

REPUBLIC OF KENYA



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THE SENATE

THIRTEENTH PARLIAMENT

SECOND SESSION

REPORT OF THE STANDING COMMITTEE ON FINANCE AND BUDGET

ON

THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS CASH DISBURSEMENT SCHEDULE FOR THE FINANCIAL YEAR 2022/2023

PAPERS LAID	
DATE	18/02/23
TABLED BY	Chairperson, Finance & Budget
COMMITTEE	Finance & Budget Committee
CLERK AT THE TABLE	Kavata.

CLERK CHAMBERS
THE SENATE
PARLIAMENT OF KENYA
NAIROBI

FEBRUARY 2023

*clerk,
forwarded and
recommended for your
approval for processing!
15/02/2023*

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PREFACE

Mandate and Functions of the Committee

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

Parliamentary committees consider policy issues, scrutinize the workings and expenditure of the national and county governments and examine proposals for legislation. The end results of these processes are reports tabled in the House for debate and adoption by plenary.

The Senate Standing Committee on Finance and Budget is established under section 8(1) of the Public Finance Management Act, 2012 and standing order 228(3) of the Standing Orders of the Senate and is mandated to -

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

- b) *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

Following the constitution of Standing Committees of the Senate of the Thirteenth (13th) Parliament on Thursday, 13th October, 2022, the Senate Standing Committee on Finance and Budget as currently constituted is comprised of the following Members-

- | | | |
|---|---|------------------|
| 1) Sen. (Capt.) Ali Ibrahim Roba, EGH, MP | - | Chairperson |
| 2) Sen. Maureen Tabitha Mutinda, MP | - | Vice-Chairperson |
| 3) Sen. (Dr.) Boni Khalwale, CBS, MP | - | Member |
| 4) Sen. Tabitha Karanja Keroche, MP | - | Member |
| 5) Sen. Joyce Chepkoech Korir, MP | - | Member |
| 6) Sen. Mohamed Faki Mwinyihaji, MP | - | Member |
| 7) Sen. Richard Momoima Onyonka, MP | - | Member |
| 8) Sen. Shakila Abdalla Mohamed, MP | - | Member |
| 9) Sen. Eddy Gicheru Oketch, MP | - | Member |

CHAIRPERSON'S FOREWORD

The County Governments Additional Allocations Cash Disbursement Schedule is submitted to the Senate by the National Treasury pursuant to Section 17 of the Public Financial Management Act, 2012. The purpose of the schedule is for ensuring predictable monthly transfers of funds to the respective County Revenue Fund.

The Schedule, therefore, serves as a guide and facilitates a predictable flow of funds to the county governments and thus enables counties to undertake critical functions in the delivery of services to the citizens.

The County Governments Additional Allocations Act, 2022 contains the approved additional allocations for each County as approved by Parliament and assented to on 12th December, 2022. Following this enactment, the National Treasury transmitted to the Senate the Cash Disbursement Schedule for the Financial Year 2022/23. This schedule was tabled in the Senate on 14th February, 2023.

The County Governments Additional Allocations Act as well as the disbursement Schedule has a total allocation of Kshs.163 million for the conditional grant on Supplement for the construction of county headquarters and Ksh.17.159 billion on conditional allocations financed from proceeds of loans and grants from development partners. These conditional allocations include-

- a) World Bank Credit for National Agricultural and Rural Inclusive Growth Project (NARIGP)
- b) World Bank Credit for National Agricultural Value Chain Development Project (NAVCDP)
- c) World Bank credit for Kenya Climate Smart Agriculture Project (KCSAP)
- d) World Bank credit for Water and Sanitation Development Project (WSDP).
- e) DANIDA grant for primary Healthcare in Devolved System Context (PHCDC).
- f) World Bank credit for Financing Locally-Led Climate Action, (FLLoCA) Level.
- g) Government of Sweden grant for Agriculture Sector Development Support Programme (ASDSP II).

- h) German Development Bank (KfW) to finance Drought Resilience Programme in Northern Kenya (DRPNK).
- i) World Bank credit for Emergency Locust Response Project (ELRP).
- j) World Bank credit to finance Kenya Informal Settlement Improvement Project (KISIP II).
- k) World Bank credit for Kenya Support programme (KUSP)

Upon tabling, the Cash Disbursement Schedule was committed to the Standing Committee on Finance and Budget for consideration and subsequent reporting back to the House.

The Committee considered the Cash Disbursement Schedule and observed that, cash disbursement will be made in two tranches. The first tranche will be transferred to counties by 15th March, 2023 while the second tranche will be disbursed by 15th April, 2023.

The Committee recommends that the County Governments Additional Allocation Cash Disbursement Schedule be approved as tabled in the Senate on 14th February, 2023.

Acknowledgements

The Committee acknowledges the National Treasury for their submissions of the County Governments' Additional Allocations Cash Disbursement Schedule which is a critical requirement in the execution of the county governments budget.

The Committee thanks the Offices of the Speaker and the Clerk of the Senate for the support extended to the Committee in the execution of its mandate.

I also wish to thank the Members of the Committee for their patience, sacrifice and commitment to completing the assigned task within the stipulated time.

It is now my pleasant duty and privilege, on behalf of the Standing Committee on Finance and Budget, to present to the Senate, the Report of the Committee on the County Governments Additional Allocations Cash Disbursement Schedule for the FY 2022/2023.

Signature.....

Date.....15/02/2023.....

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

CHAIRPERSON,

STANDING COMMITTEE ON FINANCE AND BUDGET)

1.0 Additional Allocations Cash Disbursement Schedule for Financial Year 2022/23

1.1 Overview

1. The County Governments Additional Allocations- Cash Disbursement Schedule was submitted to the Senate by the National Treasury pursuant to Section 17 of the Public Financial Management (PFM) Act, 2012. The Purpose of the schedule is to ensure a timely and predictable transfer of funds from the Consolidated Fund to the respective County Revenue Funds with regard to monies due to counties as per the County Governments Additional Allocation (No.2) Act, 2022 (CGAAA).
2. The CGAAA is an Act of Parliament that provides for the transfer of additional allocations from the National government's share of revenue as well as from external loans and grants from development partners to the county governments for the FY 2022/23.
3. Section 17 (6) and (7) of the Public Finance Management Act, 2012 authorizes the National Treasury to prepare Cash Disbursement Schedules for monies to be disbursed to county governments in consultation with the Intergovernmental Budget and Economic Council (IBEC); with the approval of the Senate and published in the Gazette.
4. In this regard, the National Treasury submitted the county governments' Additional Allocations- Cash Disbursement schedules for FY 2022/23, for approval by the Senate. The allocations in the schedules are in line with the allocations provided for in the County Government Additional Allocations Act, (CGAAA) 2022 as follows-
 - (i) **First Schedule** – Disbursement of conditional allocations financed from the National Government share of revenue– **KSh. 163 Million**
 - (ii) **Second Schedule** - Disbursement of the Conditional Allocations financed by proceeds of loans and grants from the Development Partners – **KSh.17.16 Billion.**
5. In addition, the County Governments Additional Allocations Cash Disbursement Schedule is a key Senate Resolution to operationalize the release and transfer of

approved allocations as per the annual County Governments Additional Allocation Act.

1.2 First Schedule on Additional Allocations Financed from the National Government share of the revenue for FY 2022/23

6. The First Schedule outlines the disbursement of the supplement funds for the construction of the County Government headquarters.
7. The following Four (4) counties will benefit from these funds- Isiolo, Lamu, Nyandarua, and Tana-River.
8. According to the disbursement schedule, the funds will be disbursed twice from the Consolidated Fund to the respective County Revenue Funds: on the 15th of March, 2023, and on the 15th of April 2023. This is based on the performance of revenue raised nationally. The National Treasury is the custodian and will be responsible for the transfer of these funds, as shown in Table 1.0

Table 1.0: Disbursement of the Conditional allocations from the National Government share of the revenue.

No.	Type of Allocation	Total Disbursement amount (KSh. Millions)	Timeliness	Percentage Release
1.	County Supplement for Construction of County headquarters.	163,000,000	Two disbursements are to be issued in March and April 2023.	50/50 percentage for the two months.

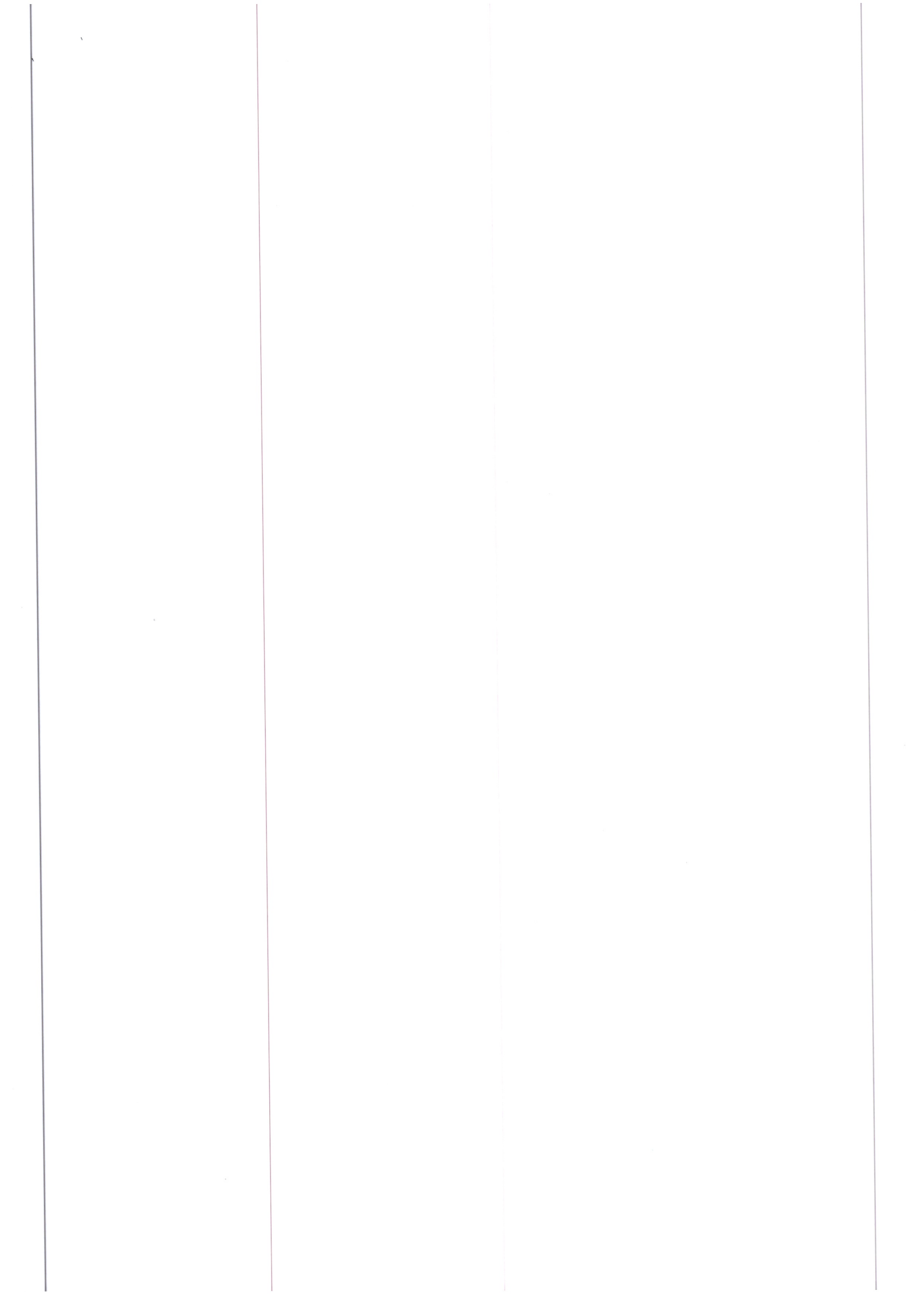
1.3 Second Schedule on Additional Allocations financed from proceeds of loans and grants from development partners for FY 2022/23

9. The Second schedule outlines the disbursement of conditional allocations from the development partners which is based on the financing agreements for each allocation.
10. The allocations will be disbursed in two phases, specifically, by 15th March 2023 and 15th April 2023.

Table 2.0: Disbursement of Conditional Allocations Financed by proceeds of Loans and Grants from Development Partners

No.	Form of Transfer	Development Partner	Total Disbursement amount (Kshs. Millions)	Timeliness	Percentage Release
1.	IDA – Kenya Urban Support Programme (KUSP)	WB	122,020,000.08	Two disbursements are to be issued in March and April 2023.	50/50 percentage for the two months.
2.	IDA (National Agriculture and Rural Inclusive Growth Project (NARIGP)	WB	3,900,000,001	Two disbursements are to be issued in March and April 2023.	50/50 percentage for the two months.
3.	IDA – Kenya Climate Smart Agricultural Project (KCSAP)	WB	2,200,002,000	Two disbursements are to be issued in March and April 2023.2022.	50/50 percentage for the two months.
4.	IDA – Financing Locally-Led Climate Action (FLLoCA)-Level 1- County Climate Institutional Support (CCIS)	WB	1,034,000,000	Two disbursements are to be issued in March and April 2023.	50/50 percentage for the two months.
5.	IDA – Water & Sanitation Development Project (WSDP)	WB	3,500,000,000	Two disbursements are to be issued in March and April 2023.	50/50 percentage for the two months.
6.	Primary Health Care in Devolved Context	DANIDA	1,018,125,009	Two disbursements are to be issued in March and April 2023.	50/50 percentage for the two months.
7.	IDA – National Agricultural Value Chain Development project. (NAVCDP)	WB	1,820,000,000	Two disbursements are to be issued in March and April 2023.	50/50 percentage for the two months.

No.	Form of Transfer	Development Partner	Total Disbursement amount (Kshs. Millions)	Timeliness	Percentage Release	
8.	Agricultural Sector Development Support Programme (ASDSP) II	Sweden	655,175,274	Two disbursements are to be issued in March and April 2023.	50/50 percentage for the two months.	
9.	Drought Resilience Programme in Northern Kenya (DRPNK)	German Development Bank (KfW)	410,000,000	Two disbursements are to be issued in March and April 2023.	50/50 percentage for the two months.	
10.	Emergency Response (ELRP)	Locust Project	WB	1,200,000,000	Two disbursements are to be issued in March and April 2023.	50/50 percentage for the two months.
11.	Kenya Informal Settlement Improvement Project (KISPIP II)	WB	1,300,000,000	Two disbursements are to be issued in March and April 2023.	50/50 percentage for the two months.	



2.0 Committee Observations

11. The Committee observed that-

- a) With only four months remaining to the end of the Financial Year, County Governments, through the County Assemblies, should move with speed to process Appropriation Acts, to facilitate access to the funds once disbursed.
- b) The disbursement of conditional allocations financed from the National Government's share of revenue is subject to revenue performance. In the past, there have been delays in the release of funds to counties due to reportedly lower-than-expected revenue collection.
- c) The National Treasury should comply with the schedule to ensure the timely disbursement of funds to the beneficiary counties without undue delay. Non-adherence will lead to unrealized benefits to the county residents, since intended programmes may stall, or lead to huge pending bills.
- d) There is need for strengthened oversight both at national and county levels to ensure the purposes of such funds are achieved.

3.0 Committee Recommendations

12. The Committee recommends that-

- a) The Senate approves the County Governments Additional Allocations Cash Disbursement Schedule as tabled on 14th February 2023.
- b) The county assemblies should expedite the processing of appropriation bills, to ensure the funds are accessed upon disbursement.
- c) The National Treasury should adhere to the approved disbursement schedule to ensure timely implementation of the targeted projects/ programs.

Appendices

Minutes

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MINUTES OF THE TWELFTH MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON WEDNESDAY, 15TH FEBRUARY, 2023 AT THE GROUND FLOOR BOARDROOM, COUNTY HALL, PARLIAMENT BUILDINGS FROM 10.00 A.M.

PRESENT

1. Sen. (Capt.) Ali Ibrahim Roba, EGH, MP-		Chairperson
2. Sen. Maureen Tabitha Mutinda, MP	-	Vice-Chairperson
3. Sen. (Dr.) Boni Khalwale, CBS, MP	-	Member
4. Sen. Mohamed Faki Mwinyihaji, MP	-	Member
5. Sen. Shakila Abdalla Mohamed, MP	-	Member

ABSENT WITH APOLOGY

6. Sen. Joyce Chepkoech Korir, MP	-	Member
7. Sen. Tabitha Karanja Keroche, MP	-	Member
8. Sen. Richard Momoima Onyonka, 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. Mr. Kiminza Kioko	-	Fiscal Analyst
5. Ms. Joan Mahinda	-	Researcher
6. Mr. Tonkei Sekento	-	Researcher
7. Ms. Elijah Ichwara	-	Audio Officer
8. Mr. Barasa Nandemu	-	Media Relations Officer
9. Mr. Alex Mutuku	-	Serjeant-at-arms
10. Ms. Joyce Khisa	-	Public Communications Officer

IN ATTENDANCE

THE EQUALIZATION FUND ADVISORY BOARD

1. Mr. Victor Odanga	-	Senate Nominee
2. Mr. Abdullahi A. Khalif	-	National assembly Nominee

MIN/SEN/SCF&B/56/2023

PRELIMINARIES

The Chairperson called the meeting to order at 10.25 a.m. This was followed by a word of prayer.

MIN/SEN/SCF&B/57/2023 **ADOPTION OF THE AGENDA**

The agenda was adopted after it was proposed by Sen. (Dr.) Boni Khalwale, CBS, MP, and seconded by Sen. Mohamed Faki Mwinyihaji, MP, as listed below-

1. Prayer;
2. Adoption of the Agenda;
3. Confirmation of Minutes of the 6th sitting held on 23rd November 2022;
4. Matters arising from the Minutes of the previous sittings;
5. Meeting with the Senate Nominee to the Equalization Fund Advisory Board to deliberate on Equalization Fund (*Committee Paper No. 8*);
6. Consideration and adoption of the report on the County Governments Additional Allocations Disbursement Schedule for the Financial Year 2022/2023 (*Committee Paper No. 9*);
7. Roadmap for consideration of the 2023 Budget Policy Statement (BPS) and the Medium-Term Debt Management Strategy (MTDMS) (*Committee Paper No. 10*);
8. Any Other Business; and
9. Date of the Next Meeting and Adjournment.

MIN/SEN/SCF&B/58/2022 **CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING**

The Minutes of the Sixth sitting held on Wednesday, 23rd November, 2022 were confirmed as a true record of the proceedings of the Committee having been proposed Sen. (Dr.) Boni Khalwale, CBS, MP, and seconded by Sen. Mohamed Faki Mwinyihaji, MP.

MIN/SEN/SCF&B/59/2022 **MATTERS ARISING**

i) Under Min/Sen/SCF&B/32/2022

The Committee noted that Kakamega County and Nairobi County had not submitted responses to the request of information concerning statements that had been asked from the Committee-

- i. Statement on the status of pending Bills in Kakamega County as at August, 2022 that was requested on Tuesday, 8th November, 2022 by Sen. (Dr.) Boni Khalwale, CBS, MP.
- ii. Statement on the status of the Kshs16 billion pending bills by the Nairobi metropolitan Services (NMS) that was requested on Wednesday, 23rd November, 2022 by Sen. (Dr.) Boni Khalwale, CBS, MP.

The Committee resolved that a reminder letter be sent two counties requesting them to submit the information required within seven (7) days.

ii) Under Min/Sen/SCF&B/34/2022

The Committee resolved that a letter be sent to the National Treasury to provide information regarding court fines imposed and collected by the Judiciary under county

governments legislation which should be transferred to respective County Revenue Funds (CRFs).

MIN/SEN/SCF&B/60/2023

**MEETING WITH THE SENATE NOMINEE
TO THE EQUALIZATION FUND ADVISORY
BOARD TO DELIBERATE ON
EQUALIZATION FUND**

The Chairperson welcomed the Senate nominee to the Equalization Fund Advisory Board, Mr. Victor Odanga to brief the Committee on the status of the Equalization Fund.

After briefing and deliberations, the Committee resolved to hold a two-day retreat with the Equalization Fund Advisory Board with the view to apprise itself on the status of the implementation of projects and programs funded by the Equalization Fund.

MIN/SEN/SCF&B/61/2023

**CONSIDERATION AND ADOPTION OF THE
REPORT ON THE COUNTY GOVERNMENTS
ADDITIONAL ALLOCATIONS
DISBURSEMENT SCHEDULE FOR THE
FINANCIAL YEAR 2022/2023 (COMMITTEE
PAPER NO. 9)**

The Committee considered and deliberated the report on the County Governments Additional Allocations Disbursement Schedule for the Financial Year 2022/2023.

After deliberation, the Committee unanimously adopted the report having been proposed by Sen. Mohamed Faki Mwinyihaji, MP, and seconded by Sen. (Dr.) Boni Khalwale, CBS, MP with the following recommendations-

- a) The Senate approves the County Governments Additional Allocations Cash Disbursement Schedule as tabled on 14th February, 2023;
- b) The county assemblies should expedite the processing of appropriation acts, to ensure the funds are accessed upon disbursement; and
- c) The National Treasury should adhere to the approved disbursement schedule to ensure timely implementation of the targeted projects/ programs.

MIN/SEN/SCF&B/62/2023

**ROAD MAP ROADMAP FOR
CONSIDERATION OF THE 2023 BUDGET
POLICY STATEMENT (BPS) AND THE
MEDIUM-TERM DEBT MANAGEMENT
STRATEGY (MTDMS) (COMMITTEE PAPER
NO. 10)**

The Committee considered Committee Paper No. 10 on the road map for consideration of the 2023 Budget Policy Statement (BPS) and the Medium-Term Debt Management Strategy (MTDMS).

The proposed schedule of activities to ensure the Committee is able to adhere to the statutory timelines provided-

Date	Activity
Wednesday, 15 th February, 2023	Approval of the road for consideration of the 2023 BPS and MTDMS
Tuesday, 21 st February, 2023	Briefing meeting for all senators
17 th to 22 nd February, 2023	Consideration of the BPS by Standing Committees
Wednesday, 22 nd February, 2023	1. Meeting with Stakeholders- i. ICPAK ii. IBP-Kenya iii. TISA 2. Receiving submissions from the standing committees
Thursday, 23 rd February, 2023	Meeting with stakeholders- i. CRA ii. COG iii. IEA iv. CAF
Friday, 24 th February, 2023	Meeting with the National Treasury
26 th -28 th February, 2023	Report writing retreat within the Nairobi Metropolitan .
28 th February, 2023	Adoption and tabling of the report

The Committee, unanimously, adopted the roadmap having been proposed by Sen. Shakila Abdalla Mohamed, MP, and seconded by Sen. Maureen Tabitha Mutinda, MP.

MIN/SEN/SCF&B/63/2023 **ADJOURNMENT AND DATE OF NEXT MEETING**

There being no other business for consideration, the meeting adjourned at 12.02 a.m. The next meeting shall be by notice.

SIGNATURE.....DATE.....

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

(CHAIRPERSON)