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REPUBLIC OF KENYA

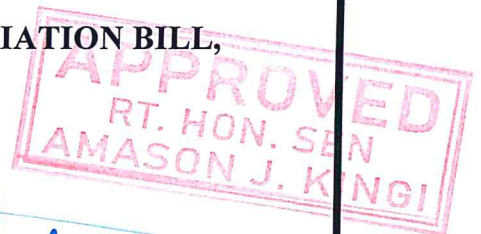
THIRTEENTH PARLIAMENT

THIRTEENTH PARLIAMENT - FOURTH SESSION

THE SENATE

STANDING COMMITTEE ON FINANCE AND BUDGET

REPORT ON THE EQUALIZATION FUND APPROPRIATION BILL,
2025 (SENATE BILLS NO. 7 OF 2025)



Clerk's Chambers,
Parliament Buildings,
NAIROBI.

PAPERS LAID	
DATE	15.7.25
TABLED BY	Sen. FSK
COMMITTEE	Finance & Budget
CLERK AT THE TABLE	Tiffany

July 2025

Mr. Hon. Speaker
You may appear for talking
J.M. Nye
Chair of the committee
Date: _____

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LIST OF ABBREVIATIONS/ACRONYMS

ASAL	-	Arid and Semi-Arid Lands
CAF	-	County Assemblies Forum
CoG	-	Council of Governors
CRA	-	Commission on Revenue Allocation
CRF	-	County Revenue Fund
DoRB	-	Division of Revenue Bill
EF	-	Equalization Fund
ICPAK	-	Institute of Certified Accountants of Kenya
NFD	-	Northern Frontier Districts
PIUs	-	Project Implementation Units

PREFACE

ESTABLISHMENT AND MANDATE OF THE COMMITTEE

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

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

The Senate Standing Committee on Finance and Budget is established under section 8(1) of the Public Finance Management (PFM) Act, Cap. 412A and standing order 228 of the Senate Standing Orders and 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 schedules 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, 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. Esther Okenyuri, MP | - | Member |

Acknowledgement

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

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

Lastly, I take this opportunity to commend the Members of the Committee for their devotion and commitment to duty, which made the consideration of the Equalization Fund Appropriation Bill, 2025 (Senate Bills No.7 of 2025) successful.



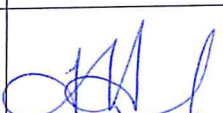
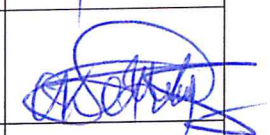

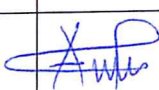
It is now my pleasant duty, pursuant to standing order 148 (1) of the Senate Standing Orders to present the Report of the Standing Committee on Finance and Budget on the Equalization Fund Appropriation Bill, 2025 (Senate Bills No.7 of 2025).

Signature..........Date.....11/07/2025.....

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 EQUALIZATION FUND
APPROPRIATION BILL, 2025 (SENATE BILLS NO. 7 OF 2025)**

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, 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. Esther Okenyuri, MP	Member	

CHAPTER ONE

OVERVIEW OF THE EQUALISATION FUND APPROPRIATION BILL, 2025 (SENATE BILLS NO. 7 OF 2025)

1.1 Introduction

1. The Equalisation Fund is established under Article 204(1) of the Constitution, where it is provided that one half per cent (0.5%) of all the revenue collected by the national government each year calculated based on the most recent audited accounts of revenue received, as approved by the National Assembly, shall be paid in to Equalisation Fund.
2. The Fund is designated exclusively for the provision of basic services, such as water, roads, health facilities, and electricity to marginalized areas, aiming to raise service standards to match those enjoyed by the rest of the country. To ensure the efficient use of the Fund's resources, Article 204(5) of the Constitution and section 18(6) of the Public Finance Management Act (Cap. 412A) stipulate that any unspent balances in the Equalisation Fund at the end of a financial year shall not lapse. Instead, these funds must be retained and used solely for the original purposes of the Equalisation Fund.
3. Article 204(3) stipulates that any expenditure from the Fund must be authorized through an Appropriation Bill enacted by Parliament. The national government is mandated to utilize the Equalisation Fund either directly or through conditional grants to counties within which marginalized communities are located.
4. The marginalized areas to which the appropriation of the Fund should be applied are identified by the Commission of Revenue Allocation (CRA) as provided for under Articles 204(4) and 216(4) of the Constitution. CRA is required to determine, publish, and regularly review a policy that sets out the criteria by which to identify the marginalized areas for purposes of Article 204(2). Since the advent of the new Constitution 2010, CRA has developed two Marginalization policies.

5. The First Marginalization Policy was published by CRA in February 2013 and was expected to be effective for three years before it was reviewed. The Second Marginalization Policy was developed in 2018 and identified a total of 1,424 marginalized areas (sub-locations) spread across the thirty-four (34) Counties and 107 Constituencies. Each of these areas has been given an allocation factor that forms the basis of the allocations from the Equalization Fund. The Equalisation Fund Appropriation Bill, 2025 is based on the criteria for sharing revenue among marginalized areas developed under the Second Policy.

1.2 Publication of the Bill and Committal to the Committee

6. The Equalization Fund Appropriation Bill, 2025 was published on 18th June, 2025. and read a First Time in the Senate on 27th June, 2025. Thereafter, the Bill was committed to the Standing Committee on Finance and Budget pursuant to standing order 145 of the Senate Standing Orders for consideration, public participation, and reporting to the House with recommendations.

1.3 Analysis of Equalisation Fund Appropriation Bill, 2025.

7. The Equalization Fund Appropriation Bill, 2025 appropriates a total of Ksh.16.8 billion to the 1,424 marginalized areas for the FY 2025/26. The Ksh. 16.8 billion is comprises Ksh. 6.2 billion allocated to the Fund in FY 2024/25 and Ksh. 10.6 billion allocated to the Fund in FY 2025/26. The Ksh.10.6 billion is based on Ksh.7.852 billion, equivalent to 0.5 percent of the last audited and approved revenues, and Ksh.2.747 billion as arrears to the Fund.
8. The Ksh.16.8 billion is shared out to recurrent expenditure and development expenditure. The recurrent allocation amounting to Ksh.504 million is set aside for the secretariat expenses (Board expenses) as provided for in Regulation 10(3) of the Public Finance Management (Equalisation Fund Administration) Regulations, 2021. The regulation provides that Board expenses shall not be more than three percent (3%) of the annual approved equalization fund allocation.

9. The balance of Ksh.16.296 billion, which is the development allocation, has been shared using the allocation factor for each area as captured under the Second Marginalization Policy.
10. The Bill provides the amount to be appropriated to each County under a given number of constituencies, specifying the amounts therein. The Bill further indicates that for each particular county, the amounts shall be used for the provision of basic services, including water, roads, health facilities, and electricity.
11. Analysis of the allocations per county reveals, eight counties benefit with over 60 percent of the total allocations. The highest allocation is towards Turkana County, followed by West Pokot County, with allocations of Ksh.1.86 billion and Ksh.1.7 billion, respectively. Other counties with significant allocations are Narok-Ksh.1.3 billion, Mandera- Ksh.1.2 billion, Wajir-1.2 billion, Samburu-Ksh.1.1 billion, Garissa-Ksh.1 billion and Baringo-967 million. These allocations imply that most of the marginalized areas are spread across these eight counties.
12. The Bill in clause 4 specifies that monies provided for under the Act shall not be paid into the County Revenue Fund (excluded from the CRF), but shall be transferred to a special purpose account opened by the beneficiary county at the Central Bank of Kenya. The enactment of the Equalisation Fund (Appropriation) Bill, 2025, shall serve as sufficient authority for the Controller of Budget to authorize the withdrawal of money from the Fund.
13. It is further provided in clause 5, that, the authorization by the Controller of Budget of a withdrawal from the Fund, together with written instructions from the secretary of the Board through National Treasury requesting for the withdrawal, shall be sufficient authority for the Central Bank of Kenya to pay amounts from the Fund Account in accordance with the approval and instructions given.

CHAPTER TWO

OVERVIEW OF PARTICIPATION OF THE BILL

2.0 Introduction

14. 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* newspaper on Saturday, 28th and Sunday, 29th June, 2025 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. The Committee received submissions from the following stakeholders-

- a) Council of Governors
- b) Commission on Revenue Allocation
- c) County Assemblies Forum; and
- d) Old Pumwani Landlord Community.

2.1 The Council of Governors

15. The Council of Governors submitted that-

- a) CoG highlighted several challenges affecting the effective implementation of the Equalisation Fund, including the lack of provision for recurrent expenditure to support the operations of County Technical Committees, delayed disbursements that have disrupted project timelines, and low absorption rates caused by administrative bottlenecks involving key national institutions. They also cited the failure by the Commission on Revenue Allocation to develop a third policy on marginalisation, which has perpetuated flaws in implementation, and raised concern over unconstitutional revisions to the Fund's allocations through the national

government's Supplementary Appropriation Acts instead of a separate Appropriation Bill.

- b) To address these challenges, the Council recommended that the Senate allocate up to 3% of each county's Equalisation Fund for administrative costs managed by the County Equalisation Fund Technical Committees Secretariat, facilitate the development of the third policy of marginalization by the Commission on Revenue Allocation (CRA), ensure that the Equalisation Fund Appropriation is ring-fenced and protected from revisions through the National Government Appropriation Acts, and remove the requirement for the Equalisation Fund Advisory Board to pre-approve withdrawal requisitions, as this practice is not legally supported and causes unnecessary delays.
- c) The Council of Governors proposed the introduction of a new clause in the Bill to provide for recurrent expenditure at the county and constituency level, stating the amount required in the year ending 30th June 2026 for County Equalisation Fund County Committees expenses. That this amendment is intended to cater for the administrative and operational costs of County Technical Committees, Sub-County Technical Committees, and Project Identification and Implementation Committees established under the Public Finance Management (Equalisation Fund Administration) Regulations, 2021, since such expenses can only be legally funded through the Equalisation Fund Appropriation Act.
- d) Lastly, CoG recommended a correction in the Schedule of the Bill, by deleting the row that erroneously refers to Kitui county's allocation as being for Kisumu County. They proposed replacing it with the accurate description, clearly stating that the allocation is for development expenses in Kitui county. This amendment seeks to rectify a typographical error in the Bill.

2.2 The Commission on Revenue Allocation

16. The Commission on Revenue Allocation CRA submitted the following;

- a) The Commission on Revenue Allocation raised concerns regarding discrepancies between the Bill's stated allocation and what is provided in the Division of Revenue Bill (DoRB), 2025. That the Bill proposes a total allocation of Ksh. 16.8 billion to the Equalisation Fund, while the DoRB only provides Ksh. 10,589,554,076, comprising of Ksh. 7,852,814,125 (0.5% of FY 2020/21 revenue) and arrears of Ksh. 2,736,739,351.
- b) CRA therefore recommended for further clarity on the additional Ksh. 6,210,445,924 included in the Bill, which exceeds the DoRB 2025 allocation.
- c) They noted that previous Equalisation Fund Appropriation Acts provide that approval granted shall continue in force until all the projects identified are completed. In this case, the previous Acts do not lapse until all the money is spent.
- d) Additionally, the CRA proposed the introduction of a new column in the Schedule of the Bill to allocate Equalisation Fund development expenditures down to the ward level, rather than only at the constituency level. This aligns with the implementation framework under the Second Policy on marginalised areas, which established Project Implementation Units (PIUs) at the divisional (now ward) level.

2.3 The County Assemblies Forum

17. County Assemblies Forum submitted the following;

- a) CAF noted that despite article 204(1) of the Constitution mandating that 0.5% of national revenue be allocated annually to the Equalisation Fund, this constitutional requirement has seldom been met. Out of the Ksh. 59.9 billion earmarked since 2011, only Ksh. 13.4 billion has actually been disbursed, thus undermining the Fund's intent and delaying development in marginalised areas.

- b) CAF observed that the Bill lacks provisions mandating performance indicators, beneficiary engagement, or periodic reviews, perpetuating past issues such as completed but unused projects, delayed disbursements, and concerns over value for money. The absence of built-in performance triggers remains a systemic weakness.
- c) The Auditor General has repeatedly flagged that only Ksh. 13.4 billion of the Ksh. 59.9 billion constitutionally earmarked since 2011 has been disbursed. The Bill, while ambitious, risks being another statutory commitment that does not materialise in practice.
- d) The Bill allocates Ksh. 504 million for administration through the Equalisation Fund Advisory Board. However, its effectiveness is undermined by weak public engagement and lack of rigorous monitoring standards. Enhancing its structure and public reporting obligations is crucial.
- e) CAF appreciated the allocation of Ksh. 16.8 billion under the Bill, comprising Ksh. 16.3 billion for direct development and Ksh. 504 million for administration through the Equalisation Fund Advisory Board.
- f) CAF noted that clause 4 of the Bill, which prohibits the deposit of Equalisation Fund monies into County Revenue Funds, aligns with constitutional and legal provisions.
- g) However, CAF raised concern that the Equalisation Fund targets devolved functions—such as water, health, roads, and electricity—yet is implemented by national agencies, resulting in inefficiencies, delays, and duplication. They argued that this approach marginalizes county governments and undermines constitutional principles of subsidiarity and cooperative governance. CAF therefore urged the Senate to amend the Bill to ensure the Fund is implemented through conditional grants to counties, in line with the Public Finance Management (Equalisation Fund Administration) Regulations and Articles 6(2) and 187(1) of the Constitution.

- h) On clause 5, CAF expressed support for the provision that allows funding approvals under the Act to remain in force until all identified projects are completed. However, they cautioned that without proper budget tracking and enforceable project completion safeguards, the provision risks being ineffective given past implementation shortcomings.

2.4 Old Pumwani Landlord Community

18. The Old-Pumwani Landlord Community submitted the following;

- a) That plot owners of Age-old Urban Informal Settlement Scheme, like the Old - Pumwani Settlement Scheme within Kamukunji Constituency in Nairobi deserve to benefit from the framework of Equalisation Fund to bring their quality of life to the level generally enjoyed by the rest of the country.
- b) They argued that despite Nairobi's general development, pockets of deep inequality still exist, especially in informal settlements lacking basic infrastructure such as sewer systems and last-mile water connections- deficiencies that persist despite devolution.
- c) They emphasized that the Equalization Fund should not be ring-fenced to benefit the former Northern Frontier Districts (NFD) and Arid and Semi-Arid Lands (ASAL) areas only, but should also cater for historically neglected urban settlements like Old-Pumwani, which has suffered systemic and official neglect since colonial times.
- d) That the inclusion of Nairobi's marginalized areas in the Equalisation Fund would be consistent with the Constitution, particularly the Bill of Rights under Chapter 4, which guarantees equitable development.
- e) Lastly, they expressed hope that such inclusion would complement the National Slum Upgrading and Prevention Strategy (2024–2034), spearheaded by the Ministry of Lands, Public Works, Housing and Urban Development, and supported by the World Bank and other partners.

CHAPTER THREE

OBSERVATIONS AND RECOMMENDATIONS

Observations

19. The Committee having considered the bill and stakeholders' submissions made the following observations-

- a) The Bill intends to appropriate a total of Ksh.16.8 billion, out of which Ksh.10.6 billion was proposed allocation for FY 2025/26 and Ksh.6.2 billion was the allocation for FY 2024/25. However, Supplementary Estimates No. III of FY 2024/25 revised the Ksh.6.2 billion to Ksh.2.5 billion, and the Division of Revenue Act, 2025 allocated Ksh.9.6 billion. This implies there is a shortfall of Ksh.4.7 billion to meet the amounts provided in the Bill.
- b) While the Bill provides for the allocation per county and subsequently per constituency, the projects to be funded are only in the identified marginalized areas. A review of the projects identified by the Equalisation Fund Advisory Board as of June 2024 indicates that a total of 1,415 projects had been proposed to be implemented under the Second Marginalization Policy.
- c) The Equalization Fund has two appropriations Acts in place; the Equalisation Fund Appropriation Act. No. 3 of 2018 of Ksh.12.4 billion being allocations for financial years 2014/15, 2015/16 and 2016/17 implemented through the first marginalization policy. The second Act, the Equalisation Fund Appropriation Act, No. 7 of 2023 of Ksh.10.3 billion, being the allocation for Financial Years 2021/22 and 2022/23 for the Second Marginalisation Policy. However, the implementation of the second Act could not commence since the allocation of the Ksh.10.3 billion was revised to zero in the supplementary estimates of FY 2022/23.
- d) The allocation to the Fund in FY 2023/24 was Ksh.10.87 billion but there was no Appropriation Act authorizing the use of the funds. However, by the

close of the Financial Year 2024, Ksh.1 billion had been disbursed to the Fund (as reported by the Auditor General).

- e) As of June 2024, the outstanding arrears to the Fund stood at Ksh.46.5 billion out of the total Fund entitlement of Ksh.59.96 billion. This implies only Ksh.13.4 billion (22.4%) has been sent to the fund since inception. This lack of disbursements risks the realization of the Fund's envisioned objective of providing basic services to the marginalized areas.

Recommendations

20. The Committee considered the Bill and submissions from stakeholders and recommends that the Senate approves the Bill with the following amendments –

- a) That, clause 3 of the Bill be amended by deleting the expression “204(1)” substituting with the expression “204(2)”. This is because basic services to be provided via Equalization Fund are provided in Article 204(2) of the Constitution.
- b) That, the Schedule to the Bill be amended in column 2 of item 13 with respect to Kitui County by deleting the word “Kisumu” and substituting with the word “Kitui”.

List of Appendices

Appendix 1: Proposed Committee amendments

Appendix 2: Minutes of the sittings of the Committee on considering the Bill

Appendix 3: Stakeholders' submissions

Appendix 4: Advertisement as published in the media

11th July, 2025

The Clerk of the Senate,
Parliament Buildings,
NAIROBI.

**RE: COMMITTEE STAGE AMENDMENTS TO THE EQUALISATION
FUND APPROPRIATION BILL, 2025 (SENATE BILLS NO. 7 OF 2025)**

NOTICE is given that Sen. (Capt.) Ali Ibrahim Roba, the Chairperson to the Standing Committee on Finance and Budget intends to move the following amendments to the Equalisation Fund Appropriation Bill, 2025, Senate Bills No. 7 of 2025, at the Committee Stage—

CLAUSE 3

THAT clause 3 of the Bill be amended by deleting the expression “204(1)” appearing immediately after the words “services under Article” and substituting therefor the expression “204(2)”.

SCHEDULE

THAT the Schedule to the Bill be amended in column 2 of item 13 with respect to KITUI COUNTY by deleting the word “Kisumu” appearing immediately after the expression “30th June, 2026 in” and substituting therefor the word “Kitui”.

Dated 14th July....., 2025.



.....
Sen. (Capt.) Ali Ibrahim Roba,
Chairperson,
Standing Committee on Finance and Budget.



MINUTES OF THE TWO HUNDRED AND TWENTY-SEVENTH (227TH) MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON FRIDAY, 11TH JULY, 2025 IN COUNTY HALL, GROUND FLOOR BOARDROOM, PARLIAMENT BUILDINGS AT 1.00 P.M.

PRESENT

- | | | |
|---|---|-------------------------|
| 1. Sen. (Capt.) Ali Ibrahim Roba, EGH, MP | - | Chairperson |
| 2. Sen. Maureen Tabitha Mutinda, MP | - | Vice-Chairperson |
| 3. Sen. Mohamed Faki Mwinyihaji, CBS, MP | - | Member |
| 4. Sen. Shakila Abdalla Mohamed, MP | - | Member |
| 5. Sen. Eddy Oketch Gicheru, MP | - | Member |
| 6. Sen. Mariam Sheikh Omar, MP | - | Member |
| 7. Sen. Esther Okenyuri, MP | - | Member |

ABSENT WITH APOLOGY

- | | | |
|--------------------------------------|---|--------|
| 1. Sen. (Dr.) Boni Khalwale, CBS, MP | - | Member |
| 2. Sen. Richard Momoima Onyonka, MP | - | Member |

SECRETARIAT

- | | | |
|----------------------------|---|-------------------------|
| 1. Mr. Christopher Gitonga | - | Clerk Assistant |
| 2. Ms. Beverlyne Chivadika | - | Clerk Assistant |
| 3. Ms. Mitchell Otoro | - | Legal Counsel |
| 4. Ms. Hamun Mohamed | - | Researcher |
| 5. Mr. Kiminza Kioko | - | Fiscal Analyst |
| 6. Mr. Stanley Gikore | - | Media Relations Officer |
| 7. Mr. Johnstone Simiyu | - | Audio Officer |
| 8. Ms. Gloria Anyango | - | Intern |

MIN/SEN/SCF&B/1314/2025

PRELIMINARIES

The Chairperson called the meeting to order at 1:10 p.m. This was followed by a word of prayer, and round of introduction.

MIN/SEN/SCF&B/1315/2025

ADOPTION OF THE AGENDA

The agenda was adopted after being proposed by Sen. Eddy Oketch Gicheru, MP, and seconded by Sen. Esther Okenyuri, MP, as listed below-

1. Prayer;
2. Introduction;
3. Adoption of the Agenda;
4. Confirmation of minutes of 219th, 220th, 221st, 222nd, 223rd, 224th, and 225th Sittings;
5. Matters arising from the previous sittings;
6. Consideration and adoption of the reports on-
 - a) County Allocation of Revenue Bill, 2025 (Senate Bills No.9 of 2025);
 - b) County Governments Additional Allocations (No.2) Bill, 2025 (Senate Bills No.8 of 2025); and
 - c) Equalisation Fund Appropriation Bill, 2025 (Senate Bills No.7 of 2025)-
Committee Paper No.143;
7. Any other Business; and
8. Adjournment and Date of the Next Meeting.

MIN/SEN/SCF&B/1316/2025 **CONSIDERATION OF REPORTS ON BILLS-
COMMITTEE PAPER NO.143**

The Committee reviewed reports on the following Bills-

- a) County Allocation of Revenue Bill, 2025 (Senate Bills No.9 of 2025).
- b) Equalisation Fund Appropriation Bill, 2025 (Senate Bills No.7 of 2025).
- c) Submissions on the County Governments Additional Allocations (No.2) Bill, 2025 (Senate Bills No.8 of 2025).

MIN/SEN/SCF&B/1317/2025 **ADOPTION OF REPORTS ON BILLS-
COMMITTEE PAPER NO.143**


Having considered the stakeholders submissions and draft reports on the County Allocation of Revenue Bill, 2025 (Senate Bills No. 9 of 2025), Equalisation Fund Appropriation Bill, 2025 (Senate Bills No. 7 of 2025), and County Governments Additional Allocations (No. 2) Bill, 2025 (Senate Bills No. 8 of 2025), the Committee-

- a) Unanimously adopted the report on the County Allocation of Revenue Bill 2025 (Senate Bills No. 9 of 2025) having been proposed by Sen. Maureen Tabitha Mutinda, MP, and seconded by Sen. Esther Okenyuri, MP, with the recommendation that the Senate approves the Bill with amendment of the Second Schedule to the Bill to reflect adjusted recurrent expenditure ceilings for certain county assemblies: Kakamega, Bungoma, Garissa, Mombasa, Tana River, Uasin Gishu, Wajir, Kiambu, Nandi, Kisumu, Makueni, Kitui, Baringo, Nairobi City, Isiolo, Lamu, Bomet, Kilifi and Taita/Taveta.

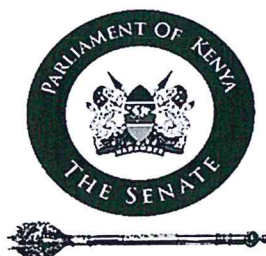
- b) Unanimously adopted the report on the Equalisation Fund Appropriation Bill, 2025 (Senate Bills No. 7 of 2025) having been proposed by Sen. Maureen Tabitha Mutinda, MP, and seconded by Sen. Mohamed Faki Mwinyihaji, CBS, MP with the recommendation that the Senate approves the Bill with the following amendments-
- (i) That, clause 3 of the Bill be amended by deleting the expression “204(1)” substituting with the expression “204(2)”. This is because basic services to be provided via Equalization Fund are provided in Article 204(2) of the Constitution.
 - (ii) That, the Schedule to the Bill be amended in column 2 of item 13 with respect to Kitui County by deleting the word “Kisumu” and substituting with the word “Kitui”.
- c) Unanimously adopted the report on the County Governments Additional Allocations (No. 2) Bill, 2025 (Senate Bills No. 8 of 2025) having been proposed by Sen. Esther Okenyuri, MP, and seconded by Sen. Mariam Sheikh Omar, MP with the recommendation that the Senate approves the Bill with the following amendments-
- (i) Clause 6(3)(b)- Amendments suspending implementation of sections 191A to 191E of the Public Finance Management Act on the Intergovernmental Agreements for FY 2025/2026.
 - (ii) Introduction of New Schedule to the Bill to provide for additional allocations amounting to Ksh.23,637,782,715 to county governments from Road Maintenance Levy Fund (RMLF). This is in regard to allocations for FY 2024/25 amounting to Ksh.10,522,211,853 and 2025/26 amounting to Ksh.13,115,570,862.
 - (iii) Amendments to Second Schedule to the Bill to provide an additional Allocations from the Housing Levy Fund to the County Government's Rural and Housing Committees equivalent to Ksh.93,418,251

MIN/SEN/SCF&B/1318/2025 ADJOURNMENT AND DATE OF NEXT MEETING

The meeting was adjourned at 3:30 pm. Next meeting shall be held on Tuesday, 15th July, 2025.

SIGNATURE:  DATE: 14th July, 2025

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



**MINUTES OF THE TWO HUNDRED AND TWENTY-SIXTH (226TH) MEETING
OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET
HELD ON FRIDAY, 11TH JULY, 2025 IN COUNTY HALL, GROUND FLOOR
BOARDROOM, PARLIAMENT BUILDINGS AT 9.30 A.M.**

PRESENT

- | | | |
|---|---|-------------------------|
| 1. Sen. (Capt.) Ali Ibrahim Roba, EGH, MP | - | Chairperson |
| 2. Sen. Maureen Tabitha Mutinda, MP | - | Vice-Chairperson |
| 3. Sen. Mohamed Faki Mwinyihaji, CBS, MP | - | Member |
| 4. Sen. Shakila Abdalla Mohamed, MP | - | Member |
| 5. Sen. Eddy Oketch Gicheru, MP | - | Member |
| 6. Sen. Mariam Sheikh Omar, MP | - | Member |
| 7. Sen. Esther Okenyuri, MP | - | Member |

ABSENT WITH APOLOGY

- | | | |
|--------------------------------------|---|--------|
| 1. Sen. (Dr.) Boni Khalwale, CBS, MP | - | Member |
| 2. Sen. Richard Momoima Onyonka, MP | - | Member |

SECRETARIAT

- | | | |
|----------------------------|---|-------------------------|
| 1. Mr. Christopher Gitonga | - | Clerk Assistant |
| 2. Ms. Beverlyne Chivadika | - | Clerk Assistant |
| 3. Ms. Mitchell Otoro | - | Legal Counsel |
| 4. Ms. Hamun Mohamed | - | Researcher |
| 5. Mr. Kiminza Kioko | - | Fiscal Analyst |
| 6. Mr. Stanley Gikore | - | Media Relations Officer |
| 7. Mr. Johnstone Simiyu | - | Audio Officer |
| 8. Ms. Gloria Anyango | - | Intern |

MIN/SEN/SCF&B/1309/2025

PRELIMINARIES

The Chairperson called the meeting to order at 9:40 a.m. This was followed by a word of prayer, and round of introduction.

MIN/SEN/SCF&B/1310/2025

ADOPTION OF THE AGENDA

The agenda was adopted after being proposed by Sen. Eddy Oketch Gicheru, MP, and seconded by Sen. Esther Okenyuri, MP, as listed below-

1. Prayer;
2. Introduction;
3. Adoption of the Agenda;
4. Confirmation of minutes of 219th, 220th, 221st, 222nd, 223rd, 224th, and 225th Sittings;
5. Matters arising from the previous sittings;
6. Consideration of Stakeholders submissions on the-
 - a) County Allocation of Revenue Bill, 2025 (Senate Bills No.9 of 2025);
 - b) County Governments Additional Allocations (No.2) Bill, 2025 (Senate Bills No.8 of 2025); and
 - c) Equalisation Fund Appropriation Bill, 2025 (Senate Bills No.7 of 2025)-
Committee Paper No.143;
7. Any other Business; and
8. Adjournment and Date of the Next Meeting.

MIN/SEN/SCF&B/1311/2025 **CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS**

- a) The Minutes of the Two Hundred and Nineteenth (219th) meeting held on Thursday, 5th June, 2025 at 9:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Maureen Tabitha Mutinda, MP and seconded by Sen. Mohamed Faki Mwinyihaji, CBS, MP.
- b) The Minutes of the Two Hundred and Twentieth (220th) meeting held on Monday, 9th June, 2025 at 9:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Esther Okenyuri, MP and seconded by Sen. Eddy Oketch Gicheru, MP.
- c) The Minutes of the Two Hundred and Twenty-First (221st) meeting held on Monday, 9th June, 2025 at 10:30 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Eddy Oketch Gicheru, MP and seconded by Sen. Esther Okenyuri, MP.
- d) The Minutes of the Two Hundred and Twenty-Second (222nd) meeting held on Monday, 9th June, 2025 at 12 noon were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Eddy Oketch Gicheru, MP and seconded by Sen. Esther Okenyuri, MP.
- e) The Minutes of the Two Hundred and Twenty-Third (223rd) meeting held on Thursday, 12th June, 2025 at 9:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Eddy Oketch Gicheru, MP and seconded by Sen. Esther Okenyuri, MP.

- f) The Minutes of the Two Hundred and Twenty-Fourth (224th) meeting held on Wednesday, 18th June, 2025 at 9:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Eddy Oketch Gicheru, MP and seconded by Sen. Esther Okenyuri, MP.
- g) The Minutes of the Two Hundred and Twenty-Fifth (225th) meeting held on Wednesday, 18th June, 2025 at 11:00 a.m. were confirmed as a true record of the proceedings of the Committee having been proposed by Sen. Eddy Oketch Gicheru, MP and seconded by Sen. Esther Okenyuri, MP.

MIN/SEN/SCF&B/1312/2025 CONSIDERATION OF STAKEHOLDERS
SUBMISSIONS ON BILLS-COMMITTEE PAPER
NO.143

Submissions on the County Allocation of Revenue Bill, 2025 (Senate Bills No.9 of 2025)

1. The Committee considered stakeholders submissions on the Bill from National Treasury and Economic Planning, Council of Governors, Commission on Revenue Allocation, and County Assemblies Forum.
2. Subsequently, the Committee reviewed submissions from 19 County Assemblies- Kakamega, Bungoma, Garissa, Mombasa, Tana River, Uasin Gishu Wajir, Kiambu, Nandi, Kisumu, Makueni, Kitui, Baringo, Nairobi City, Isiolo, Lamu, Bomet, Kilifi and Taita/Taveta- requesting for adjustment of recurrent expenditure budget ceilings for the FY 2025/2026.
3. The Committee observed a disparity between County Assemblies' requests to Commission on Revenue Allocation (CRA) for adjustment of recurrent expenditure budget ceilings and those presented to the Senate for consideration. The Committee resolved that there was a need to engage CRA to streamline the procedure for County Assemblies requesting review of recurrent expenditure ceilings.
4. After examining the County Assemblies' requests, the Committee resolved to approve additional funds totalling Ksh.1,679,000,000 for recurrent expenditure for the following county assemblies to be expended on budget items listed below-

County	Budget items approved for funding	
Bungoma	Office Furniture- New buildings	55,000,000
	ICT Infrastructure installation in new building	10,000,000
	Library equipment	15,000,000
	Installation Air Conditioners	2,000,000

	Utilities	8,000,000
	Solar panels installations	15,000,000
	Total	105,000,000
Kakamega		
	Purchase of Motor vehicles	40,000,000
	Insurance- Medical & Mortgage	25,000,000
	Staff Car Loan and Mortgage Scheme	80,000,000
	Contingent Liabilities & Arbitration -Court awards	55,000,000
	Total	200,000,000
Uasin Gishu		
	County Assembly Strategic Plan	3,000,000
	Refurbishment of County Assemblies and chambers	15,000,000
	Purchase of motor vehicles	25,000,000
	Hansard and audio and ICT equipment	22,000,000
	Operationalization of ward offices	60,000,000
	Total	125,000,000
Garissa		
	Staff rationalization	58,000,000
	HR audit requirement	4,000,000
	Office equipment	30,000,000
	General insurance deficit	15,000,000
	Total	107,000,000
Tana River		
	Purchase of vehicles	55,000,000
	Procurement & installation of Hansard Equipment	15,000,000
	Office furniture & fittings for 15 ward offices and 10 nominated MCAs	45,000,000
	Medical Insurance Costs	15,000,000
	Total	130,000,000
Mombasa		
	Purchase of computers, laptops, printers, photocopiers and office furniture for employees	10,000,000
	Equipping the Library	30,000,000
	Medical cover costs occasioned by non-partisan staff	8,000,000
	Group medical insurance	50,000,000
	Assembly buildings insurance	7,500,000
	Asset Maintenance costs	2,500,000

	Public participation-purchase motor vehicles -VANS	22,000,000
	Total	130,000,000
Nairobi		
	Establishment of Broadcasting Unit	15,000,000
	Acquisition of new motor vehicles	20,000,000
	Total	35,000,000
Kiambu		
	Procurement of Hansard System	40,000,000
	Establishment of Broadcasting Unit and media centre	15,000,000
	E-Parliament to improve record management	30,000,000
	Refurbishment of the Assembly Chamber	30,000,000
	Repair and replacement of furniture and fittings	10,000,000
	Total	125,000,000
Kitui		
	Replacement of County Assembly Chamber roof	20,000,000
	Replacement of worn-out vehicles	15,000,000
	Total	35,000,000
Kisumu		
	Furnishing of Assembly debating chamber, speaker and public gallery renovation	20,000,000
	Furnishing of the office of the Speaker and Deputy Speaker	10,000,000
	Furnishing of County Assembly leadership offices	10,000,000
	Furnishing of MCAs offices	30,000,000
	Furnishing of the office of the Clerk and Deputy Clerk	10,000,000
	Furnishing of 5 directors offices	8,000,000
	Furnishing of 16 Heads of Department offices	17,000,000
	Furnishing of reception, security, and lounge Area	20,000,000
	Library and information services	5,000,000
	Hansard, E-Parliament and ICT equipment	70,000,000
	Total	200,000,000
Wajir		
	Medical insurance Cost	20,000,000
	Security enhancement	20,000,000
	Motor vehicle maintenance	9,000,000
	Purchase of staff bus and 2 land cruisers	35,000,000
	Automation of new County Assembly's ICT	24,000,000
	Total	108,000,000
Makueni		
	E-Assembly infrastructure and digital transformation initiatives	51,000,000

	Oversight and public participation-purchase of motor vehicles	20,000,000
	Asset valuation, tagging and maintenance	16,000,000
	Gratuity arrears of contractual staff	30,000,000
	Maintenance of offices	8,000,000
	Total	125,000,000
Isiolo	Restoration of the Assembly and refurbishment of offices	100,000,000
	Total	100,000,000
Baringo	Equipping of new offices with furniture	15,000,000
	General repairs and maintenance	5,000,000
	Computers and ICT gadgets	4,000,000
	Total	24,000,000
Bomet	Insurance of Chamber and Speaker's residence	20,000,000
	Purchase of new vehicles	10,000,000
	Total	30,000,000
Nandi	Equipping County Assembly complex and Hansard	25,000,000
	Furniture and fittings for new offices	5,000,000
	Total	30,000,000
Lamu	Hansard system	20,000,000
	Solar system	5,000,000
	Rehabilitation of Assembly Head Office	5,000,000
	Total	30,000,000
Kilifi	Medical insurance	5,000,000
	Office ICT equipment	5,000,000
	Maintenance motor vehicles and assets	5,000,000
	Security enhancement	5,000,000
	Total	20,000,000
Taita/Taveta	Purchase of motor vehicle for public participation	20,000,000
	Total	20,000,000
Grand Total		1,679,000,000

Equalisation Fund Appropriation Bill, 2025 (Senate Bills No. 7 of 2025)

1. The Committee considered stakeholders submissions on the Bill from the Council of Governors, Commission on Revenue Allocation, County Assemblies Forum, and Old Pumwani Landlord Community.

2. The Committee observed that as of June 2024, the outstanding arrears to the Fund stood at Ksh.46.5 billion out of the total Fund entitlement of Ksh.59.96 billion. This implied that only Ksh.13.4 billion (22.4%) has been sent to the fund since inception.
3. The Committee resolved to write to National Treasury and Economic Planning to provide information on compliance with the commitment on settlement of Equalization Fund arrears during the meeting scheduled Tuesday, 15th July, 2025, making reference to the commitment letter on Equalization Fund arrears that was submitted to the Committee in the previous meeting.

Submissions on the County Governments Additional Allocations (No.2) Bill, 2025 (Senate Bills No.8 of 2025)

1. The Committee considered stakeholders submissions on the Bill from the National Treasury and Economic Planning, Council of Governors, Commission on Revenue Allocation, County Assemblies Forum, and Institute of Certified Accountants of Kenya (ICPAK).
2. The Committee resolved to amend the Bill -
 - a) to include the Conditional allocations from Road Levy Maintenance Fund (RLMF) for FYs 2024/2025 and 2025/2026.
 - b) to include the Conditional allocations from Affordable Housing Levy for County Rural and Urban Affordable Housing Committees Bill pursuant to sections 11(4)(c) and 11(5) of the Affordable Housing Act, 2024.
 - c) to suspend implementation of sections 191A to 191E of the Public Finance Management Act on the Intergovernmental Agreements provided for in Clause 6(3)(b) of the Bill for FY 2025/2026.
3. Regarding the Conditional Allocation for construction of County Headquarters, the Committee took note of the non-disbursement of the Ksh.338.4 million for FY 2023/24 and non-budgetary provision of the Ksh.523.1 million in FY 2024/25. The Committee resolved to write to National Treasury and Economic Planning to provide information on the status of disbursement of funds for conditional allocation on Construction of County Headquarters when they appear before the Committee on Tuesday, 15th July, 2025.

MIN/SEN/SCF&B/1313/2025 ADJOURNMENT AND DATE OF NEXT MEETING

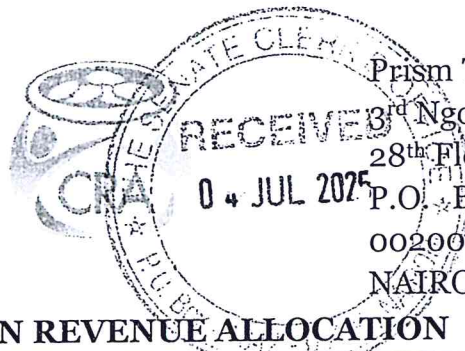
The meeting was adjourned at 12:30 pm. Next meeting was to be held on Friday, 11th July, 2025 at 1:00 p.m.

SIGNATURE:  DATE: 14th July, 2025

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

(CHAIRPERSON

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



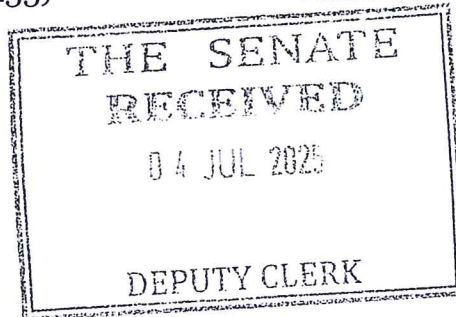
Prism Towers
3rd Ngong Avenue
28th Floor
P.O. BOX 1310 -
00200
NAIROBI

COMMISSION ON REVENUE ALLOCATION

REF: CRA/ADM/SEN/02 Vol. III (133)

DATE: 2nd July 2025

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



Dear *Nyegenye*

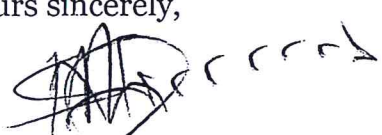
RE: SUBMISSION OF VIEWS ON BILLS REFERRED TO THE STANDING COMMITTEE ON FINANCE AND BUDGET

The Commission acknowledges receipt of your letter reference number SEN/DSEC/F&B/2025/092 (h) dated 30th June, 2025. The letter invited the Commission to submit its views on the following Bills: the Equalisation Fund Appropriation Bill, 2025 (Senate Bills No. 7 of 2025); the County Governments Additional Allocations (No. 2) Bill, 2025 (Senate Bills No. 8 of 2025) and the County Allocation of Revenue Bill, 2025 (Senate Bills No. 9 of 2025).

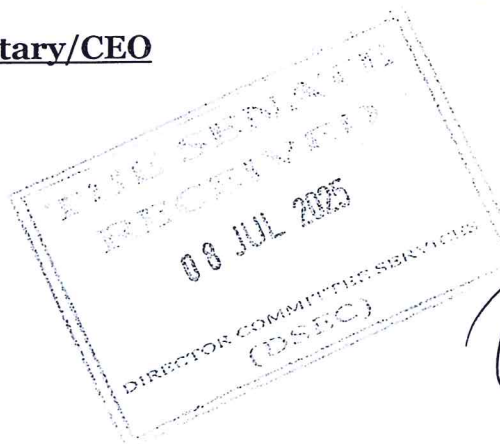
The Commission has reviewed the Bills and wishes to submit a memorandum with the comments attached herein as Appendix I. Also attached, find the Kenya Roads Board allocations from the RMLF to the county governments.

Thank you for your continued cooperation.

Yours sincerely,


CPA. Roble Said Nuno
Ag. Commission Secretary/CEO

Encl:



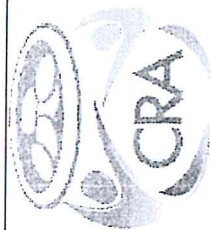
① DSEC
DLF

② DSEC (BL)
Kindly deal
08/07/2025

Kindly deal -

07/07/2025

③ Mr. Gitonga
Kindly deal
08/07/2025



Promoting an Equitable Society

MEMORANDUM ON BILLS REFERRED TO THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET

1. Equalisation Fund Appropriation Bill, 2025

No.	Provision of the Bill	Issue	Proposal	Justification
1.	Section 2: Issue of monies out of the Equalisation Fund	The Equalisation Fund Secretariat may issue the sum of Kenya Shillings sixteen billion, eight hundred million, being the allocation for FY 2025/26 , out of the Equalisation Fund and apply it towards the supply granted for the service of the year ending on the 30 th June, 2026	<p>Further clarity is required on the sum total of Kenya Shillings sixteen billion, eight hundred million (Ksh16,800,000,000) allocated to the fund which is at variance with the allocations provided in the Division of Revenue Bill, 2025</p> <ul style="list-style-type: none"> The DoRB, 2025 provides for a total allocation to the Equalisation Fund of Ksh. 10,589,554,076 of which: <ul style="list-style-type: none"> Ksh. 7,852,814,125 is equivalent to 0.5% of FY 2020/21 account of revenue and, Arrears of Ksh. 2,736,739,351 <p>The Bill to introduce a column further allocating the Equalisation Fund expenses at the ward level</p>	<p>The Bill need to define the allocation to the Equalisation Fund of Ksh. 6,210,445,924, which is over and above the DoRB provision of Ksh. 10,589,554,076.</p> <p>The Commission notes that previous Equalisation Fund Appropriation Acts provide that approval granted shall continue in force until all the projects identified are completed. In this case, the previous Acts do not lapse until all the money is spent.</p> <p>The Second Policy identifying marginalised areas provided for an implementation framework of the Equalisation Fund through the Project Implementation Units (PIUs) at the Divisional level- currently Ward level.</p>
2.	Schedule S2: Allocation to beneficiary counties from the Equalisation Fund	The Bill allocates the Equalisation Fund development expenses at the constituency level		

2. County Government Additional Allocations Bill, 2025

No.	Provision of the Bill	Issue	Proposal	Justification
1.	Section 2: Interpretation of the Bill	The meaning of additional allocation has excluded the unconditional allocations to county governments from court fines and mineral royalties	Include the unconditional allocations to county governments from court fines and mineral royalties in the meaning of additional allocation	Unconditional allocations to county governments from court fines and mineral royalties are provided in the Bill in the First Schedule
2.		Non-inclusion of the Road Maintenance Levy Fund (RMLF) in the Bill	The Senate to consider including the RMLF allocation to the county governments in the Bill for the financial year 2025/26 based on 15 percent estimate by the Kenya Roads Board, as the Fourth Schedule	The judgement on case number: HCCHRPET/E423/2024 ruled as follows with respect to the RMLF: i. A declaration that the decision of the National Assembly dated 28th September 2023 to unilaterally remove and/or fail to provide for the County Governments as beneficiaries of funds of the Road Maintenance Levy Fund ('RMLF') in the financial year 2024/2025 and 2025/2026 and its further decision of 13th August 2024 to further remove County Governments as beneficiaries of Kshs. 10,522,211,853.00 conditional grants from funds derived from Road Maintenance Levy Fund ('RMLF' in the financial year 2024-2025- amounts to a threat to undermine devolution and is thus unconstitutional for violating Article 10, 118, 186 and Section 18 of Part I of Fourth Schedule of the Constitution.

No.	Provision of the Bill	Issue	Proposal	Justification
				<p>ii. A declaration that any appropriation of funds from Road Maintenance Levy Fund (RMLF) that does not provide for the county governments as beneficiaries of the RMLF undermines the principles of devolution, is unconstitutional, unenforceable, illegal null and void.</p> <p>iii. Notwithstanding the fact that there is an appeal on the court ruling on RMLF, the Kenya Roads Board disbursed Ksh 3,662,774,150 from the RMLF to the county governments on the 17th June 2025. (attached)</p>
3.	Section 3(a), line 2	Despite reference to Article 202(2), Section 3(a) has not specified the additional allocation that it refers to	Add <i>additional allocation...</i> after... the national government's share of revenue' after allocation	For clarity
5.	Section 5(2), line 5	Citation of Public Finance Management Act 2012 is incomplete	Insert '2012' after Act	For clarity
6.	Section 6(1)(a), line 1	The noun 'doctor' is incorrectly singularised	Replace "doctor" with the plural possessive form doctors'	Editorial
7.	Section 5(1)(a)	Section 5(1)(a) indicates that proceeds of court fines are set out on Column A of the First Schedule	The correct reference column for proceeds of court fines is Column B of the First Schedule	Editorial

No.	Provision of the Bill	Issue	Proposal	Justification
		However, Column A of First Schedule on page 138 sets out the total unconditional additional allocation to county governments for FY 2024/25		
8.	Section 5(1)(b)	Section 5(1)(b) makes wrong reference to Column B	The correct reference is Column C	Editorial
9		Sections 6(1)(a) to (d) make wrong references to Columns A to D of the Second Schedule respectively	The correct column referencing is as follows: Sections 6(1)(a) – refers to Column B Sections 6(1)(b) – refers to Column C Sections 6(1)(c) – refers to Column D Sections 6(1)(d) – refers to Column E	Editorial
10.	Sections 6(2)(a) to (z)	Sections 6(2)(a) to (z) make wrong references to Columns A to R of the Third Schedule	Correct the column references to start from Section 6(2)(a) which refers to Column B and adjust the rest accordingly	Editorial

General observation: The Bill presents details of the formulas on how the various Development Partners funds are shared among county governments. This are already in the financing agreements and therefore they should be presented as memorandum items.

3. County Allocation of Revenue Bill, 2025

No.	Provision of the Bill	Issue	Proposal	Justification
1.	Section 2, line 4	Citation of Commission on Revenue Allocation Act 2011 is incomplete	Insert '2011' after Act	For clarity
2.	Section 4(2), line 6	Citation of Public Finance Management Act 2012 is incomplete	Insert '2012' after Act	For clarity
3.	Section 6: Funding of transferred function	Section 6(1) to (6) only considers a situation where function(s) are transferred from a county government to the National Government in line with Article 187 of the Constitution and excludes a situation to the contrary	Amend Section 6 to include a situation where function(s) are transferred from the National Government to a county government in line with Article 187 of the Constitution	The Constitution provides for transfer of functions to either level of government
4.	Memorandum of objects and reasons	Indicates that Section 10 of the Bill provides for use of the third determination of the basis of the allocation of revenue among counties as approved by Parliament pursuant to Article 217(7) of the Constitution	Section 10: For the avoidance of doubt the allocation of the equitable share of revenue to county governments under section 4 of this Act shall be in accordance with the fourth determination of the basis of the division of revenue among counties approved by Parliament pursuant to Article 217(7) of the Constitution.	The Senate through a resolution, has determined the Fourth Basis for revenue sharing among county governments
5.	Appendix: explanatory memorandum	Section 17 of the explanatory memorandum provides that Ksh. 9.6 billion has been set	-Harmonize the figure provided towards the Equalisation Fund allocation	The assumption is that the figure provided in the Equalisation Fund Appropriations Bill, 2025 of Ksh.

No.	Provision of the Bill	Issue	Proposal	Justification
	to the County Allocation of Revenue Bill, 2025	aside for the Equalisation Fund in the Financial year 2025/26. This amount is different from the amount of Ksh.16.8 billion provided in the Equalisation Fund Appropriations Bill, 2025	in the financial year 2025/26 in the Division of Revenue Bill, County Allocation of Revenue Bill and Equalisation Fund Appropriations Bill, 2025.	16.8 billion constitutes arrears from the previous year's allocation, either way this needs to be harmonized with the Division of Revenue Bill and County Allocation of Revenue Bill.

In conclusion:

- The Commission has no issue on the First Schedule on allocation of each county government's equitable share of revenue raised nationally in the FY 2025/26. The Commission confirms that the Fourth Basis for revenue sharing is correctly applied as approved by the Senate.
- The Commission has also no issue on the Second Schedule on County Government Budget Ceilings on Recurrent Expenditure in Financial Year 2025/26.



KENYA ROADS BOARD

3rd Floor, Kenya Re Towers, off Ragati Road, Upper Hill
P.O. Box 73718 - 00200, Nairobi, Kenya
ISDN Tel: +254 20 498 0000, 020 272 3185, 020 272 2865
Cell: +254 722 203 418, 0733 334 422
Email: info@krb.go.ke | Website: www.krb.go.ke

ISO 9001:2015 Certified

KRB/DRCR/1/VOL. II/ (47) A

His Excellency the Governor,
47 County Governments

Dear Sir/Madam,



17th June 2025

**RE: RELEASE OF KShs 3,682,774,150.00 ROAD MAINTENNACE LEVY FUND
(RMLF) TO THE 47 COUNTY GOVERNMENTS.**

The Board has released funds amounting to Kshs 3,682,774,150.00 (Kshs. Three Billion Six Hundred Eighty Two Million Seven Hundred Seventy Four Thousand One Hundred Fifty Only) directly to the CRF accounts of the 47 County Governments held at Central Bank of Kenya. The funds are to be applied for maintenance of county roads and the specific allocation to each County Government is attached.

You are required to prepare and submit to the Board an Annual Road Works Programme (ARWPs) for the funds released in accordance with section 19 of the KRB Act.

Submitted for your action.

Yours faithfully,


R. Mohamed, MBS
DIRECTOR GENERAL

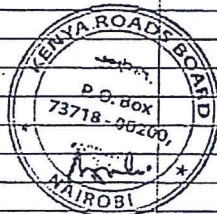
//Attached

Cc: Eng. Joseph M. Mbugua, CBS
Principal Secretary
State Department for Roads
Ministry of Roads and Transport
NAIROBI.

Ms. Mary Mwiti, EBS
Chief Executive Officer
Council of Governors
NAIROBI.

KENYA ROADS BOARD
RELEASE OF RMLF TO COUNTIES

County Code.	County Name	Allocation (Kshs)
1	Mombasa	45,601,067.00
2	Kwale	71,758,747.00
3	Kilifi	85,820,621.00
4	Tana River	69,459,630.00
5	Lamu	47,403,262.00
6	Taita Taveta	78,389,752.00
7	Garissa	63,863,645.00
8	Wajir	90,533,914.00
9	Mandera	66,010,855.00
10	Marsabit	83,508,017.00
11	Isiolo	64,255,720.00
12	Meru	102,835,642.00
13	Tharaka Nithi	55,944,250.00
14	Embu	73,706,112.00
15	Kitui	152,421,270.00
16	Machakos	111,125,100.00
17	Makueni	146,891,738.00
18	Nyandarua	78,019,732.00
19	Nyeri	100,348,699.00
20	Kirinyaga	67,262,744.00
21	Murang'a	94,718,150.00
22	Kiambu	118,951,472.00
23	Turkana	88,140,833.00
24	West Pokot	57,829,022.00
25	Samburu	60,855,995.00
26	Trans-Nzoia	52,848,312.00
27	Uasin Gishu	86,288,947.00
28	Elgeyo Marakwet	52,755,391.00
29	Nandi	65,154,809.00
30	Baringo	71,309,826.00
31	Laikipia	80,806,317.00
32	Nakuru	183,432,688.00
33	Narok	97,352,834.00
34	Kajiado	106,350,427.00
35	Kericho	59,568,948.00
36	Bomet	57,185,813.00
37	Kakamega	81,318,878.00
38	Vihiga	37,535,760.00
39	Bungoma	63,910,688.00
40	Busia	45,520,243.00
41	Siaya	57,316,842.00
42	Kisumu	68,301,577.00
43	Homabay	61,056,106.00
44	Migori	56,919,675.00
45	Kisii	60,713,540.00
46	Nyamira	41,412,736.00
47	Nairobi	120,057,803.00
TOTAL		3,682,774,149.00



REPUBLIC OF KENYA



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:communication@countyassembliesforum.org www.countyassembliesforum.org

CAF MEMORANDUM ON THE EQUALISATION FUND APPROPRIATION

BILL, 2025 (Senate Bills No. 7 of 2025)

TO: Mr. Jeremiah Nyegenye, CBS
Clerk of the Senate, Parliament of Kenya.

FROM: The County Assemblies Forum.

DATE: 4th July 2025

SUBJECT: CAF Memorandum on The Equalisation Fund Appropriation

Bill, 2025 (Senate Bills No. 7 Of 2025)



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 provision of services to marginalized communities in counties.

2.0. BACKGROUND

- 2.1. The Equalisation Fund Appropriation Bill, 2025 (Senate Bills No. 7 Of 2025), seeks to provide for payments out of the Equalisation Fund for the financial year 2025/2026. The Equalisation Fund is established under Article 204(1) of the Constitution to facilitate the provision of basic services including water, roads, health facilities and electricity to marginalised areas to the extent necessary to bring the quality of those services in those areas to the level generally enjoyed by the rest of the nation, so far as possible Level.
- 2.2. The Bill therefore proposes a legal framework for the issuance of monies out of the Equalisation Fund to counties in which marginalized areas fall for the provision of crucial basic services.
- 2.0. The Bill seeks to provide for the issuance out of the Equalisation Fund of monies to provide certain services in marginalized areas. These services include water services, roads and health services which are county functions as designated under Part 2 of the Fourth Schedule to the Constitution. The Bill is therefore a Bill concerning county governments in terms of Article 110(1) (a) of the Constitution as-



its provisions affect the functions and powers of county governments as set out in the Fourth Schedule to the Constitution.

- 2.0. Furthermore, the Bill is a money Bill within the meaning of Article 114 of the Constitution. However, as it contains provisions that affect the functions of county governments under Part 2 of the Fourth Schedule to the Constitution, the Bill is not a money Bill for purposes of Article 109(5) of the Constitution.

3.0. GENERAL COMMENTS.

- 3.1. The Forum appreciates the Senate standing committee for Finance and Budget for providing an opportunity for the Forum to give views on the Equalisation Fund Appropriation Bill, 2025.
- 3.2. It worth noting that, While Article 204(1) of Constitution of Kenya mandates 0.5% of national revenue be allocated annually to the Fund, this requirement has rarely been met. Of the KSh 59.9 billion earmarked since 2011, only KSh 13.4 billion has been disbursed. This undermines the constitutional intent and slows development in marginalised areas.
- 3.3. The Bill does not mandate performance indicators, beneficiary engagement, or periodic reviews. This replicates a historical flaw: projects completed but left unused, delayed disbursements, and value-for-money concerns. The absence of built-in performance triggers remains a systemic weakness.
- 3.4. The Auditor General has repeatedly flagged that only KSh 13.4 billion of the KSh 59.9 billion constitutionally earmarked since 2011 has been disbursed. The Bill, while ambitious, risks being another statutory commitment that does not materialise in practice.
- 3.5. The Bill allocates KSh 504 million for administration through the Equalisation Fund Advisory Board. However, its effectiveness is undermined by weak public engagement and lack of rigorous monitoring standards. Enhancing its structure and public reporting obligations is crucial.
- 3.6. CAF appreciates the opportunity to contribute to this Bill and on the basis of the foregoing proposes the following amendment:-

4.0 SUMMARY MATRIX OF THE PROPOSED AMENDMENTS.

NO.	CLAUSE	PROPOSED AMENDMENT	JUSTIFICATION
1.	<p>Clause 2 of the Bill</p> <p><i>"The Equalisation Fund Secretariat may issue the sum of Kenya Shillings sixteen billion, eight hundred million, being the allocation for Financial Year 2025/26, out of the Equalisation Fund and apply it towards the supply granted for the service of the year ending on the 30th June, 2026."</i></p>	No Amendment.	<p>➤ CAF appreciates the allocation of KSh 16.8 billion under the Bill, comprising KSh 16.3 billion for direct development and KSh 504 million for administration through the Equalisation Fund Advisory Board.</p>
2.	<p>Clause 4 of the Bill</p> <p><i>"The funds issued under section 2 shall</i></p>	No Amendment	<p>➤ CAF acknowledges that this clause is consistent</p>

	<p>not, pursuant to Article 207(1) of the Constitution and section 109(2)(c) of the Public Finance Management Act, be paid into the County Revenue Fund."</p>		<p>with Article 204(3)(a) of the Constitution and the Public Finance Management Act. However, it raises significant concerns as the Fund targets functions (water, health, roads, electricity) that fall under devolved mandates in the Fourth Schedule of the Constitution.</p> <p>➤ Despite the fund's legal status as a national fund, implementation of devolved functions by national agencies has been fraught with inefficiencies, delays,</p>
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			<p>and duplication. This clause reinforces a pattern of marginalising county governments from the implementation of county functions, in contradiction with the principles of subsidiarity, public participation, and cooperative governance.</p> <p>➤ CAF urges the Senate to amend the clause to provide that projects under the Fund be implemented as conditional grants through County Governments in line</p>
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			with the Public Finance Management (Equalisation Fund Administration) Regulations and Article 6(2) and 187(1) of the Constitution.
4	<p>Clause 5 of the Bill</p> <p><i>"(3)! Despite the provisions of this Act, the approval granted under section 2 shall continue in force until all the projects identified in each constituency specified in the second column of the Schedule are completed and this Act shall be sufficient authority for the Controller of Budget to authorise withdrawal of funds from the Equalisation Fund</i></p>	No Amendment	<p>➤ CAF supports the provision that approvals under this Bill do not lapse until all identified projects are completed. However, past implementation challenges suggest this clause may be ineffective without proper budgetary tracking and project completion safeguards.</p>

	for the amounts specified in the third column of the Schedule for each county specified in the first column of the schedule, where the projects are implemented for a period beyond one financial year.."		
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Yours sincerely,



HON. SETH KAMANZA,
CHAIRPERSON, CAF



LEGISLATIVE MEMORANDUM ON THE EQUALISATION FUND APPROPRIATION BILL, 2025 (SENATE BILLS
NO. 7 OF 2025)

TO

THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET

FROM

THE COUNCIL OF GOVERNORS



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 and purpose of devolution.

Having reviewed the Equalisation Fund Appropriation Bill, 2025 (Senate Bills No.7 of 2025), the Council of Governors on behalf of the 47 County Governments submits the proposals highlighted herein below for consideration:

A. GENERAL COMMENTS

The Council of Governors is in support of the Equalisation Fund Appropriation Bill, 2025 which seeks to issue a total sum of Kshs.16.8 billion out of the Fund for public services in accordance with Article 204 (1) of the Constitution. The Council underscores the need for proper implementation and utilization of the Fund to achieve the objectives and purposes for which it was established. However, the Council notes that utilization of the Fund has not been efficient nor effective negating the Constitutional objectives for its establishment. Some of the issues experienced include:

- i. **Lack of an allocation for recurrent expenditure for Counties technical committees** – The Appropriation Bill has not provided for recurrent expenditure to fund administrative costs incurred by the County Technical Committees established under the Public Finance Management (Equalisation Fund Administration) Regulations, 2021 and implementing County officers. The recurrent expenditure allocation is meant to cater for the following:
 - Effective public participation for projects identification
 - Preparation of Bills of Quantities (BoQs)
 - Monitoring and evaluation processes



- Transparent tendering and procurement processes
- Project inspection and supervision
- Logistical support including fuel and field operations

As you are aware, any allocation from the County Revenue Fund account for Equalisation Fund related expenditure amounts to misappropriation and therefore is not allowed. To ensure that the projects and services provided under the Fund are uninterrupted and implemented in an efficient and effective manner, there is need for provision of a recurrent expenditure allocation similar to the one at the National level for the Board's activities.

- ii. Delayed disbursement which has slowed down implementation of projects under the Fund.
- iii. **Low absorption rate** – The absorption rate for the Fund has been affected due to numerous administrative bottlenecks among the Counties, the National Treasury, Controller of Budget and the Equalisation Fund Advisory Board. Some of the bottlenecks include delayed approval of projects by the Board and the Board's involvement in the requisition for withdrawal of funds process.
- iv. **Lack of a third policy of marginalization** – We note that the Commission on Revenue Allocation is yet to develop a third policy of marginalization as required by the Constitution. This continues to affect the Fund's implementation due to the continued application of flaws associated with the Second Policy.
- v. **Revision of Equalisation Fund Appropriation/Allocations through the National government Appropriation Act** – We note that the National Assembly has been making in-year revisions to cut Equalization Fund allocations through the Supplementary. This is unconstitutional and shouldn't be allowed since the Constitution provides for a separate Appropriation Bill.

The Council makes the following recommendations:

1. The Senate sets aside not more than 3% of each County's total Equalization Fund allocation to specifically cater for administration costs to be managed by County Equalization Fund Technical Committees Secretariat.
2. The Senate to cause development of a third policy of marginalization by the CRA.
3. The Senate to ensure that the Equalisation Fund Appropriation is ringfenced and not subject to revision through the national government Appropriation Acts.
4. The Equalisation Fund Advisory Board should not pre-approve requisitions for withdrawal since it is not supported by law and only slows down the process.



B. SPECIFIC CONCERNS

The Council proposes the following specific amendment to the Equalisation Fund Appropriation Bill, 2025:

Section	Provision	CoG's Proposal	Rationale/Justification
New Clause County Committees Secretariat	Recurrent Expenditure	The Bill is amended by introducing in each County and Constituency; "The amount required in the year ending 30th June 2026 for County Equalisation Fund County Committees expenses"	Recurrent expenditure for administrative & operation costs of County Technical Committees, Sub-County Technical Committees and Project Identification and Implementation Committees established under the Public Finance Management (Equalization Fund Administration) Regulations, 2021 can only be provided through the Equalisation Fund Appropriation Act.
SCHEDULE Development Expenditure KITUI COUNTY	The amount required in the year ending 30th June, 2026 in Kisumu County for development expenses (provision of basic services including water, roads, health facilities and electricity)	The Bill is amended by deleting the row containing Kitui County's allocation and substituting it therefor with the following: The amount required in the year ending 30th June, 2026 in Kitui County for development expenses (provision of basic services including water, roads, health facilities and electricity)	Appears to be a typographical error

OLD-PUMWANI LANDLORD COMMUNITY

P.O BOX 101488-00101, Jamia, Nairobi
Cell: 0722 300 588



TO: THE CLERK OF THE SENATE - PARLIAMENT BUILDING, NAIROBI

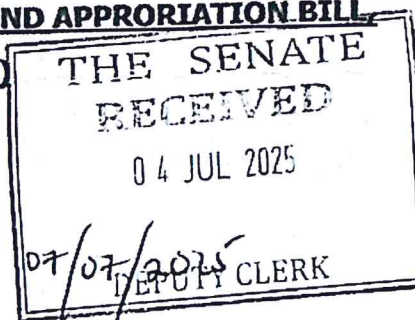
FROM: OLD PUMWANI LANDLORD COMMUNITY – NAIROBI

SUBJECT: INCLUSION OF AGE-OLD, URBAN, INFORMAL SETTLEMENT IN THE
FRAMEWORK OF EQUALIZATION FUND APPROPRIATION BILL
2025 (SENATE BILLS NO. 7 OF 2025)

Date: 3rd July 2025

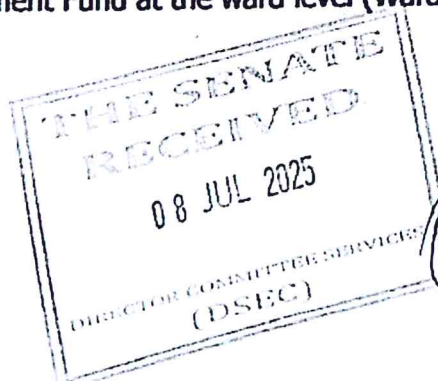
① DSKC
kindly deal.

MEMORANDUM



The Old – Pumwani Settlement Scheme plot owners within Kamukunji Constituency-Nairobi, wish to address you as follows, in regards to the above captioned subject matter.

1. That plot owners of Age-old Urban Informal Settlement Scheme, like the Old – Pumwani Settlement Scheme within Kamukunji constituency Nairobi deserve to benefit from the framework of equalisation fund to bring their quality of life to the level generally enjoyed by the rest of the country.
2. That even within highly developed counties like Nairobi, huge inequalities subsist within Wards/Constituencies in terms of basic infrastructure like Secondary Sewer Reticulation and last-mile domestic water connection to individual households, notwithstanding the advent of devolution and devolved funds pursuant to passage of Kenya Constitution 2010. It's the existence of such inequalities that informed the clamour to create an equivalent of Constituency Development Fund at the ward level (Ward Development Fund).



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kindly deal
08/07/2025

3. The Equalization Fund should not be ring-fenced to benefit the former Northern Frontier Districts (NFD) and Arid and Semi-Arid Lands (ASAL) areas only, but also benefit, especially age-old informal settlements like Old Pumwani Settlement Scheme (which is over 100 years old) that have suffered systemic / official neglect and marginalisation because of its colonial heritage. This has persisted for over 60 years, since Kenya attained its independence from British colonial masters.
4. The above stated inequality and marginalization justifies inclusion of Nairobi County into the equalisation fund appropriation framework to cure age-old marginalization. This shall be in conformity with chapter 4 of the Bill of Rights – Kenya Constitution 2010.
5. Its hoped that barring the "Silo – Mentality Function" which sometimes obtains in government agencies, Equalisation Fund Affirmative action/inclusion of Nairobi marginalised areas into the envisaged kitty shall, God-willing, **dove - tail** with the **National Slum Upgrading and Prevention Strategy 2024 - 2034** - which addresses the challenges of slums and informal settlements in Kenya over the next 10 years, under the auspices of the **Ministry of Lands, Public Works, Housing and Urban Development**, in conjunction with the world bank and other donor agencies.

HUSSEIN SAKWA,



CONVENER – OLD PUMWANI LANDLORD COMMUNITY- NAIROBI

REPUBLIC OF KENYA



THIRTEENTH PARLIAMENT | FOURTH SESSION
THE SENATE

INVITATION FOR SUBMISSION OF MEMORANDA

The Equalisation Fund Appropriation Bill, 2025 (Senate Bills No. 7 of 2025)

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The County Allocation of Revenue Bill, 2025 (Senate Bills No. 9 of 2025) provides for the equitable allocation of revenue raised nationally among the county governments for Financial Year 2025/2026 and responsibilities of national and county governments pursuant to such allocation.

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.

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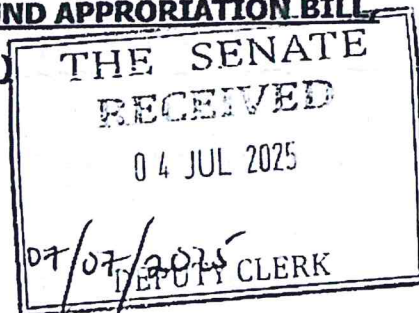
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SUBJECT: INCLUSION OF AGE-OLD, URBAN, INFORMAL SETTLEMENT IN THE
FRAMEWORK OF EQUALIZATION FUND APPROPRIATION BILL,
2025 (SENATE BILLS NO. 7 OF 2025)

Date: 3rd July 2025

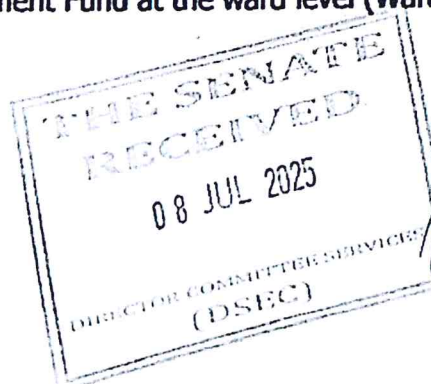
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