemption for court fines since these are budgeted for by beneficiary counties and should be contained in their Appropriation Bills.
- e) That the marginal note on clause 5(1) is incorrect as the clause provides for unconditional and not conditional allocations. The note should be amended to read "Unconditional allocations to County Governments." The Council further stated that the marginal note on clause 5(1)(a) be moved to clause 5(1)(b), as Cap. 306 is the Mining Act providing for mineral royalties and does not relate to court fines.
- f) That clause 5(3) be amended by deleting subsection 3(l) of the Agricultural Business Development Programme (ABDP), which is coming to an end in June 2026. Further, a new sub-clause (l) for Integrated Natural Resources Management Programme (INReMP) which commences in FY 2026/27 is not in the clause despite being provided for in the Third Schedule, and proposed its inclusion. Additionally, a new subclause (p) for Kenya Watershed Services Improvement Project (KEWASIP), which became active in December 2025 and

is expected to be implemented in 12 counties for five years beginning FY 2026/27 should be included.

- g) That a consequential amendment to the PFM Act repealing sections 191A to 191E be introduced.

2.3 Submissions by the Commission on Revenue Allocation (CRA)

12) The CRA submitted as follows—

- a) The definition of the phrase "additional allocations" is narrow and excludes unconditional allocations to county governments from court fines and mineral royalties, which are provided for in the Bill. They recommended that the definition be expanded to include these categories.
- b) That clause 3(2)(d) on conditional allocations for the administration of the County Affordable Housing Committees does not reference the Schedule where the allocations are set out. The Commission recommended that the sub-clause be amended to add "as set out in Column E of the Second Schedule."
- c) That under sub-clause 3(i), the description of conditional allocations financed by proceeds of an IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) contains a typographical error, reading "Urban Institutional Grant" instead of "Urban Development Grant." The Commission proposed that "Institutional" be replaced with "Development" to correct the description.
- d) That clause 4(b) provides weights for allocating conditional allocations under sub-clause 3(d) that are inconsistent with the Fourth Basis formula for allocating national revenue among counties. The Commission recommended that the correct weights of 45 percent for Population Index, 35 percent for Equal Share Index, 12 percent for Poverty Index, and 8 percent for Geographical Size Index be applied, or alternatively, that the phrase referencing the formula weights be deleted entirely.
- e) That the Budget Policy Statement 2026 provided a conditional allocation of Ksh. 8.94 billion for transitioning UHC workers to permanent and pensionable terms in FY 2026/27, but this allocation is missing from the Bill. They proposed that the allocation be factored into the 2026 Division of Revenue Bill, and that going forward the total remuneration for UHC workers be incorporated into the

equitable share to ensure counties are not disadvantaged when the conditional allocation is discontinued.

2.4 Submissions by the County Assembly Forum (CAF)

13) The CAF submitted the following—

- a) The Bill continues to allocate funds to critical programmes such as Community Health Promoters, County Aggregation and Industrial Parks, Affordable Housing Committees and several donor-funded programmes. While these programmes support devolved functions, they noted that their implementation continues to be constrained by bureaucratic complexities, delayed disbursements and overlapping reporting obligations.
- b) That there are no robust mechanisms to resolve disagreements arising from delayed disbursements, funding shortfalls and grant reallocations, emphasizing that cooperative governance requires clear consultation and dispute resolution mechanisms between the National Government and County Governments.
- c) That clause 5(2) be amended to correct a numbering error and to expand and clarify the categories of conditional allocations from the National Government's share of revenue for FY 2026/27.
- d) That the inclusion of the County Rural and Urban Affordable Housing Committees in the Bill as a positive step towards decentralizing the national housing agenda, while emphasizing that these committees must remain accountable to the public through vetting and oversight by their respective County Assemblies, in line with the principles of devolution.

2.5 Submission by Bajeti Hub

14) Bajeti Hub submitted the following—

- a) That clause 4(3) requires additional allocations to be prepared and agreed upon during the consideration of the Budget Policy Statement, yet the Bill was submitted well after the Budget Policy Statement had been presented. They urged the Senate to report on the progress of implementation of previous Acts, highlight adjustments made in this Bill to address identified gaps, and publicise the challenges faced and lessons learned.

- b) That fourteen years since the onset of devolution, five counties (Isiolo, Lamu, Nyandarua, Tana River, and Tharaka Nithi) are still receiving supplementary funds ranging from Ksh. 30 million to Ksh. 166 million for the construction of county headquarters under Column C of the Second Schedule. They called for assessment reports on progress, timelines for completion, and the criteria used to select the five counties.
- c) That the Bill lacks clear criteria for the allocation of conditional grants from national government revenue. Under Column D of the Second Schedule, Ksh. 250,000,000 is allocated for the CAIP Programme to 13 counties with no justification for their selection or the equal allocation despite potentially varying demand. Similarly, under the Third Schedule, 24 counties have been allocated equal amounts of Ksh.105,000,000 each under the National Agricultural Value Chain Development Project (NAVCDP) with no justification provided. They called upon the Senate to ensure that an explicit and equitable criterion for determining county allocations is implemented.
- d) Further, while the Bill unlocks mineral royalties in line with the Mining Act, 2016, the basis for the allocation amounts and the source of underlying data are not provided. They recommended that the Senate includes the data basis and source of information for mineral royalty allocations in order to promote extractive transparency.
- e) That the Third Schedule presents incomplete information on county-specific allocations for some grants citing the Financing Locally-Led Climate Actions (FILLoCA) allocations under Columns D and E as empty despite total allocations have been provided, and called for all county-specific allocation information to be completed before the Bill is enacted.
- f) The Third Schedule provides for allocations only for FY 2026/27. They recommended that all conditional grants follow the same Medium Term Expenditure Framework (MTEF) by including projections for two outer years to help counties plan when donor funds are discontinued. They also called upon the Senate to verify county compliance with matching funds requirements.
- g) That the Senate undertakes a study to understand the implications of the decision taken from FY 2020/21 to collapse conditional grants into the equitable share,

highlighting the impact on Level 5 hospitals, Vocational Training Centres, and the broader education system.

- h) That the persistent challenge of delays in disbursement of additional allocations to counties remains unaddressed in the Bill, citing the County Budget Implementation Review Reports by the Office of the Controller of Budget, which indicated that the majority of conditional grants for FY 2025/26 had not been received by counties as of December 2025, with the worst case being FY 2022/23 when the County Allocation of Revenue Act was first split.
- i) Bajeti Hub called upon the Senate to strengthen oversight mechanisms and ensure timely disbursement of funds to counties. They highlighted that only nine counties comply with the requirement to keep wage expenditure below 35 percent of total revenue, against an average of 41.4 percent, and that county pending bills have reached Ksh. 183.0 billion, with Nairobi County alone accounting for Ksh. 86.8 billion. They recommended adoption of Pending Bills Action Plans, transition to accrual accounting, and public disclosure of disbursement schedules alongside gazette notices.

2.6 Submissions by the Ministry of Environment, Climate Change and Forestry, State Department for Forestry

- 15) The Ministry of Environment, Climate Change and Forestry, State Department for Forestry submitted the following—
 - a) That the Kenya Watershed Services Improvement Project (KEWASIP), a World Bank-funded initiative running for a period of five years effective on 23rd December 2025, be included in the Bill.
 - b) That KEWASIP will be implemented at both national and county levels, targeting 12 counties namely Baringo, Marsabit, Isiolo, Samburu, Laikipia, Meru, Kitui, Tharaka Nithi, Tana River, Garissa, Makueni, and Kwale.
 - c) That concurrence for the county share of KEWASIP was granted by the National Treasury vide Reference No. TNT/RMD/02/1104/501/87 VOL.2 (37) dated 16th February 2026.
 - d) They therefore requested that the counties share the KEWASIP of Kshs. 1.8 billion be included in the Bill.

2.7 Submissions by the Ministry of Health, State Department for Public Health and Professional Standards

16) The Ministry of Health, State Department for Public Health and Professional Standards submitted the following;

- a) That during the preparation of the FY 2026/27 budget, the Building Resilient and Responsive Health Systems (BREHS) project had secured conditional grant funding to counties under the CGAAB 2026 framework amounting to Ksh.7,799,999,982.
- b) That the Building Resilient and Responsive Health Systems (BREHS) project Financing Agreement was signed on 5th March, 2024 and became effective on 31st January 2025, with delays in meeting effectiveness conditions causing the project to miss budget allocations in two consecutive financial years, namely FY 2024/25 and FY 2025/26.
- c) Further, that during preparation of the FY 2026/27 budget estimates, the budget team had erroneously aggregated figures from FY 2024/25 and FY 2025/26 into FY 2026/27, and had additionally included estimates for Health Products and Technologies (HPT), causing the budget to inflate to Ksh.7,799,999,982. These funds for commodities will not be transferred directly to county governments as per the Financing Agreement.
- d) That the World Bank is considering granting a no-cost extension to the project and had advised the project management team to spread figures evenly so as to avoid overstretching counties in the first year of disbursement, noting the bank's rigorous monitoring and strict eligibility criteria for disbursements.
- e) They therefore requested that the Senate considers lowering the CGAAB framework allocation for BREHS from Ksh.7,799,999,982 to Ksh.2,476,800,100, in line with the IDA/IBRD (World Bank) Credit/Grant Building Resilient and Responsive Health Systems (BREHS) framework.

CHAPTER THREE

COMMITTEE OBSERVATIONS

The Committee, having considered the Bill and stakeholders' submissions, made the following observations —

- a) The allocation of Ksh.8,605,844,135.60 for the transitioning of Universal Health Coverage workers to permanent and pensionable terms, need to be transferred to the counties as a conditional allocation in the first year of implementation to ensure there are no funding gaps which would result from sharing the allocation using fourth basis when its included in the Division of Revenue Act.
- b) The eligibility criteria for the conditional allocations on KDSP, KUSP, K-WASH and KISIP under the Third Schedule are not set out in the Bill.
- c) The Ministry of Environment, Climate Change and Forestry requested the Committee a new additional allocation for the Kenya Watershed Services Improvement Project of Ksh.1.8 billion to be implemented in Baringo, Marsabit., Isiolo, Samburu, Laikipia, Meru, Kitui, Tharaka Nithi, Tana River, Garissa, Makueni and Kwale.
- d) The Ministry of Health requested that the conditional allocation for Building Resilient and Responsive Systems (BREHS) be revised from Ksh.7,799,999,982 to ksh.2,476,800,100 since the project is to be implemented in three financial years. Additionally, the budget for the project in FY 2026/27 included Health Products and Technologies (HPT) estimates which would not be a direct fund transfer but a commodity transfer.
- e) The National Treasury requested for inclusion of a conditional allocation to Meru County of KSh. 139 million for the settlement of the outstanding principal amount of an arbitral award. However, the estimated outstanding obligation (principal amount and the accrued interest) is Ksh.480,751,390.
- f) The implementation of sections 191A-191E of the PFM Act remained unresolved. Following requests from stakeholders, the Committee noted the need to exempt the coming into force of these provisions with respect to FY 2026/27.
- g) Despite a steady increase in the amounts budgeted as additional allocations to county governments, actual disbursements have persistently fallen below target. For example, in FY 2021/22, only Ksh.12.4 billion was disbursed out of the

Ksh.39.88 billion. In FY 2022/23, counties received Ksh.19.26 billion against an allocation of Ksh.29.35 billion. Similarly, in FY 2023/24 and FY 2024/25, actual disbursements amounted to Ksh.27.2 billion and Ksh.25.5 billion respectively, compared to approved budgets of Ksh.46.36 billion and Ksh.70.7 billion, respectively. This persistent gap between approved and actual transfers constrains counties' ability to implement planned programmes and ultimately weakens service delivery.

- h) Relevant implementing Ministries, Departments, and Agencies (MDAs) have expressed concern that some counties are diverting funds from their respective Special Purpose Accounts (SPAs) to cover other expenditures. These actions violate the terms of the Intergovernmental Participation Agreements signed between the two levels of government. As a result, such counties have had their right to use or benefit from development partner funds suspended.
- i) The Bill requires all additional allocations to county governments to be reflected in the national government's budget estimates, a review of the FY 2026/27 budget estimates reveals some variances, particularly in the development partner-funded projects. For instance, the IDA (World Bank)-Food Systems Resilience Project (FSRP) is allocated Ksh.3.6 billion against an expected allocation of Ksh.3.9 billion, the National Agricultural Value Chain Development Project (NAVCDP) Ksh.3.5 billion against Ksh.3.56 billion, and the Water and Sanitation Development Project (WSDP) Ksh.520 million against Ksh.850 million. These discrepancies in allocations could affect the predictability and timely disbursement of funds.
- j) Under section 183(5) of the Mining Act, county governments and local communities are entitled to 20 percent and 10 percent shares of mineral royalties, respectively. Through the County Governments Additional Allocations Act, 2025, counties received Ksh.2.93 billion, while the County Governments Additional Allocations Bill, 2026 proposes an additional Ksh.1.8 billion, bringing the total allocation to counties since 2016 to Ksh.4.76 billion. However, the corresponding 10 percent share due to communities has not been operationalized over the years due to the absence of a clear framework for access. Although the Mining (*Mineral Royalty Sharing*) Regulations, 2026 provide that the community share should finance projects identified by the community, there

is need to finalise the processes to ensure disbursement of the allocations benefits the intended community without further delay.

- k) The national government's allocation to the Community Health Promoters (CHIP) programme has remained at Ksh.3.23 billion over the past three financial years, indicating limited review of the programme's performance and needs. This stagnation indicates that both levels of government may not be adequately assessing the functionality and evolving requirements of the CHIP programme.
- l) Although the CAIPs initiative was intended to support aggregation of agricultural products and promote value addition, evidence shows that key infrastructure gaps persist. Even among the 13 completed CAIPs projects and the 21 expected to be finalized by June 2026, critical infrastructure such as water, electricity and road connections remain inadequate and this has resulted in some CAIPs either being underutilized or non-operational.
- m) Additionally, some CAIPs projects are still below target due to a lack of counterpart funding from the county governments and the design limitation from the standard drawings, which in some areas do not fully conform with the site conditions. This raises concern that the broader objective of establishing functional agro-processing industries at the county level may not be fully achieved.

CHAPTER FOUR

COMMITTEE RECOMMENDATIONS

17) Having considered the Bill and the stakeholders' submissions the Committee recommends that the Senate approves the Bill with the following amendments (Annex-1)-

- a) Amendment to clause 3(a) to include that the Bill is pursuant to Article 190 and 202(2);
- b) Deletion of subclause 4(3) since the financing agreements are signed between the development partner and the National Treasury on behalf of the government. Further, signing of intergovernmental participation agreements is done between the responsible ministry and the beneficiary county.
- c) Amendment to clause 5(3)(h) to provide for criteria for allocation among counties for the Kenya Urban Support Project (KUSP)- Urban Institutional Grant (UIG);
- d) Amendment to clause 5(3)(i) to provide for the criteria for allocation of the Kenya Urban Support Project (KUSP)- Urban Development Grant (UDG);
- e) Amendment to clause 5(3)(m) to provide for the criteria for allocation of the Kenya Devolution Support Programme (KDSP) II Level I;
- f) Amendment to clause 5(3)(n) to provide for criteria for allocation of the Kenya Devolution Support Programme (KDSP) II Level II;
- g) Amendment to clause 5(3)(o) to provide for criteria for allocation of the Kenya Water, Sanitation and Hygiene (K- WASII) Programme;
- h) Amendment to reduce the conditional allocation on Building Resilient and Responsive Health Systems (BREHS) project from Ksh.7,799,999,982 to Ksh.2,476,800,100.
- i) Introduction of new provisions under subclause 5(3) to provide-
 - a conditional allocation of Ksh.480,751,390.24 to the County Government of Meru for settlement of arbitral award and the applicable interest.
 - A conditional allocation to counties for the transition of Universal Health Coverage (UHC) workers to permanent and pensionable terms at Ksh. 8,605,844,135

- A conditional allocation for Kenya Watershed Services Project (KEWASIP) at Ksh.1.8 billion;
- j) Deletion of clause 5(3)(l) and replacing with the conditional grant financed by proceeds from International Fund for Agricultural Development (IFAD) loan for the Integrated Natural Resources Management Programme (INReMP);
- k) An amendment to exempt the allocations under the Bill from the requirement of section 191A-191E of the PFM Act.

List of Annexes

Appendix 1: Proposed Committee Stage Amendments

Appendix 2: Signed minutes of the sittings of the Committee

Appendix 3: Copies of submissions

Appendix 4: Advertisement as published in the media

APPENDIX 1: PROPOSED
COMMITTEE STAGE
AMENDMENTS

4th July, 2026

The Clerk of the Senate
Parliament Buildings
NAIROBI

**COMMITTEE STAGE AMENDMENTS TO THE COUNTY GOVERNMENTS
ADDITIONAL ALLOCATIONS BILL, SENATE BILLS NO. 8 OF 2026**

NOTICE is given that Sen. Ali Ibrahim Roba, Chairperson, Committee on Finance and Budget intends to move the following amendment to the County Governments Additional Allocations Bill, Senate Bills No. 8 of 2026, at the Committee Stage-

CLAUSE 3

THAT clause 3 of the Bill be amended in paragraph (a) by inserting the expression "190" immediately after the words "pursuant to Article".

CLAUSE 4

THAT clause 4 of the Bill be amended by deleting subclause (3).

CLAUSE 5

THAT clause 5 of the Bill be amended—

(a) in subclause (2) by inserting the following new paragraphs immediately after paragraph (d)—

(e) conditional allocations for the transition of Universal Health Coverage (UHC) Workers' salary to permanent and pensionable terms.

(f) a conditional allocation to the county government of Meru for the settlement of an outstanding arbitral award and accrued interest as set out in Column G.

(b) in subclause (3) by—

(i) deleting the word "Institutional" appearing immediately after the words "Project (KUSP)-Urban" and substituting therefor the word "Development" appearing in paragraph (i);

(ii) deleting paragraph (l) and substituting therefor the following new paragraph—

(l) conditional allocations financed by proceeds from a IFAD (International Fund for Agriculture Development) loan for the Integrated Natural Resources Management Programme (INReMP) as set out in Column M;

- (iii) inserting the following paragraph immediately after paragraph (o)—
 - (p) conditional allocations financed by proceeds from an IDA (World Bank) loan for the Kenya Watershed Services Project (KEWASIP) as set out in Column Q.

- (c) by inserting the following new subclauses immediately after subclause 4—
 - (4A) Conditional allocations under subsection 3(n) shall be allocated among county governments on the basis of the following criteria—

- (a) the program accounting officer shall, for each eligible transfer to a county government, carry out a performance assessment in accordance with the participatory agreement between the National Government and each eligible county government, through the Annual Performance Assessment Firm. The Annual Performance Assessment will determine the eligible county government's performance score for purposes of determining the performance grant allocation;

- (b) for each Disbursement Link Indicator (DLI) specified under paragraph (iii), a qualifying county government will get fifty percent of the Level 2 Grant allocation if it meets that respective DLI result. The other fifty percent is allocated based on the scores against the performance measures pertaining to each respective DLI result area as detailed in the Program Operational Manual;

- (c) the investment grant for a qualifying county government is the sum of what it is allocated under DLIs 3–7 as follows—

- (i) DLI 3: Kenya Shillings seventy five million for each county government that has increased its own source revenue by at least 5 percent annually over and above the rate of inflation;

- (ii) DLI 4: Kenya Shillings seventy five million for each county government that has prepared and is implementing an action plan to reduce the stock of pending bills and maintain it at minimal levels;

- (iii) DLI 5: Kenya Shillings ninety seven million five hundred thousand for each county government that has integrated its human resource records, authorized staff establishment and payroll and uploaded cleaned payrolls in the human resource management information system;

- (iv) DLI 6: Kenya Shillings forty five million for each county government that is enhancing accountability for results

(4C) Conditional allocations under subsection 3(n) shall be allocated among county governments on the basis of the following criteria—

- (a) the program accounting officer shall, for each eligible transfer to a county government, carry out a performance assessment in accordance with the participatory agreement between the National Government and each eligible county government, through the Annual Performance Assessment Firm. The Annual Performance Assessment will determine the eligible county government's performance score for purposes of determining the performance grant allocation;
- (b) for each Disbursement Link Indicator (DLI) specified under paragraph (iii), a qualifying county government will get fifty percent of the Level 2 Grant allocation if it meets that respective DLI result. The other fifty percent is allocated based on the scores against the performance measures pertaining to each respective DLI result area as detailed in the Program Operational Manual;
- (c) the investment grant for a qualifying county government is the sum of what it is allocated under DLIs 3–7 as follows—
 - (i) DLI 3: Kenya Shillings seventy-five million for each county government that has increased its own source revenue by at least 5 percent annually over and above the rate of inflation;
 - (ii) DLI 4: Kenya Shillings seventy-five million for each county government that has prepared and is implementing an action plan to reduce the stock of pending bills and maintain it at minimal levels;
 - (iii) DLI 5: Kenya Shillings ninety-seven million five hundred thousand for each county government that has integrated human resource records, authorized staff establishment payroll and uploaded cleaned payrolls in the human resource management information system;
 - (iv) DLI 6: Kenya Shillings forty-five million for each county government that is enhancing accountability through an integrated performance management system and

- (v) DLI 7: Kenya Shillings sixty million for each county government with a PIM dashboard with citizen feedback mechanisms;

(4D) Conditional allocations under subsection 3(o) shall be allocated among county governments on the basis of the following criteria—

(i) Funds will be allocated to counties based on Disbursement Linked Indicators (DLIs) and verified results in the approved Results Verification Report (RVR) by an Independent Verification Agent (IVA) hired by the Program, according to the formulas prescribed under subparagraphs (ii) and (iii) and subject to the following definitions—

(A) Let C be the county allocation. (The sum of all 19 county allocations should be equal to or less than **KES 4,282,086,900.00**. If this amount is exceeded, rationalization will be applied to indicators under DLI/DLR 2, 3, 4, 10.1, 10.2, 11, 12.1, and 12.3.)

(B) Let S be a binary variable for DLI 1, $S=1$ if the strategy is verified by IVA as developed in the Approved Results Verification Report (RVR), otherwise $S=0$

(C) Let H_w be the Number of households provided with access to improved water services as verified by IVA in Approved RVR (DLI 2 and DLR 10.1)

(D) Let Q be the number of sustainably functioning water schemes water schemes meeting standards as verified by IVA in Approved RVR (DLI 3 and DLI 11)

(E) Let H_s be the number of Households provided with access to an improved sanitation facility as verified by IVA in Approved RVR (DLI 4 and DLR 10.2)

(F) Let V_{ODF} be the number of villages that achieve ODF status as verified by IVA in Approved RVR (DLR 5.1 and DLR 12.1)

(G) Let V_{CWS} be the number of villages certified as achieving CWS status as verified by IVA in Approved RVR (DLR 5.2 and DLR 12.2)

(H) Let V_{SWS} be the number of villages that sustain CWS status as verified by IVA in Approved RVR (DLR 5.3 and DLR 12.3)

(I) Let R_1 be the exchange rate of Euro Foreign Currency to Kenya Shillings and R_2 be the exchange rate of Special Drawing Rights (SDR) Currency to Kenya Shillings

(ii) The formula for allocating funds to the counties of Baringo, Bomet, Kericho, Kirinyaga, Kitui, Kwale, Makueni, Mandera, Migori, Murang'a,

Nandi, Narok, Samburu, Tana River, Tharaka Nithi, Vihiga, and West Pokot is $C = R_1 (938,000 S + 37.38 H_w + 4,690 Q + 28.14 H_s + 1,876 V_{ODF} + 23,074.8 V_{CWS} + 11,256 V_{SWS})$

(iii) The formula for allocating Turkana and Garissa Counties is $C = R_1 (938,000 S) + R_2 (46.62 H_w + 7,630 Q + 38.15 H_s + 1,526 V_{ODF} + 15,260 V_{CWS} + 3,815 V_{SWS})$

NEW CLAUSES

THAT the Bill be amended by inserting the following new clauses immediately after clause 8—

Financial misconduct.

9. Despite the provisions of any other law, a serious or persistent non-compliance with provisions of this Act constitutes an offence under the Public Finance Management Act.

Exemption.

10. The requirements under sections 191A, 191B, 191C, 191D and 191E of the Public Finance Management Act shall not apply in the financial year 2026/2027.

Cap. 412A.

FIRST SCHEDULE

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

Unconditional Allocations to County Governments from Court Fines and 20% Share of Mineral Royalties in the Financial Year 2026/27 (Ksh.)					
SN	County	FY 2025/26		FY 2026/27	
		Total unconditional Additional Allocations to County Governments Column A	Allocations for Court Fines Column B	Allocations for 20% Share of Mineral Royalties Column C	Total Unconditional Allocations Column D
1	Baringo	20,355	-	525,351	525,351
2	Bomet	-	49,000	-	49,000
3	Bungoma	-	35,000	-	35,000
4	Busia	-	5,000	-	5,000
5	Elgeyo/Marakwet	-	-	-	-
6	Embu	2,142	3,000	1,190,391	1,193,391
7	Garissa	844,692	-	472,147	472,147
8	Homa Bay	-	-	-	-
9	Isiolo	348,837	-	12,231	12,231
10	Kajiado	660,242,991	183,000	310,261,593	310,444,593
11	Kakamega	16,555	8,000	58	8,058
12	Kericho	-	10,782,328	1,293,209	12,075,537
13	Kiambu	14,244,964	2,444,183	23,906,202	26,350,385
14	Kilifi	950,062,290	337,549	240,807,157	241,144,706
15	Kirinyaga	100	-	1	1
16	Kisii	682,562	-	1,560,790	1,560,790
17	Kisumu	93,000	399,412	97,981,739	98,381,151
18	Kitui	435,841	100,000	2,249,027	2,349,027
19	Kwale	1,166,507,886	1,500	804,286,608	804,288,108
20	Laikipia	27,334	1,957,621	-	1,957,621
21	Lamu	-	-	-	-
22	Machakos	1,782,463	19,172,758	28,102,174	47,274,932
23	Makueni	99,857	6,000	33,463	39,463

Unconditional Allocations to County Governments from Court Fines and 20% Share of Mineral Royalties in the Financial Year 2026/27 (Ksh.)					
SN	County	FY 2025/26		FY 2026/27	
		Total unconditional Additional Allocations to County Governments Column A	Allocations Court Fines Column B	Allocations for 20% Share of Mineral Royalties Column C	Total Unconditional Allocations Column D
24	Mandera	1,028	-	-	-
25	Marsabit	1,724,590	-	2,169,705	2,169,705
26	Meru	32,901	19,000	-	19,000
27	Migori	3,684,754	1,366,803	33,228,843	34,595,646
28	Mombasa	1,417,254	14,239,770	10,506,292	24,746,062
29	Murang'a	-	7,000	264,782	271,782
30	Nairobi	2,458,591	72,876,979	12,495,305	85,372,284
31	Nakuru	1,105,667	2,709,201	5,434,451	8,143,652
32	Nandi	55,110,901	5,465,792	121,480,248	126,946,040
33	Narok	27,206,336	4,000	4,050,802	4,054,802
34	Nyamira	-	141,143	-	141,143
35	Nyandarua	-	-	-	-
36	Nyeri	76,000	283,500	-	283,500
37	Samburu	905,744	-	375,689	375,689
38	Siaya	259,152	128,000	-	128,000
39	Taita Taveta	51,756,326	1,608,239	21,728,740	23,336,979
40	Tana River	10,624	-	326,033	326,033
41	Tharaka Nithi	43,000	-	29,426	29,426
42	Trans Nzoia	-	-	-	-
43	Turkana	141,279	25,000	4,710	29,710
44	Uasin Gishu	5,090,269	13,900,592	4,504,505	18,405,097
45	Vihiga	-	-	-	-
46	Wajir	4,493	-	-	-
47	West Pokot	1,650	-	103,847,148	103,847,148
	Total	2,946,442,428	148,259,370	1,833,128,821	1,981,388,191

SECOND SCHEDULE

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

SECOND SCHEDULE (S.5(2))

Conditional Additional Allocations to County Governments from the National Government's Share of Revenue for the Financial Year 2026/27 (Kenya Shillings)									
SN	County	FY 2025/26							
		Total Conditional Additional Allocations	Community Health Promoters (CHIP)	Supplement for the Construction of County Headquarters	County Aggregation and Industrial Parks (CAIP)	0.5% of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	Transition of Universal Health Coverage (UHC) Workers' Salary to Permanent and Pensionable Terms	Settlement of the Arbitral award of Meru County Government	Total Conditional Additional Allocations
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H
1	Baringo	335,060,940	63,810,000	-	-	7,787,057	230,098,965		301,696,022
2	Bomet	97,319,315	74,070,000	-	250,000,000	7,787,057	181,663,203		513,520,260
3	Bungoma	149,241,681	107,400,000	-	-	7,787,057	257,866,990		373,054,047
4	Busia	92,069,249	66,390,000	-	-	7,787,057	175,038,676		249,215,733
5	Elgeyo/Marakwet	54,872,639	37,200,000	-	250,000,000	7,787,057	283,485,809		578,472,866
6	Embu	95,088,853	60,300,000	-	-	7,787,057	241,766,294		309,853,351
7	Garissa	109,488,961	74,520,000	-	-	7,787,057	176,321,364		258,628,421
8	Homa Bay	117,026,873	88,620,000	-	-	7,787,057	195,759,831		292,166,888
9	Isiolo	94,765,505	21,630,000	158,780,000	250,000,000	7,787,057	202,028,087		640,225,144
10	Kajiado	345,552,740	50,070,000	-	-	7,787,057	157,832,557		215,689,614
11	Kakamega	224,017,599	127,500,000	-	-	7,787,057	248,171,190		383,458,247
12	Kericho	341,117,478	45,690,000	-	-	7,787,057	175,449,213		228,926,270
13	Kiambu	349,993,245	94,680,000	-	-	7,787,057	176,778,237		279,245,294
14	Kilifi	426,369,365	116,100,000	-	-	7,787,057	149,484,014		273,371,071

Conditional Additional Allocations to County Governments from the National Government's Share of Revenue for the Financial Year 2026/27 (Kenya Shillings)									
SN	County	FY 2025/26		FY 2026/27					
		Total Conditional Additional Allocations	Community Health Promoters (CHP)	Supplement for the Construction of County Headquarters	County Aggregation and Industrial Parks (CAIP)	0.5% of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	Transition of Universal Health Coverage (UHC) Workers' Salary to Permanent and Pensionable Terms	Settlement of the Arbitral award of Meru County Government	Total Conditional Additional Allocations
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H
15	Kirinyaga	58,037,438	36,660,000	-	-	7,787,057	127,156,353		171,603,410
16	Kisii	290,510,642	88,200,000	-	-	7,787,057	241,470,770		337,457,827
17	Kisumu	167,327,249	89,940,000	-	250,000,000	7,787,057	209,165,589		556,892,646
18	Kitui	369,844,316	74,100,000	-	-	7,787,057	155,013,571		236,900,628
19	Kwale	158,163,903	52,140,000	-	-	7,787,057	140,392,709		200,319,766
20	Laikipia	317,672,596	25,230,000	-	-	7,787,057	137,027,403		170,044,460
21	Lamu	147,809,452	14,520,000	71,630,000	250,000,000	7,787,057	123,884,423		467,821,480
22	Machakos	143,883,915	83,250,000	-	-	7,787,057	184,687,439		275,724,496
23	Makueni	146,255,895	113,700,000	-	250,000,000	7,787,057	234,431,783		605,918,840
24	Mandera	40,336,781	18,540,000	-	250,000,000	7,787,057	189,439,407		465,766,464
25	Marsabit	327,106,385	60,090,000	-	-	7,787,057	150,152,412		218,029,469
26	Meru	157,383,407	111,480,000	-	-	7,787,057	268,012,029	480,751,390	868,030,476
27	Migori	118,055,437	88,380,000	-	-	7,787,057	217,582,697		313,749,754
28	Mombasa	315,937,957	71,610,000	-	-	7,787,057	102,189,294		181,586,351
29	Murang'a	238,399,654	46,050,000	-	-	7,787,057	226,860,114		280,697,171
30	Nairobi	338,266,271	224,010,000	-	250,000,000	7,787,057	108,359,849		590,156,906
31	Nakuru	325,150,304	99,390,000	-	-	7,787,057	192,094,957		299,272,014
32	Nandi	258,780,824	96,660,000	-	-	7,787,057	194,492,578		298,939,635
33	Narok	323,284,136	49,800,000	-	-	7,787,057	158,300,269		215,887,326

Conditional Additional Allocations to County Governments from the National Government's Share of Revenue for the Financial Year 2026/27 (Kenya Shillings)									
SN	County	FY 2025/26		FY 2026/27					
		Total Conditional Additional Allocations	Community Health Promoters (CHP)	Supplement for the Construction of County Headquarters	County Aggregation and Industrial Parks (CAIP)	0.5% of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	Transition of Universal Health Coverage (UHC) Workers' Salary to Permanent and Pensionable Terms	Settlement of the Arbitral award of Meru County Government	Total Conditional Additional Allocations
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H
34	Nyamira	199,705,754	44,370,000	-	-	7,787,057	242,919,806		295,076,863
35	Nyandarua	429,641,603	41,610,000	166,750,000	-	7,787,057	175,006,063		391,153,120
36	Nyeri	381,409,948	74,250,000	-	-	7,787,057	129,710,328		211,747,385
37	Samburu	61,207,420	46,140,000	-	250,000,000	7,787,057	153,149,524		457,076,581
38	Siaya	221,889,863	63,810,000	-	-	7,787,057	134,554,895		206,151,952
39	Taita Taveta	75,649,533	41,070,000	-	250,000,000	7,787,057	121,099,698		419,956,755
40	Tana River	407,859,679	28,890,000	95,340,000	-	7,787,057	181,808,518		313,825,575
41	Tharaka Nithi	94,535,103	37,950,000	30,510,000	250,000,000	7,787,057	231,773,781		558,020,838
42	Trans Nzoia	249,182,720	67,200,000	-	-	7,787,057	161,766,321		236,753,378
43	Turkana	101,224,140	74,250,000	-	250,000,000	7,787,057	183,768,207		515,805,264
44	Uasin Gishu	73,568,093	61,980,000	-	-	7,787,057	222,435,917		292,202,974
45	Vihiga	310,411,734	43,380,000	-	-	7,787,057	141,113,672		192,280,729
46	Wajir	210,562,165	60,810,000	-	-	7,787,057	126,334,465		194,931,522
47	West Pokot	93,411,216	77,490,000	-	250,000,000	7,787,057	187,944,864		523,221,921
	TOTAL	9,984,449,991	3,234,930,000	523,010,000	3,250,000,000	365,991,679	8,605,844,135	480,751,390	16,460,527,204

THIRD SCHEDULE

THAT the Bill be amended by deleting the Third Schedule and substituting therefor the following new schedule-
THIRD SCHEDULE (S.5(3))

Conditional Additional Allocations from Proceeds of Loans or Grants from Development Partners for Financial Year 2026/27 (Kenya Shillings)																					
S N		Count Y	FY 2025/26	FY 2026/27																	
			Total Loans and Grants for FY 2025/26	Column A	Column n B	Column C	Column D	Column E	Column F	Column G	Column n H	Column n I	Column J	Column n K	Column n L	Column n M	Column N	Column O	Column P	Column Q	Column R
				French Development Agency (AfD) Credit for the Kenya Informal Settlements Improvement Project	IDA (World Bank) Credit/Grant Building Resilient & Responsive Health Systems – BREHS	KfW (German Financial Cooperation) Credit Co-Financing of Financing Locally-Led Climate Program, FLOCA) CCRIG	IDA (World Bank) Credit for the Food Systems Resilience Project (FSRP)	IDA World Bank Credit for the National Agricul tural Value Chain Development Project (NAVCDP)	IDA (World Bank) Credit for the Water & Sanitation Development Project (WSDP)	IDA (World Bank) Credit for the Kenya Urban Support Project(KUSP)-Urban Institutional	IDA (World Bank) Credit for the Kenya Urban Support Project (KUSP)- Urban Development Grant (KUSP)	International Fund for Agricultural Development (IFAD) Credit for Kenya Livestock Commercialization	KfW (German Development Bank) Credit and Grant for Drought Resilience Programme in Northern	Integrated Natural Resources Management Programme- (INREMP) IFAD	IDA (World Bank) Credit for the Kenya Devolution Support Program Phase Two (KDSP II) Level 1 Grant	IDA (World Bank) loan for the Kenya Devolution Support Program Phase Two (KDSP II) Level 2 Grant	IDA (World Bank) Credit for the Hygiene (K-WASH) Programme Kenya Water, Sanitation and Watershed Services Improvement Project(KEWASIP)		Total Loans and Grants for FY 2026/27		
1	Barin go		392,624, 346	-		26,775, 088	-	-	298,614 ,890	-	-	-	-	40,150 ,000	-	-	-	-	-	150,000 ,000	515,539, 979
2	Bome t		313,033, 500	-	-	28,936, 099	-	-	-	105,000 ,000	-	-	-	-	-	-	-	-	-	-	133,936, 099
3	Bung oma		381,540, 500	-	-	44,694, 179	-	-	-	105,000 ,000	-	-	-	33,500 ,000	-	-	-	-	-	-	183,194, 179
4	Busia		387,846, 901	-	-	29,575, 640	-	-	-	105,000 ,000	-	-	-	33,500 ,000	-	-	-	-	-	-	168,075, 640
5	Elgey o Mara kwet		548,635, 346	-	-	21,212, 458	-	-	276,625 ,582	-	-	-	-	40,150 ,000	-	81,244 ,200	-	-	-	-	419,232, 240
6	Embu		321,116, 426	-	-	22,493, 595	-	-	-	105,000 ,000	-	-	-	-	-	-	-	-	-	-	127,493, 595
7	Gariis																				

Conditional Additional Allocations from Proceeds of Loans or Grants from Development Partners for Financial Year 2026/27 (Kenya Shillings)															
S	Count	FY	FY 2026/27												
N	Y	2025/26	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M
		Total Loans and Grants for FY 2025/26	480,385,346	-	292,451,019	-	-	329,821,407	-	100,000,000	-	-	-	-	-
8	Homa Bay	333,889,051	-	-	80,209,635	-	-	-	105,000,000	-	-	-	-	-	-
9	Isiolo	325,897,346	-	-	22,514,039	-	-	276,396,763	-	-	-	-	-	-	-
10	Kajiado	388,118,499	-	-	36,782,416	-	-	-	105,000,000	-	-	-	-	-	-
11	Kakamega	421,482,877	-	-	46,499,957	-	-	-	105,000,000	-	-	33,500,000	-	-	-
12	Kericho	312,829,500	-	-	29,480,180	-	-	-	105,000,000	-	-	-	-	-	-
13	Kisumu	726,239,859	-	-	52,110,399	-	-	-	105,000,000	-	-	-	-	-	-
14	Kilifi	1,491,989,500	-	-	108,421,946	-	-	-	105,000,000	200,000,000	-	-	-	-	-
15	Kirinyaga	322,276,880	-	-	22,148,322	-	-	-	105,000,000	-	-	-	-	-	-
		Total Loans and Grants for FY 2026/27	-	-	-	-	-	-	-	-	-	-	-	-	-
			Column R	Column Q	Column P	Column O	Column N	Column M	Column L	Column K	Column J	Column I	Column H	Column G	Column F
			872,272,426	150,000,000	-	-	-	-	-	-	-	-	-	-	-
			266,453,835	-	-	-	-	81,244,200	-	-	-	-	-	-	-
			448,910,802	150,000,000	-	-	-	-	-	-	-	-	-	-	-
			141,782,416	-	-	-	-	-	-	-	-	-	-	-	-
			266,244,157	-	-	-	-	81,244,200	-	-	-	-	-	-	-
			215,724,380	-	-	-	-	81,244,200	-	-	-	-	-	-	-
			157,110,399	-	-	-	-	-	-	-	-	-	-	-	-
			413,421,946	-	-	-	-	-	-	-	-	-	-	-	-
			127,148,322	-	-	-	-	-	-	-	-	-	-	-	-

Conditional Additional Allocations from Proceeds of Loans or Grants from Development Partners for Financial Year 2026/27 (Kenya Shillings)																				
S	Count	FY	FY 2026/27																	
N	V	2025/26	Column A	Column n B	Column C	Column D	Column E	Column F	Column G	Column n H	Column n I	Column J	Column n K	Column n L	Column n M	Column N	Column O	Column P	Column Q	Column R
		Total Loans and Grants for FY 2025/26			French Development Agency (Afd) Credit for the Kenya Informal Settlements Improvement Project	IDA (World Bank) Credit/Grant Building Resilient & Responsive Health Systems – BRHS	KfW (German Financial Cooperation) Credit Co- Financing of Financing Locally- Led Climate	IDA (World Bank) Credit (Financing Locally- Led Climate Action Program, FLOCA) CCRIG	IDA (World Bank) Credit for the Food Systems Resilience Project (FSRP)	IDA World Bank Credit for the National Agricultural Value Chain Development Project (NAVCDP)	IDA (World Bank) Credit for the Water & Sanitation Development Project (WSDP)	IDA (World Bank) Credit for the Kenya Urban Support Project (KUSP)-Urban Institutional	IDA (World Bank) Credit for the Kenya Urban Support Project (KUSP)- Urban Development Grant	International Fund for Agricultural Development (IFAD) Credit for Kenya Livestock Commercialization	KfW (German Development Bank) Credit and Grant for Drought Resilience Programme in Northern Integrated Natural Resources Management Programme- (INREMP) IFAD	IDA (World Bank) Credit for the Kenya Devolution Support Program Phase Two (KDSP II) Level 1 Grant	IDA (World Bank) loan for the Kenya Devolution Support Program Phase Two (KDSP II) Level 2 Grant	IDA (World Bank) Credit for the Kenya Water, Sanitation and Hygiene (K-WASH) Programme	Watershed Services Improvement Project (KEWASIP)	Total Loans and Grants for FY 2026/27
16	Kisii	332,252,979	-	-	34,414,696	-	-	-	105,000,000	-	-	-	-	-	-	-	-	-	-	139,414,696
17	Kisumu	457,791,983	-	-	33,263,643	-	-	-	105,000,000	-	-	-	-	-	81,244,200	-	-	-	-	219,507,843
18	Kitui	318,388,500	-	-	41,383,118	-	-	-	105,000,000	-	-	-	-	-	-	-	-	-	150,000,000	296,383,118
19	Kwale	786,705,500	-	-	76,367,213	-	-	-	105,000,000	150,000,000	-	-	-	-	-	-	-	-	150,000,000	481,367,213
20	Laikipia	325,795,346	-	-	23,129,968	-	-	280,390,789	-	-	-	-	-	-	-	-	-	-	150,000,000	453,520,758
21	Lamu	338,245,346	-	-	15,505,035	-	-	257,501,062	-	-	-	-	-	-	-	-	-	-	-	273,006,097
22	Machakos	328,333,538	-	-	38,970,140	-	-	-	105,000,000	-	-	-	-	-	-	-	-	-	-	143,970,140
23	Makueni	316,093,500	-	-	32,080,226	-	-	-	105,000,000	-	-	-	-	-	-	-	-	-	150,000,000	287,080,226
24	Mandera	346,536,000	-	-	96,779,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	415,053,000

Conditional Additional Allocations from Proceeds of Loans or Grants from Development Partners for Financial Year 2026/27 (Kenya Shillings)																					
S	Count	FY	FY 2026/27																		
N	Y	2025/26	Column A	Column n B	Column C	Column D	Column E	Column F	Column G	Column n H	Column n I	Column J	Column n K	Column n L	Column n M	Column N	Column O	Column P	Column Q	Column R	
		Total Loans and Grants for FY 2025/26			French Development Agency (Afd) Credit for the Kenya Informal Settlements Improvement Project	IDA (World Bank) Credit/Grant Building Resilient & Responsive Health Systems – BREHS	KfW (German Financial Cooperation) Credit Co-Financing of Financing Locally- Led Climate	IDA (World Bank) Credit (Financing Locally- Led Climate Action Program, FLOCA) CCRIG	IDA (World Bank) Credit for the Food Systems Resilience Project (FSRP)	IDA World Bank Credit for the National Agricultural Value Chain Development Project (NAVCDP)	IDA (World Bank) Credit for the Water & Sanitation Development Project (WSDP)	IDA (World Bank) Credit for the Kenya Urban Support Project(KUSP)-Urban Institutional	IDA (World Bank) Credit for the Kenya Urban Support Project (KUSP)- Urban Development Grant	International Fund for Agricultural Development (IFAD) Credit for Kenya Livestock Commercialization	KfW (German Development Bank) Credit and Grant for Drought Resilience Programme in Northern	Integrated Natural Resources Management Programme-(INREMP) IFAD	IDA (World Bank) Credit for the Kenya Devolution Support Program Phase Two (KDSP II) Level 1 Grant	IDA (World Bank) loan for the Kenya Devolution Support Program Phase Two (KDSP II) Level 2 Grant	IDA (World Bank) Credit for the Kenya Water, Sanitation and Hygiene (K-WASH) Programme	IDA (World Bank) Kenya Watershed Services Improvement Project(KEWASIP)	Total Loans and Grants for FY 2026/27
4	Nithi	499			702					,000									,000		702
2	Trans Nzoia	376,991,500			30,177,793					105,000,000				33,500,000		81,244,200					249,921,993
3	Turkana	1,032,698,346			307,943,331				352,146,212						545,600,000						1,205,689,543
4	Uasin Gishu	574,359,500			33,793,871					105,000,000						81,244,200					220,038,071
5	Vihiga	311,656,500			23,048,420					105,000,000											128,048,420
6	Wajir	946,833,346			101,889,934				334,442,979		200,000,000										636,332,913
7	West Pokot	327,121,346			66,158,073				288,314,546							81,244,200					435,716,819
	TOTAL	57,735,435,467		400,000,000	2,476,800,100	1,200,000,000	6,187,500,000	3,900,000,000	3,500,000,000	850,000,000	954,734,992	16,703,171,420	378,730,000	853,600,000	812,442,000	1,762,500,000	7,755,000,000	4,282,086,900	1,800,000,000		53,816,565,412

* IDA-FLLoCA -CCRI, KUSP-UIG, KUSP-UDG, KDSP Level 1& 2, and K-WASH grants are to be allocated among County Governments on the basis of the criteria set out in Section 5(2)(b) (f) (k) (m) (r),(t) and (v) of the County Government Additional Allocations Act, 2026 respectively.

Dated 4th June, 2026.

A handwritten signature in black ink, appearing to read 'Sen. Ali Roba', enclosed within a hand-drawn oval border.

Sen. Ali Roba,
Chairperson,
Committee on Finance and Budget.

APPENDIX 2: SIGNED MINUTES OF
THE SITTINGS OF THE
COMMITTEE



MINUTES OF THE TWO HUNDRED AND SEVENTY-FOURTH (274TH) HYBRID MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON THURSDAY, 14TH MAY, 2026 IN COUNTY HALL, GROUND FLOOR BOARDROOM AT 9:00 A.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 (Virtual)
4. Sen. (Dr.) Boni Khalwale, CBS, MP	-	Member
5. Sen. Eddy Gicheru Oketch, MP	-	Member
6. Sen. Mariam Sheikh Omar, MP	-	Member
7. Sen. Essy Okenyuri Nyaituga, MP	-	Member

ABSENT WITH APOLOGY

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. Ms. Millicent Makina	-	Fiscal Analyst
6. Mr. Stanley Gikore	-	Media Relations Officer
7. Mr. Godana Mamo	-	Sarjeant- At-Arms
8. Ms. Rose Ometere	-	Audio Officer
9. Mr. David Kuria	-	Pupil

MIN/SEN/SCF&B/1592/2026

PRELIMINARIES

The Chairperson called the meeting to order at 9.28 a.m. This was followed by a word of prayer and introduction.

MIN/SEN/SCF&B/1593/2026

ADOPTION OF THE AGENDA

The agenda was adopted having been proposed by Sen. Maureen Tabitha Mutinda, CBS, MP, and seconded by Sen. Mariam Sheikh Omar, MP, as listed-

1. Prayer;

2. Introduction;
3. Adoption of the Agenda;
4. Confirmation of minutes of the 267th, 268th, 269th, 270th, 271st, 272nd and 273rd Sittings;
5. Matters arising from the minutes of the previous sittings;
6. Consideration and adoption of the report on the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026) -(Committee Paper No.173B);
7. Meeting with Governors of Tana River, Homa Bay, Wajir, and Marsabit Counties to deliberate on the Procurement issues as reported by Public Procurement Regulatory Authority (PPRA)-(Committee Paper No.158D);
8. Any other Business; and
9. Adjournment and Date of the Next Meeting.

MIN/SEN/SCF&B/1594/2026

CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

- a) The Minutes of the Two Hundred and Sixty-Eighth (268th) meeting held on Tuesday, 30th April, 2026 at 9:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Mariam Sheikh Omar, MP, and seconded by Sen. Maureen Tabitha Mutinda, CBS, MP.
- b) The Minutes of the Two Hundred and Seventieth (270th) meeting held on Tuesday, 5th May, 2026 at 9:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Mariam Sheikh Omar, MP, and seconded by Sen. Maureen Tabitha Mutinda, CBS, MP.
- c) The Minutes of the Two Hundred and Seventy-First (271st) meeting held on Thursday, 7th May, 2026 at 9:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Mariam Sheikh Omar, MP, and seconded by Sen. Maureen Tabitha Mutinda, CBS, MP.
- d) The Minutes of the Two Hundred and Seventy-Second (272nd) meeting held on Tuesday, 7th May, 2026 at 11:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Maureen Tabitha Mutinda, CBS, MP, and seconded by Sen. Mariam Sheikh Omar, MP.
- e) The Minutes of the Two Hundred and Seventy-Third (273rd) meeting held on Tuesday, 12th May, 2026 at 1:30 p.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Mariam Sheikh Omar, MP, and seconded by Sen. Maureen Tabitha Mutinda, CBS, MP.
- f) Confirmation of Minutes of the 267th and 269th Sittings was deferred to the subsequent sitting.

MIN/SEN/SCF&B/1595/2026

CONSIDERATION OF THE REPORT ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2026 (SENATE BILLS NO. 8 OF 2026) -(COMMITTEE PAPER NO.173B)

The Committee considered the draft report on County Governments Additional Allocation Bill, 2026 (Senate Bills No. 8 of 2026) which entailed-

- a) an overview of the Bill;
- b) Submission from stakeholders including the National Treasury and Economic Planning; the Council of Governors; the Commission on Revenue Allocation; the County Assembly Forum; Bajeti Hub; the Ministry of Environment, Climate Change and Forestry; and the Ministry of Health.
- c) Committee observations, among others, that-
 - i. the allocation of Ksh.8,605,844,135.60 for the transitioning of Universal Health Coverage workers to permanent and pensionable terms, need to be transferred to the counties as a conditional allocation in its first year of implementation to ensure there are no funding gaps which would result from sharing the allocation using fourth basis when its included in the Division of Revenue Act.
 - ii. the criteria for allocation among the beneficiary counties: the conditional allocations on FLLoCA, KDSP, KUSP, K-WASH and KISIP under the Third Schedule was omitted in the Bill.
 - iii. the Ministry of Environment, Climate Change and Forestry requested the Committee a new additional allocation for the Kenya Watershed Services Improvement Project of Ksh.1.8 billion to be implemented in Baringo, Marsabit., Isiolo, Samburu, Laikipia, Meru, Kitui, Tharaka Nithi, Tana River, Garissa, Makueni and Kwale.
 - iv. the Ministry of Health requested for rationalisation of conditional allocation for Building Resilient and Responsive Systems (BREHS); be revised from Ksh.7,799,999,982 to ksh.2,476,800,100 since the project is to be implemented in 3 financial years. Additionally, the budget for the project in FY 2026/27 included Health Products and Technologies (HPT) estimates which would not be direct fund transfers but commodity transfer.
 - v. the National Treasury requested for inclusion of conditional allocation to Meru County Ksh.139 million for settlement of the principal arbitral award owed to the proprietor of Leopard Rock Mico Limited. However, the outstanding balance including accrued interest as at August 2025 was Ksh.442,868,897.68
 - vi. the National Treasury had notified the Ministry of Foreign Affairs to initiate negotiation with the Ambassador of France and proprietor of Leopard Rock Mico Limited regarding the waiver of all interest accrued. The Committee, however, noted the need to have proposed conditional allocation to Meru County to settle the arbitral award include accrued interest.
 - vii. the implementation of sections 191A-191E of the PFM Act Cap. 412A remained unresolved. Following requests from stakeholders, the Committee noted the need to exempt the allocations from the requirements of the provisions.
 - viii. the Bill requires all additional allocations to county governments to be reflected in the national government's budget estimates, a review of the FY 2026/27 budget estimates revealed some variances, particularly in the development partner-funded

projects. For instance, the IDA (World Bank)-Food Systems Resilience Project (FSRP) is allocated Ksh.3.6 billion against an expected allocation of Ksh.3.9 billion, the National Agricultural Value Chain Development Project (NAVCDP) Ksh.3.5 billion against Ksh.3.56 billion, and the Water and Sanitation Development Project (WSDP) Ksh.520 million against Ksh.850 million. These discrepancies in allocations could affect the predictability and timely disbursement of funds.

MIN/SEN/SCF&B/1596/2026

**ADOPTION OF THE REPORT ON THE
COUNTY GOVERNMENTS ADDITIONAL
ALLOCATIONS BILL, 2026 (SENATE BILLS
NO. 8 OF 2026) -(COMMITTEE PAPER NO.173B)**

The Committee having considered the report on the Bill unanimously adopted it having been proposed by Sen. Maureen Tabitha Mutinda, CBS, MP, and seconded by Sen. Eddy Gicheru Oketch, MP, and recommended that the Bill be passed with amendments. These amendments include-

- a) Amendment to clause 3(a) to include that the Bill is pursuant to Article 190 and 202(2);
- b) Deletion of subclause 4(3) since the financing agreements are signed between the development partner and the National Treasury on behalf of the government. Further, signing of intergovernmental participation agreements is done between the responsible ministry and the beneficiary county.
- c) Amendment to clause 5(3)(h) to provide for criteria for allocation among counties for the Kenya Urban Support Project (KUSP)- Urban Institutional Grant (UIG);
- d) Amendment to clause 5(3)(i) to provide for the criteria for allocation of the Kenya Urban Support Project (KUSP)- Urban Development Grant (UDG);
- e) Amendment to clause 5(3)(m) to provide for the criteria for allocation of the Kenya Devolution Support Programme (KDSP) II Level I;
- f) Amendment to clause 5(3)(n) to provide for criteria for allocation of the Kenya Devolution Support Programme (KDSP) II Level II;
- g) Amendment to clause 5(3)(o) to provide for criteria for allocation of the Kenya Water, Sanitation and Hygiene (K- WASII) Programme;
- h) Amendment to reduce the conditional allocation on Building Resilient and Responsive Health Systems (BREHS) project from Ksh.7,799,999,982 to Ksh.2,476,800,100.
- i) Introduction of new provisions under subclause 5(3) to provide-
 - a conditional allocation of Ksh. 480,751,390.24 to the County Government of Meru for settlement of arbitral award and the applicable interest.
 - A conditional allocation to counties for the transition of Universal Health Coverage (UHC) workers to permanent and pensionable terms at Ksh. 8,605,844,135
 - A conditional allocation for Kenya Watershed Services Project (KEWASIP) at Ksh.1.8 billion;

- j) Deletion of clause 5(3)(l) and replacing with the conditional grant financed by proceeds from International Fund for Agricultural Development (IFAD) loan for the Integrated Natural Resources Management Programme (INReMP);
- k) An amendment to exempt the allocations under the Bill from the requirement of section 191A-191E of the PFM Act.

MIN/SEN/SCF&B/1597/2026

MEETING WITH GOVERNORS OF TANA RIVER, HOMA BAY, WAJIR, AND MARSABIT COUNTIES TO DELIBERATE ON THE PROCUREMENT ISSUES AS REPORTED BY PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)-(COMMITTEE PAPER NO.158D)

The Committee observed that-

- a) six (6) of the County Governments that were invited to a meeting on Tuesday, 12th May, and Thursday, 14th May, 2026, to deliberate on the procurement issues as reported by Public Procurement Regulatory Authority (PPRA) failed to appear and submitted requests for rescheduling of the meetings to a later date. These include: Marsabit, Tana River, Wajir, Mandera, Isiolo, and Migori;
- b) two County Governments, Homa Bay and Nairobi City failed to submit required information and failed to appear as well.
- c) Following deliberations, the Committee resolved to hold a one-day retreat in Machakos County on Tuesday, 19th May, 2026 and invite all the County Governments to deliberate on the matter, failure to appear, the Committee will invoke section 18 and 19 of the Parliamentary Powers and privileges Act, Cap. 6.
- d) The Committee also resolved to invite the PPRA to the said retreat to provide guidance and support.

MIN/SEN/SCF&B/1598/2026

ANY OTHER BUSINESS

The meeting was reminded about the scheduled county visits to Vihiga and Kisumu to inspect projects funded by FLLoCA from 20th to 23rd May, 2026.

MIN/SEN/SCF&B/1599/2026

ADJOURNMENT AND DATE OF THE NEXT MEETING

The meeting adjourned at 10:30 a.m. The next meeting shall be by notice.

SIGNATURE: ...  DATE: ... 4th June, 2026 ...

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

(CHAIRPERSON)



**MINUTES OF THE TWO HUNDRED AND SEVENTY-SECOND (272ND) MEETING
OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON
THURSDAY, 7TH MAY, 2026 IN COUNTY HALL, MINI CHAMBER AT 11:00 A.M.**

PRESENT

- | | | |
|--|---|-------------------------|
| 1. Sen. Maureen Tabitha Mutinda, CBS, MP | - | Vice-Chairperson |
| 2. Sen. (Dr.) Boni Khalwale, CBS, MP | - | Member |
| 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. (Capt.) Ali Ibrahim Roba, MP, EGH | - | Chairperson |
| 8. Sen. Richard Momoima Onyonka, MP | - | Member |
| 9. Sen. Shakila Abdalla Mohamed, MP | - | Member |

FRIEND TO THE COMMITTEE

- | | | |
|----------------------------------|---|---|
| 1. Sen. Murungi Kathuri, MGH, MP | - | Deputy Speaker, and Senator,
Meru County |
|----------------------------------|---|---|

SECRETARIAT

- | | | |
|----------------------------|---|-------------------------|
| 1. Mr. Christopher Gitonga | - | Clerk Assistant |
| 2. Ms. Beverlyne Chivadika | - | Clerk Assistant |
| 3. Ms. Lucy Radoli | - | Legal Counsel |
| 4. Ms. Millicent Makina | - | Fiscal Analyst |
| 5. Mr. Stanley Gikore | - | Media Relations Officer |
| 6. Mr. Constant Wamayuyi | - | Research Officer |
| 7. Mr. Godana Mamo | - | Sarjeant- At-Arms |
| 8. Ms. Rose Ometere | - | Audio Officer |
| 9. Mr. Tagaya Ogosso | - | Legal Clerk |
| 10. Ms. Ann Kigoro | - | Pupil |
| 11. Mr. Ham Juma Mulaa | - | Pupil |
| 12. Mr. David Kuria | - | Pupil |
| 13. Ms. Biristo Anna | - | Pupil |
| 14. Ms. Dorothy Maru | - | Pupil |
| 15. Ms. Miski Adan | - | Pupil |
| 16. Mr. Imraan Mohamed | - | Pupil |

IN ATTENDANCE

THE NATIONAL TREASURY AND ECONOMIC PLANNING

- | | | |
|-------------------------------|---|---|
| 1. Hon. FCPA. John Mbadi, EGH | - | Cabinet Secretary (CS) |
| 2. Mr. Guyo Boru | - | CEO, Equalization Fund Advisory Board |
| 3. Mr. Cyrus Kahiga | - | Public Debt Office |
| 4. Mr. Joseph Mbatha | - | Deputy Director, Intergovernmental fiscal Relations |
| 5. Ms. Milly Luvanga | - | CS's Advisor |
| 6. Mr. George Yogo | - | CS's Advisor |
| 7. Ms. Angela Mary | - | Parliament Liaison Officer (NT) |

THE COUNCIL OF GOVERNORS

- | | | |
|----------------------------------|---|--|
| 1. FCPA. Fernandes Barasa, OGW | - | Governor, Kakamega County/Chair Finance and Economic Affairs |
| 2. Hon. Issa Abdalla Timamy, EGH | - | Governor, Lamu County |
| 3. Mr. Stephen Momanyi | - | Program Officer |
| 4. Mr. Eugene Lawi | - | Legal Officer |
| 5. Mr. Eugene Lawi | - | Senior Legal Officer |
| 6. Ms. Naomi Kefa | - | Legal Officer |

THE COMMISSION ON REVENUE ALLOCATION

- | | | |
|---------------------------|---|-----------------------------|
| 1. CPM Koitamet Olekina | - | Vice Chairperson |
| 2. Ms. Lineth Oyugi | - | Director Economic Affairs |
| 3. Ms. Emily Kimani | - | Ag. Director, Legal Affairs |
| 4. Ms. Caroline Kinyulusi | - | Manager, Communications |

MIN/SEN/SCF&B/1583/2026

PRELIMINARIES

The Chairperson called the meeting to order at 11.02 a.m. This was followed by a word of prayer and introduction.

MIN/SEN/SCF&B/1584/2026

ADOPTION OF THE AGENDA

The agenda was adopted having been proposed by Sen. Essy Okenyuri Nyaituga, MP, and seconded by Sen. (Dr.) Boni Khalwale, CBS, MP, as listed-

1. Prayer;
2. Introduction;
3. Adoption of the Agenda;
4. Meeting with the Cabinet Secretary for National Treasury and Economic Planning and County Governors of Lamu, Tana River, Tharaka Nithi, Isiolo and Nyandarua to

deliberate on conditional allocation on supplement for construction of County Headquarters- *-(Committee Paper No.179).*

5. Meeting with the Cabinet Secretary for National Treasury and Economic Planning to deliberate on-
 - a) on the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026);
 - b) the request for approval of stoppage of funds transfer to the County Government of Meru;
 - c) issues that were raised regarding all loans contracted from 1st January to 31st December, 2025; and
 - d) issues that were raised regarding the second quarter report on the implementation of the Equalization Fund for Financial Year 2025/2026-*-(Committee Paper No.179).*
6. Any other Business; and
7. Adjournment and Date of the Next Meeting.

MIN/SEN/SCF&B/1585/2026

**MEETING WITH THE CABINET SECRETARY
FOR NATIONAL TREASURY AND
ECONOMIC PLANNING AND COUNTY
GOVERNORS OF LAMU, TANA RIVER,
THARAKA NITHI, ISIOLO AND NYANDARUA
TO DELIBERATE ON CONDITIONAL
ALLOCATION ON SUPPLEMENT FOR
CONSTRUCTION OF COUNTY
HEADQUARTERS- *-(COMMITTEE PAPER
NO.179).***

Upon invitation, the Cabinet Secretary submitted the following on the status of transfers for additional allocation for supplement of construction of county headquarters-

- a) The State Department of Public Works has been leading implementation of the projects in Isiolo, Lamu, Tana River, Tharaka Nithi and Nyandarua.
- b) The National Government was expected to contribute 70 per cent of the initial contract sums, while county governments were expected to contribute 30 per cent.
- c) The implementation of these projects was handed over to county governments in April, 2024 under pre-agreed financing arrangements.
- d) The County Governments Additional Allocations Act (CGAAA), 2024 for FY 2023/24 allocated Ksh.454 million to the projects, only Ksh.116 million was disbursed due to underperformance in ordinary revenues.
- e) The CGAAA 2025 for FY 2024/25 allocated Ksh.523 million to the projects but thus allocation was later reduced to nil following the suspension of revenue raising measures contained in the Finance Bill, 2024.
- f) The total undisbursed funds for the projects amounted to Ksh.972 million.

- g) In the FY 2025/2026, Ksh.449 million has been allocated to the projects. The National Governments is committed to ensure the funds are transferred before the end of the financial year.
- h) The County Governments Additional Allocations Bill for FY 2026/27 has allocated Ksh.523 million to clear the total commitment by the National Government.

MIN/SEN/SCF&B/1586/2026

**MEETING WITH THE CABINET SECRETARY
FOR NATIONAL TREASURY AND
ECONOMIC PLANNING (COMMITTEE PAPER
NO.179)**

The Cabinet Secretary submitted as follows on each of the subject matters-

On the request for approval of stoppage of funds transfer to the County Government of Meru

- a) In 2018, the County Government of Meru evicted Mr. Michel Dechauffour, a French national operating 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, on 19th December 2019 an arbitral award of Ksh.339,070,485 was issued with interest at 14 percent per annum.
- b) The matter attracted the attention of the National Government after the French President raised it during a bilateral meeting in Berlin with the President of Kenya.
- c) The President directed the Attorney General to convene relevant National Government departments to advise the county government on modalities for settling the outstanding amount.
- d) The Solicitor General convened an inter-agency meeting on 15th February 2024, during which the County Government acknowledged the debt but cited insufficient budgetary provisions to pay the arbitral award.
- e) 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 financial obligations.
- f) The Attorney General's Office wrote to the Governor of Meru on 19th December 2023, urging immediate payment of the arbitral award and warning of the potential impact of non-payment on National Government projects funded by the French Government.
- g) The County Government of Meru, on 16th February 2024, formally requested for 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 was approximately Ksh.600 million as of the date of the letter.
- h) The National Treasury, through letter 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.

- i) The Office of the Controller of Budget, in a letter dated 18th March 2026, offered detailed guidance on how to resolve the matter and recommended to the Cabinet Secretary to stop the transfer of funds to the County Government if the arbitral award remained unsettled.
- j) The State Department for Foreign Affairs, in letter dated 18th September, 2024, requested authorisation for the National Government to take over the debt, noting that the French Ambassador was willing to engage Mr. Dechauffour to waive interest contingent on such a commitment.
- k) The continued non-settlement of the arbitral award posed an adverse effect on bilateral relations between Kenya and France and on Kenya's credit rating, with the continuing accrual of interest at 14 percent per annum, with total payments projected to exceed Ksh. 650 million.
- l) The County Government had included the arbitral award in its Meru County Debt Management Strategy Paper (CDMSP) 2024, providing for Ksh. 650 million as contingent liabilities payable to Leopard Rock Mico Limited, Ksh.100 million for FY 2023/24, Ksh.174 million for FY 2024/25, and Ksh.376 million for FY 2025/26.
- m) However, the county failed to include the proposed payments in its budgets nor in its FY 2025/26 pending bills action plan submitted to the Controller of Budget in September 2025.
- n) The National Treasury vide a letter dated 19th January, 2026 wrote to the County Governments requesting for an update on the settlement of the outstanding arbitral award. However, the county had not responded as at the date of notification of stoppage of transfer of funds to the county government
- o) The county government subsequently responded vide a letter 14th April 2026 after Parliament and the Controller of Budget had already been notified of the decision to stop transfer of funds. The county reported that it had made payments of Ksh.200 million and an outstanding balance of Ksh.442,868,897.68 as of August 2025, and was awaiting support from the National Government of Investments, Trade and Industry.
- p) The County Government of Meru had committed a serious material breach under section 93(3)(b), section 94, and section 96(1) of the PFM Act, Cap.412A 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.
- q) The National Treasury proposed that the stoppage be utilised as an opportunity for the National Government to intervene through an intergovernmental agreement in the form of a recovery plan, whereby the National Government would settle the arbitral award and allow the county government to repay in a manner that does not compromise service delivery.
- r) The National Treasury does not intend to extend the stoppage beyond the timeframe established in law or as guided by the Committee.

- s) There are ongoing engagements between the Ministry of Investments, Trade and Industry and representatives of Leopard Rock Mico Limited aimed at negotiating a reduction of the accrued interest.
- t) The National Treasury held a meeting with the Meru County Government Executive on 5th May, 2026. The meeting resolved that the National Treasury would consider allocating the County Government of Meru a conditional grant of Ksh.139 million in Financial Year 2026/27 to offset the principal balance of the arbitral award. In this regard, the CS proposed inclusion of a conditional grant from the share of National Government's revenue in the Second Schedule of the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026) for consideration by Parliament. The National Treasury awaiting written commitment on settlement of the liability from the Head of Public Service.
- u) Regarding the accrued interest, the Principal Secretary for National Treasury and Ministry of Foreign and Diaspora Affairs will engage the Ambassador of France in Kenya to negotiate with the owner of Leopard Rock Mico Limited to waive or reduce the interest.
- v) The CS also called for concerted efforts between the National Treasury, Controller of Budget and the Senate to ensure that counties settle the outstanding pending bills owed to suppliers and service providers.

Following deliberations, the Committee resolved that the National Treasury and Economic Planning should submit the following on or before Friday, 8th May, 2026-

- a) written submission on new developments regarding National Government taking over payment of the outstanding arbitral award owed to Leopard Rock Mico Ltd by the County Government of Meru; and
- b) a report on the way forward regarding the request for approval of stoppage of transfer of funds to the County Government of Meru.

On the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026)

- a) Clause 4(3)- Financing agreements is between the National Treasury on behalf of county governments and the Development Partners. Signing of intergovernmental participation agreements is done between counties and relevant Ministries, Departments and Agencies. This is done before formulation of the Bill and no need to legislate on the same.
- b) With respect to repeal of section 191A-E of PFM Act, the Public Finance Management (Amendment) Bill (National Assembly Bills No.17 of 2025) seeks to repeal the section. The CS proposed reinstatement of clause on suspension of implementation of the section in case the PFM Amendment are not concluded in time.
- c) The Bill has omitted allocation of the Ksh.8.94 billion for transitional Universal Health Coverage (UHC) workers to counties on permanent and pensionable terms. The National Treasury recommended inclusion of Ksh.8.61 billion being the revised allocation for UHC workers.
- d) Requested the Senate to consider proposal to revise allocation for Building Resilient Responsive Health Systems (BREHS) project from Ksh.7,799,999,982 to

Ksh.2,474,800,100 as per the revised financing agreement, request by the State Department of Public Health and Professional Standards.

- c) The Bill should include the allocations criteria for the projects under the Kenya Urban Support Programme (KUSP)-Urban Institutional Grant; Kenya Devolution Support Programme; and Kenya Water Sanitation and Hygiene (K-WASH) Programme.
- f) Include a conditional grant to County Government of Meru to settle an arbitral Award owed to the proprietor of Leopard Rock Mico Limited, the National Treasury proposed inclusion of condition allocation Ksh.139 million to Meru County in Second Schedule to the Bill.

Additionally, the CS responded to issues that were raised regarding disbursement of additional allocations to counties-

- a) From FY 2021/22 to 2025/2026 county governments were allocated additional allocations amounting to Ksh.235.10 billion. Out of which, Ksh.110.9 billion was disbursed, representing 47% transfer.
- b) Regarding why the approved additional allocations to county governments were not fully disbursed and steps to ensure outstanding amounts are disbursed, the CS submitted that-
 - i. Shortfall in disbursement was attributed to: recurring delays in enactment of the Acts, inadequate appropriation for some additional allocations, budget rationalization during supplementary budgets occasioned by constrained fiscal space, and inadequate compliance with some conditions for donor funded projects.
 - ii. National Treasury will prioritize re-budgeting of non-disbursed funds in subsequent budget process.
- c) Regarding disbursement of allocation of 20% of mineral royalties to counties and 10% to communities, the CS submitted that-
 - i. During FY 2016/2017 to 2024/2025, State Department for mining collected royalties totalling Ksh.23.84 billion.
 - ii. Ksh.4.77 billion being 20% was allocated to counties and Ksh.2.38 billion being 10% royalties owed to communities.
 - iii. An allocation of Ksh. 2.93 billion for 20 percent mineral royalties' collections owed to the counties from FY 2016/17 to FY 2021/22 was allocated through the County Governments Additional Allocation Act 2025 for FY 2024. The National Treasury has since transferred 100 percent of the Ksh.2.93 billion of 20 percent mineral royalties' allocation to counties in the current FY 2025/26.
 - iv. Further an amount of Ksh.1.83 billion being 20 percent mineral royalties owed to counties collected in period 2022/23 to 2024/25 has been allocated in the CGAAB 2026 (Senates Bills No 8 of 2026) for FY 2026/27 under consideration by Parliament.

- v. Ksh.2.38 billion being 10 percent mineral royalties is owed to the communities. No transfer of the 10 percent mineral royalties was made to beneficiary communities due to lack of framework for transfer.
- vi. The National Assembly approved the Mining (Royalty Sharing) Regulations 2026 in April, 2026 and will facilitate disbursement to the beneficiary communities.

On issues that were raised regarding all loans contracted from 1st January to 31st December, 2025

The Committee noted that the document presented by the National Treasury was inadequate and not properly prepared. Therefore, the Committee resolved that National Treasury should provide detailed report on issues raised concerning loans contracted by the National Government from 1st January to 31st December, 2025 on or before, Thursday, 14th May, 2026.

On issues that were raised regarding the second quarter report on the implementation of the Equalization Fund for Financial Year 2025/2026

- a) Since inception, Equalization Fund has two enacted Appropriation Acts amounting to Ksh.22.7 billion which have been fully financed.
- b) Delay in enactment of Equalization Fund Appropriation Acts delay implementation and further accumulation of arrears.
- c) In FY 2026/2027, the Fund has been allocated Ksh.15.163, Ksh.9.62 billion being 0.5% of the Constitutional requirement and Ksh.5.561 billion for settlement of arrears.
- d) The Equalization Fund Appropriation Bill, 2025 appropriating Ksh.16.8 billion is yet to be passed by Parliament.
- e) Despite tight fiscal space, the National Treasury will ensure all funds appropriated to the Fund is disbursed.

The Committee noted that the outstanding arrears to the Fund including FY 2025/26 and FY 2026/27 allocations, despite Article 204 of Constitution providing that 0.5% of last audited and approved revenue account accounts shall be paid into the Fund.

MIN/SEN/SCF&B/1587/2026

ADJOURNMENT AND DATE OF THE NEXT MEETING

The meeting adjourned at 1:29 p.m. The next meeting shall be held on Tuesday, 12th May, 2026 at 9:00 a.m.

SIGNATURE:  DATE: 14th May, 2026

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

(CHAIRPERSON)



**MINUTES OF THE TWO HUNDRED AND SEVENTY-FIRST (271ST) MEETING OF
THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON
THURSDAY, 7TH MAY, 2026 IN COUNTY HALL, MINI CHAMBER AT 9:00 A.M.**

PRESENT

- | | | |
|--|---|-------------------------|
| 1. Sen. Maureen Tabitha Mutinda, CBS, MP | - | Vice-Chairperson |
| 2. Sen. (Dr.) Boni Khalwale, CBS, MP | - | Member |
| 3. Sen. Mohamed Faki Mwinyihaji, CBS, MP | - | Member |
| 4. Sen. Mariam Sheikh Omar, MP | - | Member |
| 5. Sen. Essy Okenyuri Nyaituga, MP | - | Member |

ABSENT WITH APOLOGY

- | | | |
|---|---|--------------------|
| 6. Sen. (Capt.) Ali Ibrahim Roba, MP, EGH | - | Chairperson |
| 7. Sen. Richard Momoima Onyonka, MP | - | Member |
| 8. Sen. Shakila Abdalla Mohamed, MP | - | Member |
| 9. Sen. Eddy Gicheru Oketch, MP | - | Member |

SECRETARIAT

- | | | |
|----------------------------|---|-------------------------|
| 1. Mr. Christopher Gitonga | - | Clerk Assistant |
| 2. Ms. Beverlyne Chivadika | - | Clerk Assistant |
| 3. Ms. Lucy Radoli | - | Legal Counsel |
| 4. Ms. Millicent Makina | - | Fiscal Analyst |
| 5. Mr. Stanley Gikore | - | Media Relations Officer |
| 6. Mr. Constant Wamayuyi | - | Research Officer |
| 7. Mr. Godana Mamo | - | Sarjeant- At-Arms |
| 8. Ms. Rose Ometere | - | Audio Officer |
| 9. Mr. Tagaya Ogosso | - | Legal Clerk |
| 10. Ms. Ann Kigoro | - | Pupil |
| 11. Mr. Ham Juma Mulaa | - | Pupil |
| 12. Mr. David Kuria | - | Pupil |
| 13. Ms. Biristo Anna | - | Pupil |
| 14. Ms. Dorothy Maru | - | Pupil |
| 15. Ms. Miski Adan | - | Pupil |
| 16. Mr. Imraan Mohamed | - | Pupil |

IN ATTENDANCE

THE COMMISSION ON REVENUE ALLOCATION- CRA

- | | | |
|---------------------------|---|-----------------------------|
| 1. CPM Koitamet Olekina | - | Vice Chairperson |
| 2. Ms. Lineth Oyugi | - | Director Economic Affairs |
| 3. Ms. Emily Kimani | - | Ag. Director, Legal Affairs |
| 4. Ms. Caroline Kinyulusi | - | Manager, Communications |

THE COUNCIL OF GOVERNORS

- | | | |
|----------------------------------|---|---|
| 1. FCPA. Fernandes Barasa, OGW | - | Governor, Kakamega County/Chair
Finance and Economic Affairs |
| 2. Hon. Issa Abdalla Timamy, EGH | - | Governor, Lamu County |
| 3. Mr. Stephen Momanyi | - | Program Officer |
| 4. Mr. Eugene Lawi | - | Legal Officer |
| 5. Mr. Eugene Lawi | - | Senior Legal Officer |
| 6. Ms. Naomi Kefa | - | Legal Officer |

MIN/SEN/SCF&B/1579/2026

PRELIMINARIES

The Chairperson called the meeting to order at 9.30 a.m. This was followed by a word of prayer and introduction.

MIN/SEN/SCF&B/1580/2026

ADOPTION OF THE AGENDA

The agenda was adopted having been proposed by Sen. Essy Okenyuri Nyaituga, MP, and seconded by Sen. (Dr.) Boni Khalwale, CBS, MP, as listed-

1. Prayer;
2. Introduction;
3. Adoption of the Agenda;
4. Meeting with the-
 - a) Commission on Revenue Allocation; and
 - b) Council of Governors
 to deliberate on the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026) (*Committee Paper No.173A*);
5. Any other Business; and
6. Adjournment and Date of the Next Meeting.

MIN/SEN/SCF&B/1581/2026

MEETING WITH THE COMMISSION ON REVENUE ALLOCATION AND THE COUNCIL OF GOVERNORS TO DELIBERATE ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2026 (SENATE BILLS NO. 8 OF 2026)- (COMMITTEE PAPER NO.173A)

Submission by Commission on Revenue Allocation

Upon invitation, the Vice-Chairperson of the CRA submitted the following views on the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026)-

- a) Clause 2 on interpretation - The definition of the phrase "additional allocations" be expanded to include additional allocations in the form of unconditional allocations to county governments from court fines and mineral royalties.
- b) Clause 5(2)(d) does not reference the Schedule where the conditional allocations for the administration of the County Affordable Housing Committees provided in section 11(4)(c) of the Affordable Housing Act. The allocation is set out in Column E of the Second Schedule.
- c) Clause 5(3)(i) be amended to provide for conditional allocations financed by proceeds from an IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG) as opposed to Urban Institutional Grant (UIG) already provided for in clause 5(3)(h).
- d) Clause 5(4)(b) be amended by deleting the "whereby the weights are based on the formula for allocating the share of the national revenue among counties" since the indices stated for sharing the loan for Financing Locally-Led Climate Action FLLoCA – County Climate Resilience Investment (CCRI) Grant are different from the Fourth Basis weights.
- e) The additional conditional allocation to transition Universal Health Coverage (UHC) workers to permanent and pensionable terms in counties of Ksh.8.94 billion had not included in the Bill as per the Budget Policy Statement, 2026.
- f) The Commission proposes that the allocation be part of the equitable share in FY 2026/2027 going forward. This would guarantee the UHC workers salaries and will ensure counties are not disadvantaged when additional conditional allocations are not disbursed.

The Commission was informed that the Committee considered the proposal to include the Ksh. 8.94 billion for transfer of UHC workers from the Ministry of Health to respective county governments in equitable share or transfer as a conditional additional allocation to county governments as follows-

- a) if included in the equitable share, the funds will be shared using the Fourth Basis as opposed to the actual resource requirement per county.
- b) although inclusion of the funds in the equitable share would ensure sustainability and stability in planning, 28 counties will face budget deficits,
- c) thus, the Committee may resolve the funds be transferred to counties as conditional additional allocation for FY 2025/2026 and in Division of Revenue in the subsequent fiscal years.

Submission by the Council of Governors

1. Upon invitation, the Chairperson, Council of Governor's Technical Committee for Finance and Economic Affairs submitted the following general comments on the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026)-

- a) The early publication and introduction of the Bill will align with the County Governments budget calendar.
 - b) The Council has noted an improvement in the disbursement and absorption of additional allocations of the FY 2025/26 which can be attributed to early enactment of the CGAAB. As of 31st March 2026, the National Treasury had disbursed Ksh.29.74 billion of additional allocations to Counties.
 - c) Monthly disbursement reports: Despite provisions in the CGAAA for the Cabinet Secretary, National Treasury to publish monthly statements by the 15th day of the subsequent month of actual disbursements to Counties, this has not been implemented making it difficult for Counties and other stakeholders such as the Senate to track implementation of the Act.
 - d) The Council noted that the matter of the repeal of section 191A to E of the PFM Act has not been addressed in the Bill. These sections have not been implemented since the FY 2021/22 as their application has been suspended for the previous 5 years. This is due to challenges and inconsistencies identified with the new sections that cannot be cured or implemented as they are.
 - e) The Council of Governors, in collaboration with the National Treasury, had previously attempted to implement the new Sections of the PFM Act unsuccessfully. This included the development of a model/template Intergovernmental Conditional Allocations Transfer Agreement for use by Counties through a multi-agency taskforce whose membership included the Parliamentary Budget Office.
 - f) However, upon execution of model agreement in Counties, the taskforce noted other inconsistencies and recommended that the sections be repealed. This recommendation was also ratified by the National and County Governments Coordinating Summit and the Cabinet.
 - g) The Council therefore requested that the sections be repealed since they cannot be implemented in the manner, they are structured.
2. The Council also submitted the following specific comments on the Bill-
- a) Clause 3(a) be amended to provide, pursuant to Articles 190(1) and 202(2) of the Constitution, for additional allocations for the financial year 2026/27.
 - b) Clause 4(2) be amended to provide that all additional allocations should be included in the respective county governments' appropriation bills. There should be no exemption for the court fines since they are budgeted for by the beneficiary Counties and thus should be contained in the Appropriation to give the County governments authority to spend.
 - c) The marginal note on clause 5(1) be amended to read unconditional allocations to county governments.
 - d) The Marginal note on clause 5(1)(a) to be moved to section 5 (1)(b) Cap.306 is the Mining Act that provides for mineral royalties to Counties and does not relate to court fines.
 - e) Clause 5(3) be amended by deleting subsection 3 (l) on conditional allocations financed by proceeds of an International Fund for Agriculture Development (IFAD) loan for the Aquaculture Business Development Programme (ABDP). The ABDP is coming to an end in June 2026 and would not reflect in FY 2026/27 budgets.

- ments
- f) Clause 5(3) be amended to insert a new subsection to provide for conditional allocations financed by proceeds of an International Fund for Agriculture Development (IFAD) loan for the Integrated Natural Resources Management Programme (INReMP. In the Bill, the INReMP is only provided for in the Third Schedule but omitted under Clause 5(3).
 - g) Clause 5(3) of the Bill be amended by inserting a new subsection to provide for conditional allocations financed by proceeds of an IDA (World Bank) loan for the Kenya Watershed Services Improvement Project (KEWASIP. The project is expected to be implemented in 12 counties for 5 years from FY 2026/27. The State Department for Forestry confirmed availability of the resources and provision of the same in the 2026/27 budget estimates.
 - h) The Bill be amended by inserting a new Clause as follows: The Public Finance Management Act Cap. 412A is amended by repealing Sections 191A to 191E. This will provide a permanent solution to the recurring challenges with implementation of the Sections.

The Committee noted that-

- a) the National Treasury had not fully disbursed funds for construction of county headquarters to the five beneficiary counties, which has led to stalling of projects.
- b) if the Ksh.8.94 billion for transition of UIIC workers to county governments on permanent and pensionable terms is included in the equitable share, the funds will be shared using the Fourth Basis as opposed to the actual resource requirement per county.
- c) although inclusion of the funds in the equitable share would ensure sustainability and stability in planning, 28 counties will face budget deficits, thus resolved that the funds be transferred to counties as conditional additional allocation for FY 2025/2026 and in Division of Revenue in the subsequent fiscal years.
- d) Committee commended the Council for the detailed and comprehensive analysis of the Bill and the views that would help improve the Bill.

MIN/SEN/SCF&B/1582/2026

ADJOURNMENT AND DATE OF THE NEXT MEETING

The meeting adjourned at 10:55 a.m. The next meeting shall be held on Thursday, 7th May 2026 at 11:00 a.m.

SIGNATURE:  DATE: 14th May, 2026

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

(CHAIRPERSON)

APPENDIX 3: COPIES OF
SUBMISSIONS



**REPUBLIC OF KENYA
THE NATIONAL TREASURY**

Telegraphic Address: 22921
FINANCE – NAIROBI
Fax No. 315779
Telephone: 2252299
When replying please quote

THE NATIONAL TREASURY
P.O. Box 30007 - 00100
NAIROBI
KENYA

REF No: IGFR/CG/01/L(13)

6th May, 2026

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

Dear *Clerk*

**RE: INVITATION TO A MEETING TO SUBMIT VIEWS ON THE COUNTY GOVERNMENTS
ADDITIONAL ALLOCATIONS, 2026 (SENATE BILLS NO. 8 OF 2026)**

Reference is made to your letter **REF.SEN/DSEC/F&B/2026/058(c) (201)** dated **29th April, 2026** to the Cabinet Secretary, National Treasury on the above subject.

The County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026) was read a First Time in the Senate on Thursday, 2nd April 2026. Thereafter, the Bill stood committed to the Senate Standing Committee on Finance and Budget for consideration and facilitation of public participation. Pursuant to the provisions of Article 118 of the Constitution and standing order 145 of the Senate Standing Orders, the Committee has invited the Cabinet Secretary to the National Treasury, being a key stakeholder, to a meeting to submit views on the Bill on **Thursday, 7th May 2026 at 10.30 am at the Ground Floor Boardroom, County Hall, Parliament Buildings, Nairobi.**

The Senate Committee is therefore seeking information on the following:

1. Views of the National Treasury on the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026);
2. A comprehensive and detailed schedule of actual transfers to county governments under each programme, clearly indicating the amounts appropriated by Parliament against the amounts disbursed since FY 2021/22;
3. An explanation to clarify why the approved additional allocations to county governments by Parliament were not fully disbursed, and steps being taken to ensure that the outstanding amounts are disbursed;
4. The status of mineral royalties' transfers to counties and communities with respect to the following:
 - a. A comprehensive analysis of mineral royalties collected per county from 2016;

- b. The total accumulated 20 percent mineral royalties to each beneficiary county from 2016 to date;
 - c. The total accumulated 10 percent mineral royalties to the beneficiary communities from 2016 to date;
 - d. The actual disbursements of mineral royalties to counties and communities, if any;
 - e. A list of projects identified by communities to be funded through the 10% community share as per the provisions of the Mining (Mineral Royalty Sharing) Regulations, 2026.
5. Status of transfers for additional allocation for construction for supplement of construction of county headquarters.

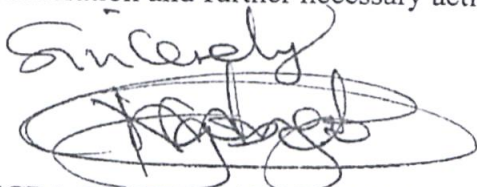
Additionally, I held a meeting on **5th May 2026** at the National Treasury Building, with Top Officials from Meru County Government on Stoppage of transfer of funds to the County Government of Meru following the County Government failure to settle an Arbitral Court Award relating to Mr. Michel Dechauffour, a French National investor through Leopard Rock Mico Limited – refer to National Treasury letter **Ref No: IGFR/CG/01/L(13)** dated **6th May 2026**.

The meeting resolved that the National Treasury would consider granting the County Government of Meru a conditional grant of **KSh. 139 million** (Kenya Shilling one hundred thirty-nine million) in financial year 2026/27 to offset the principal balance of the arbitral award. In this regard we have proposed inclusion of a conditional grant from the share of National Government's revenue in the Second Schedule of the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026) for consideration by Parliament.

The National Treasury has prepared representations on the Bill in addition to the above requested information.

The purpose of this letter therefore, is to submit the attached brief on the above subject matter for your consideration and further necessary action.

Yours



HON. FCPA JOHN MBADING'ONGO, EGH
CABINET SECRETARY

Encls.



**REPUBLIC OF KENYA
THE NATIONAL TREASURY**

RE: INVITATION TO A MEETING TO SUBMIT VIEWS ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS, 2026 (SENATE BILLS NO. 8 OF 2026)

We make reference to communication from the Clerk of the Senate – vide letter Ref No. SEN/DSEC/F&B/2026/058(c) dated 29th April 2026 – on the above subject matter.

The County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026) was read a First Time in the Senate on Thursday, 2nd April 2026. Thereafter, the Bill stood committed to the Senate Standing Committee on Finance and Budget for consideration and facilitation of public participation. Pursuant to the provisions of Article 118 of the Constitution and standing order 145 of the Senate Standing Orders, the Committee has invited the Cabinet Secretary to the National Treasury, being a key stakeholder, to a meeting to submit views on the Bill on **Thursday 7th May 2026**. The Senate Committee is therefore seeking information on the following:

1. Views of the National Treasury on the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026);
2. A comprehensive and detailed schedule of actual transfers governments under each programme, clearly indicating the amounts appropriated by Parliament against the amounts disbursed since FY 2021/22.
3. An explanation to why the approved additional allocations to county governments by Parliament were not fully disbursed, and steps being taken to ensure that the outstanding amounts are disbursed;
4. The status of mineral royalties' transfers to counties and communities with respect to the following;
 - a. A comprehensive analysis of mineral royalties collected per county from 2016;
 - b. The total accumulated 20 percent mineral royalties to each beneficiary county from 2016 to date;
 - c. The total accumulated 10 percent mineral royalties to the beneficiary communities from 2016 to date;
 - d. The actual disbursements of mineral royalties to counties and communities, if any;
 - e. A list of projects identified by communities to be funded through the 10% community share as per the provisions of the Mining (Mineral Royalty Sharing) Regulations, 2026.
5. Status of transfers for additional allocation for supplement of construction of county headquarters.

The National Treasury has noted the request by the Senate Committee and compiled the following representations on the Bill and status of additional allocations disbursement under previous County Governments Additional Allocation Acts.

1. Views of the National Treasury on the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026);

The National Treasury has reviewed the CGAAB 2026 (Senate Bill No.8 of 2026) that was published on 16th March 2026 against the National Treasury submission to Parliament (in February 2026) of the County Governments Additional Allocations Bill 2026 for financial year 2026/27 alongside 2026 Budget Policy Statement.

Table 1. National Treasury Views on the Published CGAAB 2026 for FY 2026/27 (Senate Bill No.8 of 2026)

Clause/Schedule	Provision in Published CGAAB 2026 for FY 2026/27 (Senate Bill No.8 of 2026)	National Treasury Views/Recommendation	Justification
Arrangement of clauses	The Published Bill has eight clauses and a few amendments on the naming of clauses	We note that the Published Bill has the following differences; • Clause 3 changed from “<i>Object and Purpose of the Act</i>” to “<i>Object</i>” • Clause No. 5 and 6 in the proposed Bill have been combined to one clause in the Published Bill, that is, to No. 5 reading as “Conditional and unconditional allocations” The Published Bill has deleted clauses No. 10 and 11 on Transition and Financial Misconduct. There is need to reinstate the clauses on the transition with respect to proposed repeal on Section 191 A-E of the PFMA Cap 412A There is need to reinstate clause on Financial Misconduct to ensure prudence in public finance management.	To allow exemption of CGAAA on Section 191 A-E of the PFMA Cap 412A in the interim to avoid delays in execution of intergovernmental agreements The need to enforce the fiscal governance and fiscal discipline in public finance management
Interpretation	The Bill does not have the interpretation on <i>Agreements</i>	We propose reinstatement of an interpretation of <i>Agreement</i>	The need to provide full interpretation of technical terms used in the Bill to provide full clarity
Object and purpose	The Clause 3 subsection (a) has provided transfers for as per Article 202(2) of the Constitution	Add inclusion of Article 190 as part of the Bills object. Article 190 provides that Parliament shall by legislation provide support to Counties. We observe the additional allocations provided herein are part of the support to Counties.	CGAAA is a one of the legislative instruments formulated to support counties
Clause 5(4)	Conditional allocations under subsection (3)(d) and (e) shall be allocated among county governments on the basis of the following criteria.	We note that there is wrong reference of 5(4) Amend clause 5 (4) to read as follows <i>Conditional allocations under subsection (3) (c) and (d) shall.....</i>	Ensure consistency with the content clause 5(3) of the Bill with respect to KfW-FLOCCA-CCRI Grant and IDA (World Bank) - FLOCCA-CCRI Grant respectively.

Clause/Schedule	Provision in Published CGAAB 2026 for FY 2026/27 (Senate Bill No.8 of 2026)	National Treasury Views/Recommendation	Justification
Clause 4 subsection 1 (a) Additional allocations to county governments	Clause 4 subsection 1 (a) has provided for transfer of functions under Article 187 . Further there has been an interchange of subsection part a and b and a deletion of Article 190	The National Treasury proposes reinstatement of the previous clauses as per this section as the clause 4 (1) (a) will be misleading as there are no transfer of functions from development partners as stated in the published Bill.	The need to align the proposed type of additional allocations (conditional and unconditional) with the objects of the Bill under Clause 3.
Clause 5 (2) Conditional allocations for the Share of national government revenue	Clause 5 (2) has deleted the allocation on transitioning of UHC workers to permanent and Pensionable terms	The National Treasury proposes reinstatement of Transitioning of UHC staff to permanent and pensionable terms in the Clause 5(2) and well as in the Second Schedule to allow for the allocations to go the county governments as an additional allocation for ease of allocation to counties as per the requirement of each County to enable transitioning of staffing to permanent and pensionable terms in line with the Summit Resolution.	The allocation for UHC workers transition to permanent and pensionable terms was a resolution of the 12th National and County Governments coordination Summit held in December 2026. This proposal is further aimed at achieving government commitment to attaining harmony in industrial trade relations with health workers and achieving universal health coverage. The National Treasury observes that allocating the above through Division of Revenue Bill 2026 and County Allocation of Revenue Bill 2026 would result in inconsistent allocations to individual county requirements because of the application of the horizontal revenue sharing under CARA. This therefore avoid underfunding of some of the counties if the allocation is included in the Division of Revenue Bill
Clause 5 (4) Conditional allocations from	Clause 5 (4) Allocation criteria for Conditional allocations from development partners;	The Bill has omitted the allocations criteria for the <i>Performance for Results (P for R)</i> projects under clause 5 (3) namely: (h)IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) - Urban	The need to ensure there is a predictable fiscal allocation criteria, transparency and equity in horizontal allocation of additional allocations to counties.

Clause/Schedule	Provision in Published CGAAB 2026 for FY 2026/27 (Senate Bill No.8 of 2026)	National Treasury Views/Recommendation	Justification
development partners		Institutional Grant (UIG) as set out in Column I; (i) ... IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UDG) - Column J; (m)IDA (World Bank) loan for the Kenya Devolution Support Programme (KDSP) II Level I -Column N; (n)IDA (World Bank) loan for the Kenya Devolution Support Programme (KDSP) II Level II - Column O; (o).....IDA (World Bank) loan for the Kenya Water, Sanitation and Hygiene (K-Wash) Program as set out in Column P. We recommend restatement of the allocation creteria or making reference that the the allocation of the <i>P for R</i> projects shall be allocated in accordance with the Creteria set out in the Project Appraisal Documents	
Clause 5(6) (7)	(6) The county governments' allocations under subsections (1) and (2) shall, subject to subsection (7), be included in the budget estimates of the National Government and shall be submitted to Parliament for approval. (7) Allocations shall not be included in the budget estimates under subsection (6) unless in the case of a loan or grant by a development partner, the Cabinet Secretary and the responsible development partner have agreed	All additional allocations are part of intergovernmental transfers and subject to appropriation by County governments. We propose Clause 5(6) to read follows: <i>The county governments' allocations under subsections (1), (2) and (2) shall be included in the budget estimates of the National Government and shall be submitted to Parliament for approval and in all the beneficiary County Governments</i> Transfers from proceed of loans and grants including the financing agreement are finalised prior to the BPS and revenue Bills formulation process. We therefore advise deletion of Clause 5(7).	The financing agreements between the National Treasury on behalf of government and Development Partners as well signing of intergovernmental participation agreements between counties and relevant MDAs are activities are done well in advance before formulation of the CGAAB. In this regard we do not find the need to legislate this advance procedural issues.

Clause/Schedule	Provision in Published CGAAB 2026 for FY 2026/27 (Senate Bill No.8 of 2026)	National Treasury Views/Recommendation	Justification
	in writing that the funds shall be transferred to the county government.		
Clause 4 (3) on Signing	The National Treasury shall facilitate any agreement between a county government and a development partner and shall table the agreements in the National Assembly and the Senate before inclusion of the additional allocation in the Budget Policy Statement.	This is a new introduction requiring the National Treasury to facilitate signing of agreement between County Governments and Development partners.	The financing agreements is between the National Treasury on behalf of government and Development Partners. Further signing of intergovernmental participation agreements is done between counties and relevant Ministries Department and agencies. These activities are done well in advance before formulation of the CGAAB. In this regard we do not find the need to legislate this advance procedural issues.
Transition with respect to repeal of Section 191A-E	The Bill amended this clause by deleting it.	The National Treasury notes that there currently is a Bill in Parliament – <i>The Public Finance Management (Amendment) Bill (National Assembly Bill No. 17 of 2025</i> – that seeks to repeal the Section 191 A- E of the PFMA CAP 412 A.	As a precautionary measure, we propose reinstating the Clause 10 to avert any delays that may arise in the instance that the approval of the repeal by Parliament is delayed while implementing CGAAA for FY 2026/27.
Financial Misconduct	The Bill is amended by Deleting a clause on financial misconduct	The National Treasury advises as an important financial management practice that this clause be reinstated to ensure there is no breach of the provisions of the Act once enacted and	The need for enforcement of governance and fiscal responsibility under PFM.
Memorandum of Objects and Reasons.	The memorandum has reference to FY 2024/25 and FY 2023/2024 instead of FY 2026/ 2027	The National Treasury proposes amendment of this section to allow for the alignment of the contents of the Published Bill to the Memorandum of Objects and Reason	This provides for the structure and objective of the Bill for FY 2026/ 2027 to avoid miscommunication and inconsistencies in the Bill.
Second Schedule	The Second Schedule propose to allocate KSh.7,373,931,679 Conditional allocation from the	We note that Published CGAAB 2026 for FY 2026/27 (Senate Bill No.8 of 2026) has omitted allocation of the KSh.	To ensure implementation of the Summit resolution and avert future industrial action by the affected health workers.

Clause/Schedule	Provision in Published CGAAB 2026 for FY 2026/27 (Senate Bill No.8 of 2026)	National Treasury Views/Recommendation	Justification
	National Government's share of revenue allocated as follows; Column B KSh. 3,234,930,000 for Community Health Promoters; Column C KSh. 523,010,000 for construction of five County Headquarters; Column D KSh. 3,250,000,000 for County Aggregated Industrial Parks; Column E KSh. 365,991,679 Allocations from 0.5% of Housing Levy Fund to the County Rural and Urban Affordable Housing Committees; Column F KSh. 8,937,615,000 Transitioning Universal Health Coverage (UHC) workers' salary to permanent and pensionable terms.	8,937,615,000 Transitioning Universal Health Coverage (UHC) workers' salary to permanent and pensionable terms. However, after the submission of the CGAAB 2026, the State Department for Medical Services submitted a schedule vide letter Ref. No. MOH/ADM/I/I/170 VOL.111 dated 17th February 2026 with a total allocation of KSh. 8,605,844,135.60. The allocation in the framework, reflects a variance of KSh. 331,770,864.40 from the earlier submission included in CGAAB, 2026. This was communicated to Senate for consideration vide letter Ref: IGFR/CG/01/L (5) dated 18th March 2026 with the recommendation to revise the allocations for Universal Health Coverage (UHC) workers' salary to permanent and pensionable terms. The National Treasury therefore recommend reinstatement of KSh. 8,605,844,135.60 being the revised allocations for Universal Health Coverage (UHC) workers' salary to permanent and pensionable terms.	Further, The National Treasury observed that allocating the above through Division of Revenue Bill 2026 and County Allocation of Revenue Bill 2026 would result in inconsistent allocations to individual county requirements because of the application of the horizontal revenue sharing under CARA. The allocation for UHC workers transition to permanent and pensionable terms was a resolution of the 12th National and County Governments coordination Summit held in December 2026. This proposal is further aimed at achieving government commitment to attaining harmony in industrial trade relations with health workers and achieving universal health coverage.
Third Schedule	Published CGAAB 2026 for FY 2026/27 (Senate Bill No.8 of 2026) proposed to allocate a total of KSh. 57,399,765,294 as conditional additional allocations to counties financed from proceeds of loans and grants from development partners to fund fifteen (15) donor-funded projects.	We note that Third Schedule of the Published CGAAB 2026 for FY 2026/27 (Senate Bill No.8 of 2026) is consistent with National Treasury submission on the CGAAB 2026 to Parliament. We however note the propose to revise Building Resilient Responsive Health Systems (BREHS) project from KSh. 7,799,999,982 to KSh. 2,476,800,100 as submitted by the State Department of Public Health and Professional Standards vide letter Ref: SDPH & PS/1/3/8 dated 7th April 2026 a matter which as also been brought to the attention of the Senate vide letter MOH/PH/FIN/BUDGET/Vol 1/(23) dated 11th March 20226.	Need to align with the revised project allocation as per the revised financing agreements and the proposed request by the State Department of Public Health and Professional Standards.

Clause/Schedule	Provision in Published CGAAB 2026 for FY 2026/27 (Senate Bill No.8 of 2026)	National Treasury Views/Recommendation	Justification
		We recommend that the Senate consider this proposal to revise Building Resilient Responsive Health Systems (BREHS) project from KSh. 7,799,999,982 to KSh. 2,476,800,100.	

1.2 Special request to Support County Government of Meru Settle an Arbitral Award owed to a French Investor

The County Government of Meru in 2018 evicted Mr. Michel Dechauffour a French National and investor operating through Leopard Rock Mico Limited from a long-term lease in Meru National Park. The investor sought for arbitration on the eviction and on 19th December 2019 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 of Meru filed appeal against the award which were unsuccessful.

Despite efforts by the County Government to settle the arbitral award by paying **KSh. 200 million**, they have expressed difficulty in settlement of the outstanding arbitral award inclusive of accrued interest currently estimated to be over **KSh. 442,868,897.68**. In an effort to safeguard the County and stop further losses due to accrued interest and the potential diplomatic relations between Kenya and France, the Cabinet Secretary for the National Treasury convened a meeting on **5th May 2026** in the National Treasury, bringing together the Governor of Meru County, the County Executive Committee Member for Finance in Meru County, the Speaker of the County Assembly of Meru and Controller of Budget to discuss on modalities to settle the longstanding debt. The meeting noted that His Excellency the President while on a development tour in Meru and upon the request of the political leadership in the region, proposed that the National Government will find modalities to support the County in settlement of the award.

Further the meeting resolved that

- i. The Ministry of Foreign Affairs initiate diplomatic negotiations with the Ambassador of France and Mr. Michel Dechauffour regarding the waiver of all accrued interest.
- ii. The National Treasury consider the County Government of Meru a conditional grant of **KSh. 139 million in FY 2026/27** to offset the remaining principal balance of the arbitral award

The National Treasury, therefore, proposes an introduction of a conditional allocation of **KSh. 139 million** to Meru County Government in column G in the Second Schedule of the County Governments Additional Allocations 2026 for FY 2026/27. This amount will allow the County Government to make a one-off payment and settle the principal amount of the arbitral award owed to the French investor.

2. A comprehensive and detailed schedule of actual transfers governments under each programme, clearly indicating the amounts appropriated by Parliament against the amounts disbursed since FY 2021/22.

During the period FY 2021/22 to FY 2025/26 County governments were allocated a total of **KSh. 235.10 billion** as additional allocations. Out of this **KSh. 110.9 billion** was disbursed to counties reflecting a **47 percent** transfer. Table 2 below provides yearly allocations and disbursements per each project.

Table 2: Additional Allocations and Disbursements to County Governments in the period 2021/2022 to 2025/26

Transfer Type	FY 2021/22		FY 2022/23		FY 2023/24		FY 2024/25		FY 2025/26		Cumulative Totals		% Disbursed
	Allocation	Disbursed	Allocation	Disbursed	Allocation	Disbursed	Allocation	Disbursed	Allocation	Disbursed as at 30th April 2026	Total Allocation (TA)	Total Disbursed (TD)	
1. GoK-Funded Conditional Additional Allocations	7,537,000,000	224,743,491	5,363,000,000	-	15,978,848,698	1,267,599,062	5,520,040,362	4,754,176,616	9,891,031,740	4,448,000,005	44,289,920,806	10,694,519,174	24
a) Managed Equipment Services (MES)	7,205,000,000	-	5,200,000,000	-	5,862,000,002	-	-	-	-	-	18,267,000,008	-	-
b) Construction of County Headquarters	332,000,000	224,743,491	163,000,000	-	454,000,000	115,599,062	523,108,631	-	449,000,000	1,921,108,631	340,342,553	340,342,553	18
c) CAIPS Programme	-	-	-	-	4,500,000,000	1,152,000,000	2,900,000	2,900,000	4,448,000,011	4,448,000,005	8,950,900,011	5,602,900,005	63
d) Community Health Promoters (CHPs) Project	-	-	-	-	-	-	3,234,930,000	3,006,488,308	3,234,930,000	-	6,469,860,000	3,006,488,308	46
e) Library services	-	-	-	-	162,848,696	-	-	-	-	-	162,848,696	-	-
f) Provision of Fertiliser Subsidy Programme	-	-	-	-	5,000,000,000	-	-	-	-	-	5,000,000,000	-	-
g) Basic Salary Arrears for Doctors	-	-	-	-	-	-	1,759,101,731	1,744,788,308	1,759,101,729	-	3,518,203,460	1,744,788,308	50
2. GoK-Funded Unconditional Additional Allocations	-	-	-	-	3,043,584,127	-	116,092,724	-	2,946,442,428	2,934,923,148	6,106,119,279	2,934,923,148	48
a) Court fines	-	-	-	-	108,660,979	-	116,092,724	-	11,519,280	-	236,272,983	-	-
b) Mineral Royalties	-	-	-	-	2,934,923,148	-	-	-	2,934,923,148	2,934,923,148	5,869,846,296	2,934,923,148	50
3. Other Conditional Additional Allocations	32,343,890,516	11,954,314,584	17,159,322,284	16,172,766,969	31,232,606,663	25,939,363,334	42,001,957,743	18,544,995,726	57,828,853,718	22,502,288,275	180,566,630,924	95,113,728,888	53
a) Housing levy	-	-	-	-	-	-	-	-	93,418,251	-	93,418,251	-	-
b) External Proceeds of Loans and Grants	32,343,890,516	11,954,314,584	17,159,322,284	16,172,766,969	31,232,606,663	25,939,363,334	42,001,957,743	18,544,995,726	57,735,435,467	22,502,288,275	180,473,212,673	95,113,728,888	53
IDA (World Bank) - KDSP Level I	-	-	-	-	-	-	-	-	3,426,746,500	3,243,161,739	3,426,746,500	3,243,161,739	95
IDA (World Bank) - KDSP Level II	4,599,999,996	-	-	-	-	-	1,762,500,000	-	11,378,253,500	70,506,942	9,789,246,496	70,506,942	1
IDA (World Bank) - THUSCP	2,234,664,077	1,445,456,880	-	-	-	-	-	-	-	-	2,234,664,077	1,445,456,880	65
IDA (World Bank) - NARIGP	6,394,997,409	3,935,298,590	3,900,000,001	3,533,288,416	410,000,000	304,157,806	-	-	-	-	10,704,997,410	7,772,744,812	73
IDA (World Bank) - KUSP - UIG	-	-	61,010,000	61,010,000	-	-	1,715,000,000	1,453,918,500	1,300,000,000	-	3,076,010,000	1,514,928,500	49
IDA (World Bank) - KUSP - UDG	-	-	61,010,000	61,010,000	-	-	5,890,000,003	-	10,325,754,660	5,533,474,648	16,276,764,663	5,594,484,648	34
IDA (World Bank) - KCSAP	7,838,338,490	3,942,260,728	2,200,002,000	2,112,826,374	2,160,000,000	-	-	-	-	-	12,198,340,490	6,055,087,102	50
EU Grant - IDEAS	230,730,934	-	-	-	-	-	-	-	-	-	230,730,934	-	-
IDA (World Bank) - WSDP	5,000,000,000	1,509,911,512	3,500,000,000	3,470,855,427	5,350,000,000	3,483,098,638	5,700,000,000	4,278,989,485	3,000,000,000	1,935,866,942	22,550,000,000	14,678,722,004	65
SIDA (Sweden) - ASDSP II	1,300,042,904	501,105,904	655,175,274	574,730,160	72,797,252	58,409,774	-	-	-	-	2,028,015,430	1,134,245,838	56
K-WASH	-	-	-	-	-	-	-	-	4,607,526,599	-	4,607,526,599	-	-
IDA (World Bank) - ELRP	800,000,001	297,369,711	1,200,000,000	1,170,941,622	2,302,630,291	2,284,859,287	1,900,000,000	169,268,418	-	-	6,202,630,292	3,922,439,038	63
UNFPA 10th Country Programme Implementation	73,866,705	-	-	-	-	-	65,190,000	-	-	-	139,056,705	-	-
IDA (World Bank) - KISIP II	2,800,000,000	-	1,300,000,000	1,292,063,703	4,499,999,999	4,498,671,469	5,156,696,116	4,876,489,755	167,500,000	-	16,256,696,115	10,667,224,927	66
AJD - KISIP II	-	-	-	-	-	-	5,243,303,885	2,612,608,555	2,500,000,000	141,239,893	5,410,803,885	2,753,848,448	51
IDA (World Bank) - NAVCDP	-	-	1,820,000,000	1,747,010,883	6,600,000,000	6,487,016,276	5,000,000,016	2,180,732,913	7,700,000,000	3,846,252,328	21,120,000,016	14,261,012,400	68
DANIDA - PHDC	701,250,000	322,911,259	1,018,125,009	898,100,742	577,500,000	440,979,000	487,500,000	478,403,250	510,000,000	-	3,294,375,009	2,140,394,251	65
IDA (World Bank) - FLLoCA - CCIS Grant	-	-	1,034,000,000	979,000,000	517,000,000	451,000,000	-	-	121,000,000	86,649,135	1,672,000,000	1,516,649,135	91
KFW - DRPNK*	370,000,000	-	410,000,000	271,929,642	765,000,000	-	781,969,410	305,917,968	1,276,654,208	60,642,262	3,603,623,618	638,489,872	18
IFAD - KeLCoP	-	-	-	-	344,300,000	287,336,662	378,730,000	377,302,092	634,500,000	348,935,979	1,357,530,000	1,013,574,733	75
IFAD - ABDP	-	-	-	-	245,879,120	256,334,422	245,879,120	134,158,259	200,000,000	-	691,758,240	390,492,681	56
IDA (World Bank) - FLLoCA - CCRI Grant	-	-	-	-	6,187,499,999	6,187,499,999	3,712,000,000	561,615,777	6,187,500,000	4,964,952,905	16,086,999,999	11,714,068,681	73
IDA (World Bank) - FSRP	-	-	-	-	-	-	2,250,000,000	911,652,713	3,200,000,000	1,320,717,836	5,450,000,000	2,232,370,549	41
KfW - FLLoCA - CCRI Grant	-	-	-	-	1,200,000,002	1,200,000,002	1,200,000,000	203,938,041	1,200,000,000	949,887,666	3,600,000,002	2,353,825,709	65
SIDA - KABDP	-	-	-	-	-	-	513,189,193	-	-	-	513,189,193	-	-
5. NG's Expenditures on Devolved Functions	-	-	-	-	4,129,261,981	2,165,507,080	-	-	-	-	4,129,261,981	2,165,507,080	52
Poland - LYCSP	-	-	-	-	1,642,868,400	-	-	-	-	-	1,642,868,400	-	-
IDA (World Bank) - DRIVE	-	-	-	-	2,165,507,080	2,165,507,080	-	-	-	-	2,165,507,080	2,165,507,080	100
IDA (World Bank) - KEMFSED	-	-	-	-	320,886,501	-	-	-	-	-	320,886,501	-	-
Grand Total (= 1+2+3+4+5)	39,880,890,516	12,179,058,075	22,522,322,290	16,172,766,969	54,384,301,469	29,372,469,476	47,638,090,829	23,299,172,342	70,666,327,886	29,885,211,428	235,091,932,990	110,908,678,290	47

3. An explanation as to why the approved additional allocations to county governments by Parliament were not fully disbursed, and steps being taken to ensure that the outstanding amounts are disbursed;

The Shortfall in disbursement of the additional allocations during the period in question has been attributed to the following: -

- a. Recurring delays in enactment of the County Governments Additional Allocation Acts over the financial years;
- b. Lack of Appropriation for some of the additional allocations by the implementing Ministry Departments;
- c. Budget rationalization during Supplementary Budget adjustments, occasioned by constrained fiscal space;
- d. Inadequate compliance with some of the conditions for donor funded projects; and
- e. Exchange rate fluctuations affecting externally funded projects.

To address the non-disbursements, National Treasury has taken the following steps:

- i. Prioritising re-budgeting of non-disbursed funds in subsequent budget process.
- ii. Submission of draft Public Finance Management (Amendment) Bill, 2025 to Parliament which proposes amendments to Section 42 and 191 of the Public Finance Management Act, Cap 412A. These amendments aim to provide for the submission of County Governments Additional Allocations (financed from National Government's share of revenue) Bill and a County Governments Additional Allocations (financed from loans and grants from development partners) Bill to address current delays in the approval and disbursement of County Government Additional Allocations and avoid the cost implications associated with commitment fees linked to loans and grants.
- iii. To further address policy constraints facing intergovernmental fiscal transfers and strengthen fiscal relations, the National Treasury has, through a multiagency approach, embarked on formulating a National Policy on Management of Intergovernmental Fiscal Transfers.

4. Allocation of 20 percent Mineral royalties to counties and 10 percent 20 percent Mineral royalties to Communities;

The Mining Act, 2016 assigned mineral royalties collected from Mining companies as follows 70 percent to the National Government, 20 percent to county governments and 10 percent to communities. During period 2016/17 to 2024/25, the State Department for Mining cumulatively collected royalties totalling to **KSh. 23.84 billion**. In line with the Act this was allocated as follows: **KSh. 16.69 billion** being 70 percent owed to the National Government; **KSh. 4.77 billion** being 20 percent owed to county governments and **KSh. 2.38 billion** being 10 percent royalties owed to the communities. **Table 3** below shows mineral royalties collected under Mining Act 2016 for the fiscal period 2016/17 to 2024/25 as submitted by the State Department for Mining to the National Treasury.

Table 3: Mineral royalties collection under Mining Act 2016 for the fiscal period 2016/17 to 2024/25.

STATE DEPARTMENT FOR MINING													
ANALYSIS OF THE ACTUAL MINERAL ROYALTIES COLLECTED PER COUNTY FOR THE PERIOD FROM FY2016/17 TO FY 2024/25													
S/NO.	COUNTY	FINANCIAL YEAR 2016/2017	FINANCIAL YEAR 2017/2018	FINANCIAL YEAR 2018/2019	FINANCIAL YEAR 2019-20	FINANCIAL 2020/2021	FINANCIAL YEAR 2021/2022	FINANCIAL YEAR 2022/2023	FINANCIAL YEAR 2023/2024	FINANCIAL YEAR 2024/2025	TOTAL ROYALTIES COLLECTED	TOTAL COUNTY SHARE FOR	TOTAL COMMUNITIES SHARE FOR THE
1	Kwate	404,356,845.00	491,089,717.00	519,629,687.00	508,863,087.00	536,035,307.00	3,372,564,786.30	1,277,360,203.05	1,778,840,447.00	965,432,388.82	9,853,972,468.17	1,970,794,493.63	985,397,246.82
2	Kajiado	327,351,342.85	463,460,387.85	379,174,768.65	567,544,706.85	762,578,117.35	801,105,631.99	590,057,119.34	901,978,378.27	59,272,468.35	4,852,522,921.50	970,504,584.30	485,252,292.15
3	Kilifi	704,880,575.95	737,698,186.85	798,876,723.85	819,873,637.85	801,326,587.85	887,655,737.01	130,210,194.72	28,289,228.01	1,045,536,363.17	5,954,347,235.26	1,190,869,447.05	595,434,723.53
4	Nandi	33,747,438.00	49,047,245.00	31,229,113.00	53,691,713.00	18,300,691.00	89,538,303.00	115,242,400.92	316,962,882.34	175,195,956.54	882,955,742.80	176,591,148.56	88,295,574.28
5	West Pokot	3,140.00	1,010.00	4,101.00	-	-	-	1,078,429.41	11,093,077.58	507,064,234.22	519,243,992.21	103,848,798.44	51,924,399.22
6	Kisumu	-	-	-	-	-	-	3,155,939.65	96,073.65	486,656,684.00	489,908,697.30	97,981,739.46	48,990,869.73
7	Taita	6,958,489.83	11,155,513.21	22,668,148.44	86,684,510.00	88,296,964.31	43,018,003.96	21,805,694.45	55,504,223.61	31,333,783.59	367,425,331.40	73,485,066.28	36,742,533.14
8	Migori	681,563.00	94,100.00	4,039,436.00	1,712,167.00	1,719,051.79	7,380,722.17	12,497,200.70	113,178,103.89	40,468,908.72	181,771,253.27	36,354,250.65	18,177,125.33
9	Machakos	41,530.00	1,909.00	-	-	-	455,142.48	828,614.79	1,860,817.64	137,821,437.16	141,009,451.07	28,201,890.21	14,100,945.11
10	Kiambu	-	32,488,171.80	4,503,153.20	-	11,045,207.40	2,662,784.74	31,701,951.93	57,861,805.41	29,967,254.13	170,230,328.61	34,046,065.72	17,023,032.86
11	Narok	19,947,300.00	15,732,414.00	493,606.80	21,174,167.00	15,143,961.00	61,540,229.60	18,345,792.52	1,755,861.34	152,354.00	156,285,686.26	31,257,137.25	15,628,568.63
12	Nairobi	-	15,515.00	2,525.00	-	1,382.00	-	19,606.00	292,083.72	62,164,834.72	62,495,946.44	12,499,189.29	6,249,594.64
13	Mombasa	5,871.00	1,020.00	2,050.00	-	-	85,209.05	52,514,628.64	8,536.28	8,296.28	52,625,611.25	10,525,122.25	5,262,561.13
14	Uasin Gishu	-	13,923,502.20	1,929,922.80	151,740.00	7,564,261.60	1,881,916.50	-	8,351,936.41	14,170,589.88	47,973,869.39	9,594,773.88	4,797,386.94
15	Nakuru	-	-	147,016.00	259,020.00	-	7,809.82	24,066.63	486.15	27,147,704.28	27,586,102.88	5,517,220.58	2,758,610.29
16	Marsabit	2,454,010.85	1,097,124.00	935,368.85	852,782.00	1,627,242.80	1,656,423.65	477,332.18	5,446,331.40	4,924,860.50	19,471,476.23	3,894,295.25	1,947,147.62
17	Kitui	332,651.50	484,336.00	95,807.00	68,344.00	128,059.00	571,393.28	700,034.21	52,212.87	10,492,889.06	12,925,726.92	2,585,145.38	1,292,572.69
18	Kisii	512,886.00	460,230.72	594,538.05	761,407.00	495,666.93	588,081.78	539,432.56	1,825,850.10	5,438,665.46	11,216,758.60	2,243,351.72	1,121,675.86
19	Garissa	-	-	-	-	1,117,152.98	3,106,304.59	740,678.70	1,150,429.27	469,629.19	6,584,194.73	1,316,838.95	658,419.47
20	Kericho	-	-	-	-	-	-	-	-	30.09	6,466,013.00	1,293,208.62	646,604.31
21	Embu	-	-	-	10,710.00	-	-	3,346.35	3,346.35	5,945,262.00	5,962,664.70	1,192,532.94	596,266.47
22	Samuru	4,251.00	347,784.00	1,324,265.00	690,760.00	2,074,157.00	87,504.74	266,592.45	1,234,967.07	376,884.47	6,407,165.73	1,281,433.15	640,716.57
23	Baringo	17,325.50	12,879.00	9,399.00	61,711.00	-	462.15	37,085.71	1,476,176.78	1,113,491.40	2,728,530.54	545,706.11	272,853.05
24	Tana River	-	-	15,621.00	-	-	37,498.81	-	815,083.21	815,083.21	1,683,286.23	336,657.25	168,328.62
25	Murang'a	-	-	-	-	-	-	-	-	1,323,912.00	1,323,912.00	264,782.40	132,391.20
26	Makueni	-	351,663.08	6,480.00	9,980.00	131,160.00	-	105,383.26	61,931.50	-	666,597.84	133,319.57	66,659.78
27	Isiolo	311,470.80	489,880.00	355,548.67	406,520.00	180,765.00	-	-	32,601.84	28,551.87	1,805,338.18	361,067.64	180,533.82
28	Tharaka	-	-	-	-	-	-	-	-	-	-	-	-
29	Nithi	44,914.00	53,664.00	10,537.17	40,919.00	63,638.50	1,327.17	-	74,192.78	72,935.51	362,128.13	72,425.63	36,212.81
30	Siaya	-	-	858,257.85	297,442.00	140,058.00	-	-	-	-	1,295,757.85	259,151.57	129,575.79
31	Turkana	563,038.00	47,992.83	7,595.00	3,106.00	869.00	83,794.56	-	23,423.23	129.17	729,947.79	145,989.56	72,994.78
32	Kakamega	-	-	1,391.00	21,510.00	59,873.00	-	126.53	165.28	-	83,065.81	16,613.16	8,306.58
33	Wajir	-	-	-	14,037.00	8,428.00	-	-	-	-	22,465.00	4,493.00	2,246.50
34	Kirinyaga	-	-	-	500.00	-	-	-	-	3.63	503.63	100.73	50.36
35	Meru	164,503.30	-	-	-	-	-	-	-	-	164,503.30	32,900.66	16,450.33
36	Mandera	5,140.00	-	-	-	-	-	-	-	-	5,140.00	1,028.00	514.00
37	Bomet	-	-	-	-	-	-	-	-	-	-	-	-
38	Bungoma	-	-	-	-	-	-	-	-	-	-	-	-
39	Busia	-	-	-	-	-	-	-	-	-	-	-	-
40	Homabay	-	-	-	-	-	-	-	-	-	-	-	-
41	Lalikipia	-	-	-	-	-	-	-	-	-	-	-	-
42	Lamu	-	-	-	-	-	-	-	-	-	-	-	-
43	Nyamira	-	-	-	-	-	-	-	-	-	-	-	-
44	Nyandarua	-	-	-	-	-	-	-	-	-	-	-	-
45	Nyeri	-	-	-	-	-	-	-	-	-	-	-	-
46	Trans Nzoia	-	-	-	-	-	-	-	-	-	-	-	-
47	Vihiga	-	-	-	-	-	-	-	-	-	-	-	-
48	Elgeyo-Marakwet	-	-	-	-	-	-	-	-	-	-	-	-
49	TOTAL COLLECT IONS	1,502,384,286.58	1,818,054,245.54	1,766,915,060.33	2,063,194,476.70	2,248,038,601.51	5,276,029,067.35	2,257,711,854.70	3,288,070,686.70	3,619,861,564.70	23,840,259,844.11	4,768,051,968.82	2,384,025,984.41

4.1 The 20 percent mineral royalties' allocation to Counties

During FY 2024/25, an allocation of **KSh. 2.93 billion** for 20 percent mineral royalties' collections owed to the counties from FY 2016/17 to FY 2021/22 was made in the County Governments Additional Allocation Act 2025 for FY 2024/25 but this was not disbursed due to lack of appropriation. This allocation of **KSh. 2.93 billion** is accommodated in the CGAAA 2025 for FY 2025/26 is being prioritised for transfer. The National Treasury has since transferred 100 percent of the **KSh. 2.93 billion** of 20 percent mineral royalties' allocation to Counties in the current FY 2025/26.

Further an amount of **KSh. 1.83 billion** being 20 percent mineral royalties owed to counties collected in period 2022/23 to 2024/25 has been allocated in the in the CGAAB 2026 (Senates Bills No 8 of 2026) for FY 2026/27 currently under consideration by Parliament.

4.2 Accumulated 10 percent mineral royalties to the beneficiary communities from 2016 to date;

As noted above during the period 2016/17 to 2024/25, the State Department for Mining collected royalties **KSh. 2.38 billion** being 10 percent mineral royalties owed to the communities. We wish to note that **no transfer of the 10 percent** mineral royalties was made to beneficiary communities and due to lack of framework for transfer at the time of formulation revenue laws. As such, no list of projects identified by communities to be funded through the 10% share of mineral royalties to community.

As you are aware, the Senate Bill – *The Mining (Amendment) Bill, 2025 (Senate Bills No.25 of 2025)* – proposes to amend the Mining Act (Cap. 306) to provide a legislative framework for the utilization of mineral royalties for the **beneficiary of communities** where the exploitation of mineral resources occur. The National Treasury submitted its views on the Bill vide letter **Ref: IGFR/MRR/B (38)** dated 7th April 2026. Among other the National Treasury advised on use of existing PFM funds flow structures to transfer resources to the beneficiary to ensure efficiency and mitigate on additional administrative costs. The National Treasury also notes that the National Assembly approved the Mining (Royalty Sharing) Regulations 2026 in April 2026.

The National Treasury therefore appeal for finalisation of framework for transfer of 10 percent Mineral Royalties to beneficiary communities to facilitate disbursement.

5. Status of transfers for additional allocation for construction for supplement of construction of county headquarters.

The State Department for Public Works has been implementing construction of five (5) county headquarters namely: Isiolo, Lamu, Tana River, Tharaka Nithi and Nyandarua. These Counties were identified by the defunct Transition Authority, and with the approval of the Senate, as not having inherited adequate infrastructural facilities that could accommodate the new administration at the onset of devolution in year 2013. The project commenced in 2017 though construction in actual individual sites commenced at different times and hence are at different levels of completion. The National Government was expected to contribute **70 percent** of the initial contract sums, while county governments were expected to contribute **30 percent** of the same.

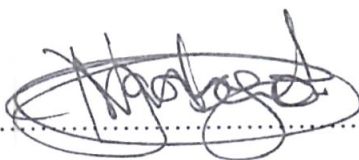
Following a resolution made by the Senate, Intergovernmental Relations Technical Committee (IGRTC) constituted an inter-agency meeting comprising of the key stakeholders from the above five (5) counties, the National Treasury, the State Department for Public Works, the Council of Governors, and the Senate. This inter-agency team convened and developed an Intergovernmental Partnership Agreement to facilitate the process of transfer of the County headquarters projects from the State Department for Public Works to these 5 counties. The projects were hand over between 8th and 17th April, 2024 and the financing arrangements remained as earlier agreed (county governments 30 percent and National Government 70 percent)

In the County Governments Additional Allocations Act (CGAAA) 2024 for FY 2023/24, **KSh. 454 million** was allocated to the project but only **KSh. 116 million** was disbursed due to underperformance in ordinary revenues of the National Government. In the CGAAA 2025 for FY 2024/25, **KSh. 523 million** was allocated to the project but this allocation was later reduced to nil following the rejection of the 2024 Finance Bill.

In the current FY 2025/26, **KSh. 449 million** has been allocated to the project. However, in the original budget estimates, this allocation was coded as an expenditure to be incurred within the State Department for Public Works. However, in the Supplementary Estimates No. II for FY 2025/26, this recoding has since been done to capture the allocation as *a transfer to other levels of government*. The National Governments is committed to ensure that these funds are released by the close of the financial year.

Finally, to clear with the total commitments by the National Government on the total initial contract sums, the National Government has allocated **KSh. 523,010,000** in CGAAB 2026 for FY 2026/27.

Sign



Date

7/5/26

HON. FCPA JOHN MBADI NG'ONGO, EGH

CABINET SECRETARY

Ref: COG/8/5A VOL 15 (3)

6th May 2026

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

Dear *Wern,*

SUBMISSION OF A MEMORANDUM ON THE COUNTY GOVERNMENTS ADDITIONAL
ADDITIONS BILL, 2026

We acknowledge receipt of your letter Ref: SEN/DSEC/F&B/2026/058 (b) dated 29th April 2026 requesting views on the County Governments Additional Allocations Bill (Seate Bills No.8 of 2026).

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

Having reviewed the County Governments Additional Allocations Bill, 2026, the Council
mits a memorandum as attached hereinafter.

Please accept the assurance of our highest esteem and consideration.

Yours *Sincerely,*



Mary Mwiti, EBS
Chief Executive Officer

② DSEC (BL)
Kindly deal
11/05/2026

① DSEC
DLG

Kindly deal.

11/05/2026

③ Mr. Githui
Kindly deal
11/05/2026



LEGISLATIVE MEMORANDUM ON THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2026 (SENATE BILLS NO.8
OF 2026)

TO

THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET

FROM

THE COUNCIL OF GOVERNORS



48 Governments | 1 Nation

THE COUNCIL OF GOVERNORS,

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

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

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

Having reviewed the County Governments Additional Allocations Bill, 2026 (Senate Bills No.8 of 2026), the Council of Governors, on behalf of the 47 County Governments, submits the proposals highlighted herein below for consideration:

A. GENERAL COMMENTS

1. **Early introduction of the County Governments Additional Allocations Bill (CGAAB), 2026:** The Council of Governors welcomes the Senate Finance and Budget Committee's initiative to publish and introduce the County CGAAB, 2026 timeously. The early introduction of the Bill will improve the consideration period and align with the County Governments budget calendar.
2. **Disbursement status:** The Council has noted an improvement in the disbursement and absorption of additional allocations of the current FY which can be attributed to early enactment of the CGAAB. As of 31st March 2026, the National Treasury had disbursed Ksh.29.74 billion of additional allocations to Counties.
3. **Monthly disbursement reports:** Despite provisions in the CGAA for the CS, National Treasury to publish monthly statements (by the 15th day of the subsequent month) of actual disbursements to Counties, we note that this has not been implemented making it difficult for Counties and other stakeholders such as the Senate to track implementation of the Act. We therefore urge the Senate to ensure that the National Treasury complies with this provision of the law.
4. **Pending issue on the repeal of Sections 191A to 191E of the Public Finance Management Act Cap.412A:** The Council notes that the matter of the repeal of section 191A to E of the PFM Act has not been addressed in the



Bill. This will present an implementation challenge in the ensuing FY and shall affect the disbursement, absorption of funds and ultimately project/programme completion.

These sections have not been implemented since enactment in FY 2021/22 as their application has been suspended for the previous 5 years. This is due to challenges and inconsistencies identified with the new sections that cannot be cured or implemented as they are. The Council of Governors, in collaboration with the National Treasury, had previously attempted to implement the new Sections of the PFM Act unsuccessfully. This included the development of a model/template Intergovernmental Conditional Allocations Transfer Agreement for use by Counties through a multi-agency taskforce whose membership included the Parliamentary Budget Office. **(The model agreement is attached for your reference).** However, upon roll out of model agreement in Counties, the taskforce noted other inconsistencies and recommended that the Sections be repealed. This recommendation was also ratified by the National and County Governments Coordinating Summit and the Cabinet. The Council therefore, requests the Senate to consider repealing the Sections since they cannot be implemented in the manner they are structured.

The Council's proposals are informed by the following:

- i. County governments have been signing Intergovernmental Participation/Partnership Agreements (IPAs) with various National government Ministries, Departments and Agencies (MDAs) pursuant to Article 189 of the Constitution for implementation of Conditional grants advanced to them. **Therefore, the requirement for the Intergovernmental Agreements for Transfer of the Conditional Agreements signed with the National Treasury under Section 191A (1) of the PFM Act is unnecessary and duplicates efforts.**
- ii. The MDAs are responsible for setting the conditions precedent and the day-to-day monitoring of adherence to these conditions to the allocations as opposed to the National Treasury as Section 191A of the PFM Act suggests.
- iii. The IPAs are signed for the life of the projects or the agreed grant implementation period therefore any other Agreement would result to duplication of efforts leading to delays in project implementation.
- iv. The IPAs are always preceded by signing a Financing Agreement by the National Treasury for all



48 Governments 1 Nation

Development Partner supported allocations and as per the CGAA should be submitted to Parliament. This therefore places the National Treasury and Parliament at a good view of the additional allocations going to Counties for consolidated reporting purposes and honoring international obligations.

- v. Subsections 191A (3-7) of the PFM Act provide for approval by the County Assembly. However, this is a duplication of the process since the County Assemblies approve all additional allocations as contained in the annual County Governments' Fiscal Strategy Papers and Budget Estimates.
- vi. There is a lack of a logical sequence of the activities to be undertaken regarding the agreements. Specifically, Section 191B provides for public participation to be undertaken after the agreements have been approved by the County Assemblies and forwarded to the Controller of Budget (191A (7)). This is not only duplicative but negates the need for meaningful and qualitative public participation for an agreement that has already been approved by the County Assembly.
- vii. Sections 191C and D on publication and publicization of the agreements by various entities such as the County governments, the National treasury and the Senate could lead to inconsistencies. These processes further introduce unnecessarily lengthy procedures that are not aimed at improving efficiency and funds absorption.
- viii. Section 191E requiring approval of the Controller of Budget is a constitutional provision already being adhered to by County governments hence an unnecessary introduction.
- ix. The signing of the said Intergovernmental Agreements is not aligned with the Budget Calendar/Cycle and will interfere with the budget making and execution process. This is because the Agreements are to be signed after Parliament has passed the conditional allocations through the annual CGAAA.

In view of the above, the Council of Governors requests for a permanent resolution of the recurring matter by introducing a consequential amendment to the PFM Act to repeal Sections 191A to E to enable Counties access the conditional allocations as soon as the Bill is enacted.



B. SPECIFIC CONCERNS

The Council proposes the following specific amendment to the County Governments Additional Allocations Bill, 2026:

Clause/Section	Provision	CoG's Proposal	Rationale/Justification
Clause 3: Object Section 3 (a)	(a) provide, pursuant to Article 202(2) of the Constitution, for additional allocations for the financial year 2026/27;	Section 3 (a) be amended to read as follows: (a) provide, pursuant to Articles 190(1) and 202(2) of the Constitution, for additional allocations for the financial year 2026/27;	The CGAAB is prepared pursuant to Article 190 (1) which provides that <i>“Parliament shall by legislation ensure that county governments have adequate support to enable them to perform their functions.”</i>
Clause 4: Additional Allocations to County governments Section 4 (2)	(2) Additional funds allocated under this section shall, except allocations under section 5(1)(a), be included in the respective county governments' appropriation bills.	Section 4 (2) is amended by deleting the phrase “except allocations under section 5(1)(a)”	All additional allocations to Counties should be appropriated to give the County governments authority to spend. Therefore, there should be no exemption for the court fines since they are budgeted for by the beneficiary Counties and thus should be contained in the Appropriation Bills.
Clause 5: Marginal note	5 (1) Conditional allocations to county governments.	Amend the marginal note on Section 5 (1) to read: Unconditional allocations to County	The Marginal note on Section 5 (1) is incorrect/misplaced. Section 5 (1) is on unconditional allocations to Counties and not conditional.



48 Governments 1 Nation

		governments.	
	Section 5 (1)(a) Cap.306	The Marginal note on Section 5(1)(a) to be moved to Section 5 (1)(b)	Cap.306 is the Mining Act that provides for mineral royalties to Counties and does not relate to court fines. The marginal note is therefore not properly aligned.
Clause 5(3)	5 (3)(l) Conditional allocations financed by proceeds of loans and grants from development partners to each county government for the financial year 2026/27 (l) conditional allocations financed by proceeds of an International Fund for Agriculture Development (IFAD) loan for the Aquaculture Business Development Programme (ABDP) as set out in Column M;	Section 5 (3) is amended by deleting subsection 3 (l).	The ABDP is coming to an end in June 2026 and won't reflect in 2026/27 FY's budgets. We also note that the same has not been captured in the Third Schedule.
	Omission of the Integrated Natural Resources Management Programme	Section 5 (3) to be amended to insert subsection (l) to provide for:	The Integrated Natural Resources Management Programme (INReMP) is a new project set to commence in FY 2026/27. The financing agreement



48 Governments 1 Nation

		(l) conditional allocations financed by proceeds of an International Fund for Agriculture Development (IFAD) loan for the Integrated Natural Resources Management Programme (INReMP) as set out in Column M;	was signed on 23rd June 2025 with the State Department for Agriculture being the lead agency. However, in the Bill, INReMP is only provided for in the Third Schedule under Column M but omitted under Section 5 (3).
	New subsection	Amend Section 5 (3) by inserting a new subsection (p) to provide for: (p) conditional allocations financed by proceeds of an IDA (World Bank) loan for the Kenya Watershed Services Improvement Project (KEWASIP) as set out in Column Q.	The project became active on 23rd December 2025 and is expected to be implemented in 12 Counties for 5 years beginning the 2026/27 FY. The State Department for Forestry vide a letter to the Senate, Ref No: MECCF/SDF/FMC/32 Vol.II (9) dated 19th February 2026 confirmed availability of the resources and provision of the same in the 2026/27 budget estimates and requested the Senate to include it in the CGAAB. The Council therefore requests the Senate to include KEWASIP in the CGAAB 2026. (Letter attached for reference).



Consequential Amendment to CAP.412A	Proposed new section	Introduce a new Clause as follows: The Public Finance Management Act Cap. 412A is amended by repealing Sections 191A to 191E.	This will provide a permanent solution to the recurring challenges with implementation of the Sections.
-------------------------------------	----------------------	---	---

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



Prism Towers
3rd Ngong Avenue
28th Floor
P.O. Box 1310 – 00200
NAIROBI

COMMISSION ON REVENUE ALLOCATION

OUR REF: CRA/CSO/P&S/11/VOL.IV/(14)

DATE: 6th May 2026

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

Dear Nyegenye

**RE: INVITATION TO A MEETING TO SUBMIT VIEWS ON THE COUNTY
GOVERNMENTS ADDITIONAL ALLOCATIONS BILL, 2026 (SENATE
BILLS NO.8 OF 2026)**

We refer to your letter Ref. No. SEN/DSEC/F&B/2026/058 (a) dated 29th April, 2026 on the above subject.

We wish to submit our views enclosed as Appendix I and the Commission will appear tomorrow 7th May, 2026 as scheduled.

Yours sincerely,

CPA Roble Nuno
Ag. COMMISSION SECRETARY/CEO

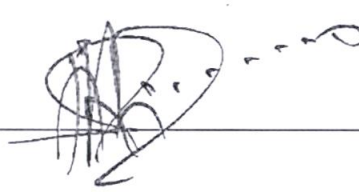


Promoting an Equitable Society

Appendix I

**COMMENTS ON THE COUNTY
GOVERNMENTS ADDITIONAL
ALLOCATIONS BILL, 2026**

Serial No.	Page	Clause	Issue	Recommendation
1.	Page 92	Clause 2- Interpretation	The clause interprets the phrase “<i>additional allocations</i>” to mean additional resources allocated to county governments from the National Government’s share of revenue or in the form of loans and grants from development partners. However, the scope of the Bill is broader and has also provided for additional allocations in the form of - unconditional allocations to county governments from court fines and mineral royalties.	The definition of the phrase “<i>additional allocations</i>” under clause 2 to be expanded to include additional allocations in the form of- unconditional allocations to county governments from court fines and mineral royalties.
2.	Page 94	Clause 3	Under sub-clause 2(d) conditional allocations for the administration of the County Affordable Housing Committees under section 11(4)(c) of the Affordable Housing Act. The Sub-clause does not reference the Schedule where the allocations are set.	Add” as set out in Column E of the Second Schedule; 

Serial No.	Page	Clause	Issue	Recommendation
	Page 95	Clause 3	Under sub-clause 3(i) conditional allocations financed by proceeds from an IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UDG) as set out in Column J;	Replace Institutional with Development (UDG- refers to Urban Development Grant
2.	Page 95	Clause 4 Additional Allocations to County Governments	Under sub-clause 4(b) on criteria for allocating conditional allocations under sub-clause (3)(d)- The criteria mentioned under this sub-clause provides that-<i>the first fifty percent of the total allocation shall be transferred on the basis of factors that reflect relative expenditure needs for climate action, including the variables of a fixed share at 33.3 percent, rural population at 30 percent, rural area at 13.3 percent, and poverty at 23.3 percent, whereby the weights are based on the formula for allocating the share of the national revenue among counties;</i> 	• The formula for allocating the share of the national revenue allocated to county governments, which is the Fourth Basis provides for the following weights • 45 percent (Population Index); 35 percent (Equal Share Index); 12 percent (Poverty Index); (8 percent (Geographical Size Index) • Alternatively, delete the phrase: “whereby the weights are based on the formula for allocating the share of the national revenue among counties”

Other Observations:

- The Budget Policy Statement 2026 provided an additional conditional allocation to the county governments to include the total attendant remuneration for Universal Health Coverage (UHC) workers to be transitioned to permanent and pensionable terms within counties in FY 2026/27. The total amount of resources required for this is Ksh.8.94 billion. This conditional allocation is missing in the CGAAB 2026 as per the BPS 2026 proposal.

- It was however, the Commission's view that the total attendant remuneration for UHC workers should be allocated to county governments as part of equitable share in FY 2026/27 going forward. This allocation will form part of the baseline to ensure that counties are not disadvantaged when the additional conditional allocations are discontinued.
- It is the Commission's recommendation that the allocation of Ksh.8.94 billion is factored in the 2026 Division of Revenue Bill, which is currently in Parliament.

A handwritten signature in black ink, consisting of a large, stylized 'B' with a vertical line through it, followed by a small flourish.



COUNTY ASSEMBLIES FORUM (CAF)

Flamingo Towers, 5th Floor Wing B, Mara Road, Upper Hill P.O. Box 73552 - 00200 Nairobi Kenya Tel: 0701 046 933
Email: communications@countyassembliesforum.org www.countyassembliesforum.org

CAF MEMORANDUM ON THE COUNTY GOVERNMENT ADDITIONAL ALLOCATIONS BILL, (*Senate Bill No.8 Of 2026*).

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

FROM: The County Assemblies Forum.

DATE: 7th May 2026

SUBJECT: CAF Memorandum on The County Government Additional Allocations
Bill, No.8 of 2026.



1.0 INTRODUCTION

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

2.0. BACKGROUND

- 2.1. The principal object of the Bill is to make provision for the transfer of unconditional and conditional additional allocations from National Government's share of revenue and from development partners to county governments for the financial year 26/27.
- 2.2. The Bill concerns county governments as it provides for the allocation and transfer of additional allocations from National Government's share of revenue and from development partners to county governments.
- 2.3. The Bill deals with matters other than those listed in the definition of a money Bill under Article 114 (3) of the Constitution and is therefore not a money Bill within the meaning of Article 114 of the Constitution.

3.0. GENERAL COMMENTS.

- 3.1. The Forum appreciates the Senate standing committee for Finance and Budget for providing the opportunity to give views on CAF Memorandum on The County Government Additional Allocations Bill, No.8 of 2026.
- 3.2. It is worth noting that the Bill continues to allocate funds to critical programmes such



as Community Health Promoters, County Aggregation and Industrial Parks, Affordable Housing Committees and several donor-funded programmes. While these programmes support devolved functions, their implementation continues to be constrained by bureaucratic complexities, delayed disbursements and overlapping reporting obligations.

- 3.3. Equally critical is the absence of robust mechanisms to resolve disagreements arising from delayed disbursements, funding shortfalls and grant reallocations. Cooperative governance requires clear consultation and dispute resolution mechanisms between the National Government and County Governments.
- 3.4. On basis of the foregoing the forum proposes the following amendments: -

4.0 SUMMARY MATRIX OF THE PROPOSED AMENDMENTS.

NO.	CLAUSE	PROPOSED AMENDMENT	JUSTIFICATION
1.	Clause 5(2) <i>(2) Conditional allocations to each county government from the national government share of nationally raised revenue for the financial year 2026/27 shall be as set out in Column F of the Second Schedule, comprising –</i> <i>(a) conditional allocations for the Community Health Promoters (CHP) project as set out in Column B;</i> <i>(b) conditional allocations for the construction of county headquarters as set out in Column C;</i> <i>(c) conditional allocations for the County Aggregation and Industrial Parks (CAIP) programme as set out in Column D; and</i> <i>(d) conditional allocations for the</i>	N/A	➤ The inclusion of the County Rural and Urban Affordable Housing Committees in the 2026 Bill marks a significant advancement in decentralizing the national housing agenda by providing a dedicated conditional allocation for their administration. ➤ While this financial support is a positive step toward empowering local administration, it remains critical to ensure that these committees are accountable to the people through vetting and oversight by their respective County Assemblies, as highlighted in previous stakeholder concerns regarding legislative authority and

	administration of the County Affordable Housing Committees under section 11(4)(c) of the Affordable Housing Act."		devolution
--	---	--	------------

Yours Sincerely,



HON. SETH KAMANZA,
CHAIRPERSON

Memorandum to the Senate Standing Committee on Finance and Budget on the County Governments Additional Allocations Bill, 2026

Submitted Wednesday, May 6, 2026

Contact Person

Dr. Abraham Rugo Muriu
Executive Director
Bajeti Hub.

arugo@bajetihub.org; info@bajetihub.org

Introduction

Bajeti Hub is a Kenyan non-profit organization working to advance transparency, accountability, participation, and equity in national and county budgeting processes. Bajeti Hub's work is focused on strengthening the impact of civil society advocacy and citizens on budget policies and outcomes at both levels of governance in Kenya. Through deep and sustained engagement, Bajeti Hub provides support to build expertise and skills of civil society actors, government and citizens involved in budget advocacy. Citizen advocacy, generation of evidence, technical assistance, learning, and networking are all integral components of Bajeti Hub's work.

In response to the letter **REF: SEN/DSEC/F&B/2026/059(b)** dated April 29, 2026, we are pleased to submit this memorandum on the County Governments Additional Allocations Bill, 2026. This memorandum raises the following issues:

- 1. Clause 4 (3) of the Bill specifies that it shall be prepared and agreed upon by the National Assembly and the Senate during the consideration of the Budget Policy Statement.** We, however, note that this bill is coming way after the Budget Policy Statement was presented to parliament.

In addition, three years since introduction of the County Governments Additional Allocations Acts (CGAAA), the Senate needs to state how the implementation of the previous Acts has progressed and highlighted any adjustments made in this Bill to address any gaps that have been identified. **In particular, it will be good for the Senate to highlight to the public the progress made in its implementation, the challenges faced, and the lessons learned that would be carried forward to ensure that the consequent Bills are implemented better.**

2. Whereas, it has been 14 years since the onset of devolution, counties are still receiving funds to supplement the construction of county headquarters.

Column C of the Second Schedule of the County Governments Additional Allocations Bill, 2026 has identified five counties (Isiolo, Lamu, Nyandarua, Tana River, and Tharaka Nithi) in FY 2025/26 to receive an additional allocation of various amounts ranging from KShs 30 million to KShs 166 million to ***supplement for construction of county headquarters***. Does it mean the counties still do not have headquarters to operate from? Have there been assessment reports toward all the previous allocations directed towards the counties to construct their headquarters? How far are they, and when are they likely to be completed? Additionally, it will be good for the Senate to highlight the criteria used to arrive at the five counties listed in Column C of the Second Schedule of the Bill.

3. There is no clear criteria for allocating conditional grants from the national government revenue. Under Column D of the Second Schedule, the Bill allocates KShs 250,000,000 for Aggregated Industrial Parks Programme to 13 counties. What informed the selection of the 13 counties? Given that the demand for aggregation parks may not be equal across the counties, what informed the equal allocation of the grants? Are there feasibility studies for these parks?

The same is observable with conditional allocations from proceeds of loans or grants from development loans as presented in the third schedule. For instance, under the IDA (World Bank) Credit for Agricultural Value Chain Development Project (NAVCDP) in column G of the third schedule, 24 counties have been allocated equal amounts of KShs 105,000,000 each. **Therefore, we call upon the Senate Standing Committee on Finance and Budget to ensure that an explicit criterion for**

determining equitable allocations to the counties is implemented to ensure resources are distributed equitably.

4. The basis for additional allocation from minerals royalties is not provided.

It is good progress to see bill unlock the minerals royalties in line with the Mining Act 2016 and to bolster Own Source Revenue for counties with extractives. However, to promote extractive transparency, the senate should include the basis for the amounts and the source of the data as we await the initialization of the sovereign wealth fund bill.

5. Incomplete information on county specific allocations for some grants. The third schedule presents information on conditional allocations from proceeds of loans or grants from development but for some grants information on specific allocations to counties is not provided e.g. the Financing Locally- Led Climate Actions (FLLoCA) allocations under Column D and E are empty yet the total allocations are provided for.

6. The Third Schedule of the Bill highlights the various conditional allocations from proceeds of loans or grants from Development Partners. This schedule provides for allocations only for FY 2026/27. As a matter of principle, **the Senate should ensure that all conditional grants follow the same Medium Term Expenditure Framework (MTEF), which means the conditional grants allocations should include projections for two outer years.** This will help counties be prepared when donor funds are discontinued in any given financial year.

In addition, some of the conditions have always required counties to allocate matching funds as way to enhance continuity of service delivery, how is the Senate checking this?

7. What is the impact of the collapse of conditional grants into equitable share? From FY 2020/21, the conditional grants were collapsed to be part of the equitable share. This action was largely anticipated to impact on some services, especially those provided by the level 5 hospitals. Vocational Training Centres also depended heavily on the village polytechnic grants. We recommend that the Senate institute a study to understand the implications of this action and how the effect has

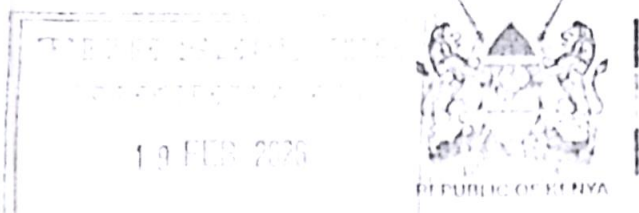
been mitigated considering even the future of the current Education system may have to depend on this.

- 8. How does this bill address the persistent challenge of delays in disbursement of these funds.** As observed in the County Budget Implementation Review Reports by the Office of the Controller of Budget, majority of the conditional grants for FY 2025/26 had not been received by the counties as of December 2025 (See the figure below). The same challenge was experienced in previous years, the worst being 2022/23 when CARA was first split. These delays have been a big impediment to effective service delivery, especially where the counties have pegged delivery of critical services on these grants

Table 3.33: Bungoma County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	Unspent Balance from FY 2024/25				0	0
1	Balance at CRF					
2	County Executive Refunds to CRF		685,017,970		685,017,970	685,017,970
3	County Assembly Refunds to CRF		1,884,078		1,884,078	1,884,078
	Sub-Total		686,902,047		686,902,047	686,902,047
B	Equitable Share of Revenue Raised Nationally					
1	Equitable Share	11,688,348,752	4,912,792,687	947,044,373	5,859,837,060	5,828,511,692
	Sub-Total	11,688,348,752	4,912,792,687	947,044,373	5,859,837,060	5,828,511,692
C	Transfers from the Equalisation Fund					
1	Finance and Economic Planning Equalisation Fund		32,746,967		32,746,967	32,746,967
	Sub-Total		32,746,967		32,746,967	32,746,967
D	Additional Allocations (Including Grants)					
1	Road Maintenance Levy Fund	184,554,999	-	-	-	184,554,999
2	County Aggregated Industrial Park Grant	133,368,420	-	-	-	133,368,420
3	Rural Electrification and Renewable Energy Corporation (REREC)	45,000,000	-	-	-	45,000,000
4	UNICEF	1,571,000	-	-	-	1,571,000
5	DANIDA	13,698,750	-	-	-	13,698,750
6	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	-	-	-	151,515,152
7	Kenya Livestock Commercialisation Project (KELCoP)	34,500,000	-	-	-	34,500,000
8	County Secretary: Kenya Devolution Support Programme- Level 1	37,500,000	-	-	-	37,500,000
9	Kenya Devolution Support Programme- Level 11	352,500,000	-	-	-	352,500,000
10	Kenya Urban Support Programme(Development)- Lands	135,434,139	-	-	-	135,434,139
11	KISP II (Kenya Informal Settlement Improvement Project)	297,400,190	-	-	-	297,400,190
12	Finance Locally Led Climate Action Program(FL-LoCA)- Water	11,000,000	-	-	-	11,000,000
13	Climate Change Grant	153,488,888	-	-	-	153,488,888
14	Water and Natural Resources I) WATER KOICA	500,000,000	-	-	-	500,000,000
15	UNFPA	7,400,000	-	-	-	7,400,000
16	Community Health Promoters	107,400,000	-	-	-	107,400,000
17	Village Polytechnique					
	Sub-Total	2,166,331,538				2,166,331,538

- 9. The Senate should ensure that counties are accountable for the additional resources, through strengthening of their oversight and ensuring the resources are disbursed on timely manner.** There are identified systemic risks that require public oversight and legislative reform, with only nine counties currently complying with the requirement to keep wage expenditure below 35% of total revenue, with the average standing at 41.4%. In addition, County pending bills have reached KSh 183.0 billion, with Nairobi alone accounting for KSh 86.8 billion (47% of the total). Input should support the adoption of Pending Bills Action Plans and the transition to accrual accounting to improve reporting accuracy. **The Senate should provide a way towards addressing this to ensure that there is not only a push for more resources but use for intended purposes. Additionally, make public the disbursement schedules which public can use alongside the gazette notices.**



**MINISTRY OF ENVIRONMENT, CLIMATE CHANGE AND FORESTRY
STATE DEPARTMENT FOR FORESTRY
OFFICE OF THE PRINCIPAL SECRETARY**

Telegrams: "NATURE", Nairobi
Telephone: +254202730808/9
Fax: +254202734722
Email : ps@forestry.go.ke

**N.H.I. F BUILDING
RAGATI ROAD
P. O. BOX 30126-00100
NAIROBI**

When Replying, Please Quote:

Ref. No: MECCF/SDF/FMC/32 Vol. II (9)

Date: 19th February, 2026

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



① *DC (EG)*
Please send
MA
19/2/26

Dear Clerk,

② *DEEC*
Kindly send
19/02/26

**RE: SUBMISSION OF COUNTY BUDGET ALLOCATION FOR KENYA
WATERSHED SERVICES IMPROVEMENT PROJECT (KEWASIP)**

The State Department for Forestry is implementing the Kenya Watershed Services Improvement Project (KEWASIP) funded by the World Bank for a period of 5 years. The project was declared effective on **23rd December 2025**.

③ *DEEC (BL)*
Kindly deal
19/02/2026

The KEWASIP will be implemented at National and County level. Implementation at County level will target 12 Counties including **Baringo, Marsabit, Isiolo, Samburu, Laikipia, Meru, Kitui, Tharaka Nithi, Tana River, Garissa, Makueni and Kwale**. Concurrence has been granted by The National Treasury through Reference letter Ref. No. TNT/RMD/02/1104/501/87 VOL.2 (37) dated 16th February, 2026 on Request for County Budget allocation for Kenya Watershed Services Improvement Project (KEWASIP).

④ *Mr. Gitonga*
Kindly deal
19/02/26

The purpose of this letter therefore, is to request for budget allocation of Kshs.1.8 Billion for KEWASIP and inclusion in the County Government Additional Allocations (CGAAB) 2026 for financial FY 2026/27.

Attached is the Management Frameworks for the additional conditional allocation for FY 2026/27 regulations in line with 130 (1) (a) and (b) of the Public Finance Management (National Government) Regulations 2015 and Treasury Circular No. 8/2017 on "*Guidelines for the administration of intergovernmental fiscal transfers*". Given that the project only became effective on 23 December 2025, the framework is being submitted later than initially anticipated.

The State Department for Forestry confirms that it has made provisions for the County allocations in the draft estimates for financial FY 2026/27. We sincerely appreciate your continued support towards the successful implementation of KEWASIP.

Yours Sincerely,



GITONGA MUGAMBI, CBS
PRINCIPAL SECRETARY

Encl.

Copy to: Dr. Chris Kiptoo, (PhD), CBS
Principal Secretary
The National Treasury
NAIROBI

DDC (EG)
For the Finance and
Budget Committee.
0000
13/03/26



MINISTRY OF HEALTH
STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS
OFFICE OF THE PRINCIPAL SECRETARY

Telephone: Nairobi 254-020-2717077
Fax: 254-2719008
Email: ps.publichealth@health.go.ke
When replying please quote:

AFYA HOUSE
CATHEDRAL ROAD
P. O Box 30016-00100
NAIROBI

Ref: MOH/PH/FIN/BUDGET/VOL I (23)

11th March 2026

Mr. Jeremiah M. Nyegenye, CBS

Clerk of the Senate
The Senate
P O Box 41842 - 00100
NAIROBI



Dear Sir,

RE: SUBMISSION OF BUILDING-RESILIENT AND RESPONSIVE HEALTH SYSTEMS (BREHS) PROJECT COUNTY GOVERNMENT ADDITIONAL ALLOCATIONS (CGAAB) FOR THE FY 2026/27

Reference is made to your letter REF: NA/DDC/DC-H/2026/003 dated 12th February, 2026 on the 2026 Budget Policy Statement which was tabled in the National Assembly on Wednesday, 11th February, 2026 and subsequently committed to Departmental Committees for consideration in line with section 25(2) of the public finance management Act ,2012 as read together with Standing Order 232(5).

During preparation of the budget for the Financial Year 2026/27 and the medium term period the BREHS project managed to secure funding to be disbursed as conditional grants to the counties under the CGAAB, 2026 framework amounting to Kshs.7,799,999,932. The State Department for Public Health & Professional Standards wishes to thank the National Treasury and the National Assembly for this consideration.

However, it should be noted that the BREHS project Financing Agreement was signed on March 5th, 2024 and the project became effective on January 31st, 2025. Delays in the project meeting the conditions to become effective, led to the project missing allocations in two budget cycles i.e. Financial Years 2024/25 and 2025/26. The challenge of the lapsed loans with the World Bank, affected disbursement to the project in the FY's 24/25 and 26/27 also leading to more delays.

Secondly, during preparation of the budget estimates for the FY 26/27 the budget team aggregated the figures for FY 24/25 & 25/26 in the FY 26/27. Additionally, the budget for the FY 26/27 included Health Products & Technologies (HPT) estimates for subcomponents 2.2 and 2.3, which led to the budget inflating to **Kshs. 7,799,999,982**. According to the Financing agreement, funds for commodities are not to be captured under CGAAB, and hence the need to reduce this amount from the estimates.

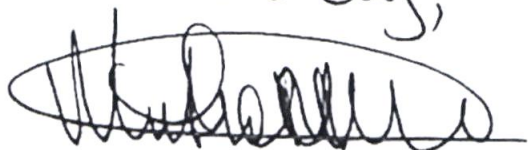
Taking into consideration the challenges highlighted, the World Bank is considering giving a no cost extension to the project thus, the bank advised the project management team to consider spreading the figures evenly to avoid overstressing the counties being the first year of disbursement and implementation of the project by the counties. It should also be noted that the bank has rigorous standards/procedures in terms of monitoring key performance indicators and strict eligibility criteria to be met before disbursements of funds on projects under their purview.

The purpose of this letter is to seek your consideration in lowering the amount in the CGAAB framework from **Kshs.7,799,999,982** to **Kshs.2,476,800,100.00** as per the attached IDA/IBRD (World Bank) Credit/Grant Building Resilient & Responsive Health Systems – BREHS framework.

Accept, Principal Secretary, The State Department for Public Health & Professional Standards, the assurance of my highest consideration.

Yours

Sincerely,

A handwritten signature in black ink, appearing to read 'Mary Muthoni Muriuki', enclosed within a large, loopy oval shape.

Mary Muthoni Muriuki, CBS
PRINCIPAL SECRETARY

Encl.

APPENDIX 4: ADVERTISEMENT AS PUBLISHED IN THE MEDIA

REPUBLIC OF KENYA



THIRTEENTH PARLIAMENT | FIFTH SESSION

THE SENATE

INVITATION FOR SUBMISSION OF MEMORANDA

The Equalisation Fund Appropriation Bill, 2025 (National Assembly Bills No. 21 of 2025)

The County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026)

The Equalisation Fund Appropriation Bill, 2025 (National Assembly Bills No. 21 of 2025) and the County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026) were read a First Time in the Senate on Thursday, 2nd April, 2026.

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

The Equalisation Fund Appropriation Bill, 2025 (National Assembly Bills No. 21 of 2026) seeks to authorize issuance of a sum of Ksh. 16,800,000,000 out of the Equalisation Fund and its application towards provision of public basic services for Financial Year 2025/2026.

The County Governments Additional Allocations Bill, 2026 (Senate Bills No. 8 of 2026) seeks to make provision for the transfer of conditional and unconditional allocations from the National Government's share of revenue and from proceeds of loans and grants from development partners to the county governments for Financial Year 2026/2027.

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

The memoranda may be submitted to the Clerk of the Senate, P.O. Box 41842-00100, Nairobi, hand-delivered to the Office of the Clerk of the Senate, Main Parliament Buildings, Nairobi or emailed to clerk.senate@parliament.go.ke and copied to financebudgetcomm.senate@parliament.go.ke to be received on or before **Friday, 24th April, 2026 at 5.00 p.m.**

The Bills may be accessed on the Parliament website at <http://www.parliament.go.ke/the-senate/house-business/bills>.

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