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18/6/25


REPUBLIC OF KENYA

PARLIAMENT OF KENYA

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

3

THE REPORT OF THE MEDIATION COMMITTEE
ON
THE DIVISION OF REVENUE BILL, 2025 (NATIONAL ASSEMBLY BILL
NO. 10 OF 2025)

	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 18 JUN 2025	DAY: Wednesday
TABLED BY:	Hon. Samuel Atundi, MP (Co-Chairperson)
CLERK-AT THE-TABLE:	Wongale

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1.0 PREFACE

1.1 Establishment of the Mediation Committee

The Mediation Committee on the Division of Revenue Bill, 2025 (National Assembly Bills No. 10 of 2025) was constituted by Speaker of the National Assembly and Speaker of the Senate on 4th June, 2025 and 11th June, 2025 respectively, pursuant to Standing Order 149 of the National Assembly Standing Orders and Standing Order 166 of the Senate Standing Orders.

The Committee membership was constituted as follows-

NO	NAME	DESIGNATION
1.	Hon. Atandi Samuel Onunga, MP	Co-Chairperson
2.	Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	Co-Chairperson
3.	Sen. (Dr.) Boni Khalwale, CBS, MP	Member
4.	Hon. Owen Baya, CBS, MP	Member
5.	Sen. Mohamed Faki Mwinyihaji, CBS, MP	Member
6.	Hon. (Dr.) Robert Pukose, CBS, MP	Member
7.	Sen. Richard Momoima Onyonka, MP	Member
8.	Hon. George Kariuki, CBS, MP	Member
9.	Sen. Eddy Gicheru Oketch, MP	Member
10.	Hon. Marianne Kitany, MP	Member
11.	Sen. Mungatana Danson Buya, MP	Member
12.	Hon. Christopher Aseka, MP	Member
13.	Sen. Maureen Tabitha Mutinda, MP	Member
14.	Hon. Leah Sankaire, MP	Member
15.	Sen. William Kisang', MP	Member
16.	Hon. Naisula Lesuuda, OGW, MP	Member
17.	Sen. Daniel Maanzo, EBS, MP	Member
18.	Hon. Zamzam Mohamed, MP	Member

1.2 Mandate of the Mediation Committee

The mandate of the Mediation Committee is established under Articles 112 and 113 of the Constitution, along with Standing Order 149 of the National Assembly Standing Orders and Standing Order 166 of the Senate Standing Orders. These provisions define the Committee's functions as follows-

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

The Committee was established to facilitate consensus between both Houses on the Division of Revenue Bill, 2025 (National Assembly Bills No.10 of 2025). Its primary role is to reconcile the differences arising between the National Assembly and the Senate concerning the sharing of revenue between national and county governments. This process is governed by Standing Order 150(I) of the National Assembly Standing Orders and Standing Order 167(I) of the Senate Standing Orders.

1.3 Committee Meetings and Methodology

The Committee held a total of four (4) sittings to deliberate on the Bill in accordance with the Constitution and relevant provisions of the Senate and the National Assembly Standing Orders.

During the first sitting, the Committee appointed Hon. Samuel Atandi, M.P., and Sen. (Capt.) Ali Ibrahim Roba, EGH, MP, as the co-chairs of the Committee, pursuant to Standing Order 166 (4) of the Senate Standing Orders and Standing Order 149(4) of the National Assembly Standing Orders.

This report contains a version of the Bill developed by the Committee for consideration by both Houses (*Annex 2*).


The Committee deliberated on the proposed allocations to the national and county levels of Government and resolved that-

- a) The National Government be allocated KSh. **2,332,376,375,634** for the Financial Year 2025/26; and
- b) The County Governments be allocated KSh. **415,000,000,000** for the Financial Year 2025/26.

1.4 Acknowledgements

The Mediation Committee expresses its gratitude to the offices of the Speakers and the Clerks of both Houses of Parliament for their invaluable support in facilitating the execution of its mandate. In particular, the Co-Chairpersons extend heartfelt appreciation to all Committee Members for their unwavering patience, dedication, and resilience in fulfilling their responsibilities despite the demanding schedule.

It is my great honor and privilege, on behalf of the Mediation Committee, to present the report on the mediated version of the Division of Revenue Bill, 2025 (National Assembly Bills No. 10 of 2025). The Committee strongly urges both Houses to approve the agreed-upon version of the Bill, in accordance with Article 113(2) of the Constitution, standing order 167(3) of the Senate Standing Orders, and standing order 150(3) of the National Assembly Standing Orders, to facilitate the consideration of other budget-related matters that hinge on the passage of this Bill.


Signed.....

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

Co-Chairperson

Date...18/06/2025.....


Signed.....

Hon. Samuel Atandi, MP.

Co- Chairperson

Date...12.6.2025.....

2.0 CONSIDERATION OF THE DIVISION OF REVENUE BILL, 2025

2.1 Background and Overview of the Bill

1. The Division of Revenue Bill, 2025 (National Assembly Bills No. 10 of 2025) was published on 12th March, 2025, pursuant to Article 216 of the Constitution and section 42 of the Public Finance Management (PFM) Act. The law provides that at least two months to the end of the financial year, there shall be introduced in parliament the Division of Revenue Bill which shall divide revenue raised by the National Government among the national and county levels of government.
2. The National Assembly considered and passed the Division of Revenue Bill on 9th April, 2025 without amendments. Thereafter, the Bill was submitted to the Senate for concurrence as per the provisions of Article 110(4) of the Constitution.
3. The Senate considered the Bill and passed it with amendments on 28th May, 2025. The Bill was referred back to the National Assembly for concurrence in line with ~~Article 112 of the Constitution and the Standing Orders.~~

4. The National Assembly on the 3rd June, 2025, considered the Senate Amendments on the Bill and resolved to reject the said amendments. This necessitated the Bill to be referred to a Mediation Committee in line with the provisions of Article 112(2)(b) of the Constitution.
5. Consequently, the Speaker of the National Assembly appointed nine (9) Members to serve on the mediation committee. Similarly, the Speaker of the Senate appointed nine (9) Members to serve on the mediation committee. The Committee is required to attempt to develop a version of the Bill that is agreeable to both Houses. Article 113(4) provides, inter alia, that if the committee fails to agree on a version of the Bill within thirty (30) days, the Bill is defeated. The thirty-day period begins upon the first sitting of the Committee.

2.2 Consideration of the Bill by the National Assembly

6. The National Assembly considered and approved the Division of Revenue Bill 2025, with the following provisions;
 - i. The projected shareable revenue for the FY 2025/26 was considered and approved at KSh. 2,835 billion. The amount was 10.1 percent (KSh. 259.1 billion) higher than the projected ordinary revenue of KSh. 2,575.9 billion for FY 2024/25.

- ii. The allocation to the National level of Government was set at KSh. 2,419.4 billion;
- iii. Allocation to county governments was approved at KSh. 405.1 billion, being equal to 25.79 percent of the last audited and approved actual revenues raised nationally of Ksh. 1,570.6 billion for the FY 2020/21 under the provisions of Article 203(3) of the Constitution.
- iv. The Allocation to the county level of government of KSh. 405.1 billion was an increase of KSh. 17.7 billion (4.5 percent growth) from an allocation of KSh. 387.4 billion for FY 2024/25.
- v. The allocation to the Equalization Fund was KSh. 10.59 billion; comprising KSh. 7.85 billion being the allocation equivalent to the 0.5 percent as provided in the Constitution and KSh. 2.7 billion as part of the arrears to the Fund.
- vi. The last audited and approved actual revenues raised nationally were those of FY 2020/21, amounting to KSh. 1,570.6 billion.

2.3 Consideration of the Bill by the Senate

7. The Senate considered and approved the Division of Revenue Bill 2025, with the following provisions;
 - i. Clause 3 of the Bill is amended by replacing Article “203(2)” with “202(1)” to accurately reference the constitutional article on equitable sharing of national revenue between government levels.
 - ii. The projected total shareable revenue for the FY 2025/26 amounting to KSh. 2,756 billion. The amount was lower by KSh. 78 billion from the Bill as approved by the National Assembly;
 - iii. The allocation to the National level of Government was set at KSh. 2,279.6 billion, being KSh. 139.7 billion lower than approved by the National Assembly;
 - iv. Allocation to county governments was approved at KSh. 465 billion, being equal to 24.2 percent of the last audited and approved actual revenues raised nationally of Ksh. 1,920.4 billion for the FY 2021/22 under the provisions of Article 203(3) of the Constitution.

- v. The Allocation to the county level of government of KSh. 465 billion was an increase of KSh. 77.6 billion from an allocation of KSh. 387.4 billion for FY 2024/25.
- vi. The allocation to the Equalization Fund was KSh. 12.3 billion, comprising KSh. 9.6 billion being the allocation equivalent to the 0.5 percent as provided in the Constitution and KSh. 2.7 billion as part of the arrears to the Fund.
- vii. The last audited and approved actual revenues raised nationally were those of FY 2021/22, amounting to KSh. 1,920.4 billion.

3.0 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

8. The Mediation Committee considered the Division of Revenue Bill as passed by both Houses and made the following observations and recommendations-

3.1 Committee Observations

- a) On amendment to clause 3, it is important to reference both Article 202(1) and Article 203(2) of the Constitution rather than replacing one with the other. Article 202(1) establishes the principle of equitable revenue allocation between the national and county governments, ensuring fair distribution, while Article 203(2) outlines the criteria for determining the equitable share, including economic disparities and the need for national interest.
- b) The National Assembly approved changes to the audited revenue accounts on April 15, 2025. Previously, the most recent audited revenue received stood at KSh. 1,570.1 billion for the fiscal year 2020/21. However, following the review, this figure increased to KSh. 1,920.4 billion for the fiscal year 2021/22.
- c) The National Treasury has submitted revised projections for the shareable revenue to Parliament. The initial forecast for the 2025/26 fiscal year was KSh. 2,835 billion, but this figure has now been adjusted downwards to KSh. 2,756.98 billion to reflect current realities on revenue performance.
- d) The computation of the Equalization Fund allocation, in accordance with Article 204(1) on the most recent audited and approved revenues, resulted in an adjustment in the allocation from KSh. 7.85 billion to KSh. 9.6 billion.

- e) The Bill has proposed allocation of the arrears to the Equalisation Fund, the Committee, however, noted that this should not be provided for in the Division of Revenue Bill, as this has already been covered in the previous Acts.
- f) The proposed allocation to the Counties by the National Assembly, amounting to KSh. 405.1 billion was informed by the available resource envelope, given the limited fiscal space due to public debt servicing and fiscal consolidation efforts that the government is pursuing to entrench fiscal sustainability.
- g) The proposed allocation to the Counties by the Senate, amounting to KSh. 465 billion has partly been occasioned by policies of the national government, including Contributions to Housing Levy, NSSF contributions, Implementation of Doctors CBA in line with the agreed return to work formula, counterpart funding for Community Health Promoters, and County Aggregation and Industrial Parks, among others.

3.2 Committee Recommendation

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


- a) **That** the most recent audited and approved accounts of revenue are those of FY 2021/22, amounting to **KSh. 1,920,434,085,078;**
- b) **That** the total shareable revenue for the FY 2025/26 is KSh. **2,756,978,546,059** in line with the submission by the National Treasury;
- c) **That** the allocation to the Equalization Fund for FY 2025/26 be approved at **KSh. 9,602,170,425;**
- d) **That** the National Government's Equitable share for the Financial Year 2025/26 be approved at **KSh. 2,332,376,375,634;**
- e) **That** the County Equitable share for the Financial Year 2025/26 be approved at Kshs. **KSh. 415,000,000,000.**

Signed... 

Sen. (Capt.) Ali Ibrahim Roba, EGH, MP
Co-Chairperson




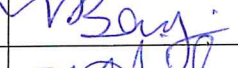

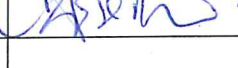
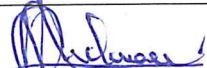
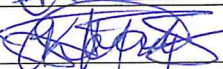



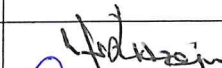


Signed..... 


Hon. Samuel Atandi, MP.
Co- Chairperson

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DATE:	18 JUN 2025
	DAY: Wednesday
TABLED BY:	Hon. Samuel Afandjio MP (Co-Chairperson)
CLERK-AT THE TABLE:	Lomale

**ADOPTION OF THE REPORT OF THE MEDIATION COMMITTEE ON
DIVISION OF REVENUE BILL, 2025 (NATIONAL ASSEMBLY BILLS NO. 10
OF 2025)**

Pursuant to standing order 167(1) of the Senate Standing Orders, and standing order 150(1) of the National Assembly Standing Orders, the Members of the Committee hereby affix their signatures to the Report to affirm adoption the Report-

NO	NAME	DESIGNATION	SIGNATURE
1.	Hon. Atandi Samuel Onunga, MP	Co-Chairperson	
2.	Sen. (Capt.) Ali Ibrahim Roba, EGH, MP	Co-Chairperson	
3.	Sen. (Dr.) Boni Khalwale, CBS, MP	Member	
4.	Hon. Owen Baya, CBS, MP	Member	
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