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REPUBLIC OF KENYA



PARLIAMENT

THE SENATE

TWELFTH PARLIAMENT

REPORT OF THE STANDING COMMITTEE ON FINANCE AND BUDGET

ON

THE COUNTY GOVERNMENTS ADDITIONAL ALLOCATIONS CASH
DISBURSEMENT SCHEDULE FOR FINANCIAL YEAR 2021/2022

CLERK CHAMBERS
THE SENATE
PARLIAMENT OF KENYA
NAIROBI

MAY 2022

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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 to the House in 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 218(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

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

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

Executive Summary

County Governments 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 delivery of services to the citizens.

Following the enactment of the County Additional Allocations Act, 2022 containing the approved additional allocations for each County, the Cash Disbursement Schedule for the Financial Year 2021/22 was submitted to the Senate by the National Treasury and tabled in the Senate on 19th May, 2022.

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 at its sitting held on 31st May, 2022.

The Committee observed that, the Cash disbursement schedule was being considered in May 2022, yet the Cash Disbursement Schedule indicates that there are disbursements required to be made by 15th May, 2022.

The Committee recommends that-

1. The County Governments Additional Allocation Cash Disbursement Schedule as tabled in the Senate on 19th May, 2022 be approved.
2. Noting that one month was left to the end of the Financial Year, the National Treasury should fast track disbursement of the exchequer to ensure the targeted projects and programmes are implemented as intended.

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 execution of its mandate.

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

It is now my pleasant duty and privilege, on behalf of the Standing Committee on Finance and Budget, to present to the Senate, the Report of the Committee on the County Governments Additional Allocations Cash Disbursement Schedule for the FY 2021/2022.

SIGNATURE: ... 

SEN. CHARLES KIBIRU, MP.

(CHAIRPERSON, STANDING COMMITTEE ON FINANCE AND BUDGET)

DATE: ...31st May, 2022.....

1.0 Additional Allocations Cash Disbursement Schedule for Financial Year 2021/22

1.1 Overview

1. 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 (PFM) Act, 2012.
2. According to the County Governments Additional Allocations Act, funds shall be transferred to the respective County Revenue Fund in accordance with a disbursement schedule published in the Kenya Gazette by the Cabinet Secretary in accordance with section 17 of the Public Finance Management Act.
3. The purpose of the schedule is to ensure a timely and predictable monthly transfer of funds from the Consolidated Fund to the respective County Revenue Fund, thus enabling counties to undertake critical functions of delivery of services to their residents.
4. 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.
5. The National Treasury submitted the county governments additional allocation cash disbursement schedules for the FY 2021/22, for approval by the Senate. The allocations in the schedules are in line with the allocations provided for in the County Governments Additional Allocations Act, 2022 as follows;
 - (i) First Schedule – Disbursement of additional allocations financed from the National Government share of revenue– Kshs. **332 million (excluding Kshs. 7.2 billion for leasing of medical equipment).**

- (ii) Second Schedule - Disbursement of the conditional allocations financed by proceeds of loans and grants from the Development Partners – **Kshs. 27.743 Billion** (excluding Kshs. 4.6 billion for Kenya Development Support Program Level 2 Grant which was disbursed on 30th June, 2021 to the state department of Devolution).

1.2 First Schedule on additional allocations from the national government revenue to County Governments for FY 2021/22

6. The first schedule outlines the disbursement of the supplement for construction of county headquarters to the eligible five county governments. The disbursement will be made from the Consolidated Fund to the respective County Revenue Funds on the 15th of May and June 2022. The conditional allocation for leasing of medical equipment amounting to Ksh. 7.205 Billion has been excluded in the disbursement schedule.
7. The counties receiving the supplement for construction of county headquarters are:
 - a) Isiolo - Kshs. 68,000,000;
 - b) Lamu - Kshs. 38,000,000;
 - c) Nyandarua - Kshs. 75,000,000;
 - d) Tana River - Kshs. 75,000,000; and
 - e) Tharaka Nithi - Kshs. 76,000,000.
8. The allocations to the counties will be disbursed between the month of May and June as outlined in schedule 1 and as shown in table 1.

Table 1: Disbursement of the conditional allocations from national raised revenue

No.	Type of Allocation	Total Disbursement amount (Kshs. Millions)	15 th May 2022	15 th June 2022
1.	County Supplement for Construction of County headquarters.	332,000,000	166,000,000	132,000,000

1.3 Second Schedule on additional Allocations in the form of loans and grants from development partners to County Governments for FY 2021/22

9. The second schedule outlines the disbursement for additional allocations from the development partners and is based on the financing agreements for each allocation.
10. The County Governments Additional Allocation Act was passed in April 2022 with only two months to the end of the Financial Year. Therefore, the disbursements will be done on a 50-50 percent ratio between the months of May and June 2022.
11. Table 2 shows a summary of the percentage disbursements for schedule 2 as outlined above.

Table 2: Disbursement of Additional Allocations from development partners in FY 2021/22

No.	Form of Transfer	Donor	Total Disbursement amount (Kshs. Millions)	15 th May 2022	15 th June 2022
1	IDA – Transforming Health Systems for Universal Care Project)	World Bank	2,234,664,077.00	1,117,332,038.50	1,117,332,038.50
2	IDA (National Agriculture and Rural Inclusive Growth Project (NARIGP)	World Bank	6,394,997,409.00	3,197,498,704.50	3,197,498,704.50
3	IDA – Kenya Climate Smart Agriculture Project (KCSAP)	World Bank	7,838,338,490.00	3,919,169,245.00	3,919,169,245.00
4	IDA – Instruments for Devolution Advice and Support (IDEAS)	European Union	230,730,934.00	115,365,467.00	115,365,467.00

5	IDA – Water & Sanitation Development Project (WSDP)	World Bank	5,000,000,000.00	2,500,000,000.00	2,500,000,000.00
6	Primary Health Care in Devolved Context	DANIDA	701,250,000.00	350,625,000.00	350,625,000.00
7	IDA – Kenya Devolution Support Project (KDSP)	World Bank	-	-	-
8	Agricultural Sector Development Support Programme (ASDSP) II	Sweden	1,300,042,904.00	650,021,452.00	650,021,452.00
9	Drought Resilience Programme in Northern Kenya (DRPNK)	German Development Bank (KfW)	370,000,000.00	185,000,000.00	185,000,000.00
10	Emergency Locust Response Project (FLRP)	World Bank	800,000,001.00	400,000,000.50	400,000,000.50
11	Kenya Informal Settlement Improvement Project (KISPIP II)	World Bank	2,800,000,000.00	1,400,000,000.00	1,400,000,000.00
12	UNFPA – 9 th Country Programme Implementation	United Nations	73,866,705.00	36,933,352.50	36,933,352.50
	Total		27,743,890,520	13,871,945,260	13,871,945,260

2.0 Committee Observations

The Committee observed that-

1. The cash disbursement schedule for the additional allocations to counties is being considered in May 2022 yet the schedule indicates that there were disbursements to be made by 15th May 2022.
2. The monthly releases published in the Kenya Gazette by the National Treasury does not provide for a breakdown of the disbursements to counties in the form of equitable share and additional allocations making it difficult to track the additional allocations disbursements to counties.

3.0 Committee Recommendations

The Committee recommends that-

1. The County Governments Cash disbursement Schedule as tabled on 19th May, 2022 in the Senate be approved.
2. Noting there was only one month left to the end of the Financial Year, the National Treasury should fast track the disbursement of the exchequer to ensure the targeted projects and programmes are implemented as intended.
3. The National Treasury should provide a breakdown of the actual releases (equitable share and additional allocation) to counties to enhance monitoring and evaluation of the disbursed funds and to ensure actual disbursement is in line with the County Governments Additional Allocation Act 2022 and the approved disbursement schedules.

Appendices

Minutes

MINUTES OF THE 285TH MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON TUESDAY, 31ST MAY, 2022 ON ZOOM ONLINE PLATFORM AT 10:40 A.M.

PRESENT

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

ABSENT WITH APOLOGY

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

SECRETARIAT

- | | | |
|-----------------------------|---|-----------------|
| 1. Mr. Christopher Gitonga | - | Clerk Assistant |
| 2. Ms. Beverlyne Chivadika | - | Clerk Assistant |
| 3. Ms. Lucy Radoli | - | Legal Counsel |
| 4. Ms. Sharon Rotino | - | Researcher |
| 5. Ms. Yunis Amran | - | Fiscal Analyst |
| 6. Mr. William Wambiru | - | Fiscal Analyst |
| 7. Mr. Ian Otieno | - | Audio Officer |
| 8. Ms. Doris Nyambura Mburu | - | Intern |

MIN. NO. 4060/05/2022: PRELIMINARIES

The Chairperson called the meeting to order at 10.52 a.m. and thereafter followed by a word of prayer.

MIN. NO. 4061/05/2022: ADOPTION OF THE AGENDA

The agenda was adopted after it was proposed by and seconded by MP Sen. CPA Farhiya Haji, MBS, MP, and seconded by Sen. Rose Nyamunga, CBS, MP.

MIN. NO. 4062/05/2022: CONSIDERATION OF THE REPORT ON THE ADDITIONAL ALLOCATIONS CASH DISBURSEMENT SCHEDULE FOR THE FY 2021/2022

The Committee considered the report on the Additional Allocations Cash Disbursement Schedule for the Financial Year 2021/2022 and unanimously adopted the report after it

was proposed by Sen. CPA Farhiya Haji, MBS, MP, and seconded by Sen. Mutula Kilonzo Junior, CBS, MP with the following recommendations-

- a) The County Governments Cash disbursement Schedule as tabled on 19th May, 2022 in the Senate be approved.
- b) Noting there was only one month left to the end of the Financial Year, the National Treasury should fast track the disbursement of the exchequer to ensure the targeted projects and programmes are implemented as intended.
- c) The National Treasury should provide a breakdown of the actual releases (equitable share and additional allocation) to counties to enhance monitoring and evaluation of the disbursed funds and to ensure actual disbursement is in line with the County Governments Additional Allocation Act 2022 and the approved disbursement schedules.

MIN. NO. 4063/05/2022: ADJOURNMENT

There being no other business, the Chairperson adjourned the meeting at 11:21 a.m. The next meeting shall be by notice.

SIGNATURE: _____



(CHAIRPERSON: SEN. CHARLES KIBIRU, MP.)

DATE: 31st May, 2022