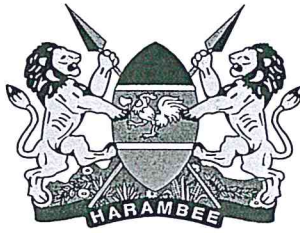


REPUBLIC OF KENYA

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Recommended for
approval for
tabling -
28/02/19



PARLIAMENT

THE SENATE

TWELFTH PARLIAMENT

REPORT OF THE STANDING COMMITTEE ON FINANCE AND BUDGET

ON

ON THE ADDENDUM TO THE COUNTY GOVERNMENTS CASH
DISBURSEMENT SCHEDULE FOR FINANCIAL YEAR 2018/2019

CLERK CHAMBERS

THE SENATE

PARLIAMENT OF KENYA

NAIROBI

Rt. Hon. Speaker
You may approve.
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28/02/19

Approved
[Signature]
FEBRUARY 2019

28/2/2019

PAPERS LAID	
DATE	23/02/2019
TABLED BY	Chrispin
COMMITTEE	Finance & Budget
BY THE TABLE	CS

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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 as regards the Senate.

The Standing Committee on Finance and Budget is established under section 8(1) of the Public Finance Management Act, 2012 and standing order 212(3) of the Standing Orders of the Senate and is mandated to -

- a) *To 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) *To 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 Committee was constituted by the House on Thursday 14th December, 2017, during the First Session of the Twelfth (12th) Parliament. The Committee as currently constituted, comprises the following Members-

1. Sen. (Eng) Mohamed M. Mahamud, CBS, MP - Chairperson
2. Sen. (Dr) Isaac Mwaaura, CBS, MP - Vice Chairperson
3. Sen. Wetang'ula Moses Masika, EGH, MP - Member
4. Sen. Mutula Kilonzo Junior, MP - Member
5. Sen. Aaron Cheruiyot, MP - Member
6. Sen. (Dr.) Ali Abdullahi Ibrahim, CBS, MP - Member
7. Sen. (Dr) Rose Nyamunga, MP - Member
8. Sen. Boniface Mutinda Kabaka, MP - Member
9. Sen. CPA Farhiya Haji, MP - Member

Executive Summary

- 1) The Public Financial Management Act, 2012 section 17(7) requires Senate to approve county governments' cash disbursement schedule. The purpose of schedule is for ensuring timely transfers of funds to respective County Revenue Fund.
- 2) The Schedule therefore serves as a guide and facilitates a predictable flow of county funds and thus enable counties to undertake critical functions in delivery of services to the residents.
- 3) The County Allocation of Revenue (Amendment) Act, 2018 was assented to on 31st December, 2018.
- 4) The County Allocation of Revenue (Amendment) Act, 2018 provides for additional three (3) conditional grants namely-
 - a) Sweden- Agricultural Sector Development Support Programme (ADSP) II- Ksh. 1.005 Billion shared by all the counties.
 - b) EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) - Ksh. 880 Million shared among 11 counties.
 - c) IDA (World Bank) credit: Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG) Allocation - Ksh. 1.85 Billion shared among 45 counties.
- 5) Following the enactment of the County Allocation of Revenue (Amendment) Act, 2018 allocating three conditional grants to the counties, Senate should pronounce itself on how the funds should be disbursed to the benefiting counties.
- 6) The addendum to the county governments cash disbursement schedule for financial year 2018/2019 was tabled in the House on 27th February, 2019 and was committed to Standing Committee on Finance and Budget pursuant to standing orders 183(2) of the Senate Standing Orders.

- 7) The Committee observed that the conditional allocation for the EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) of Ksh. 880 Million is allocated equally to 11 counties with each county getting a share of Ksh. 80 Million. However, Ksh. 80 Million was indicated under Tana River County instead of West Pokot County. Tana River County is not among the counties benefiting from this conditional allocation.
- 8) The Committee recommends that the addendum to the Schedule for Financial year 2018/2019 be approved with amendment as follows-
- By deleting Ksh. 80 Million for EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) under Tana River County
 - By inserting Ksh. 80 Million for EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) under West Pokot County.

Acknowledgements

The Committee acknowledges the National Treasury for their submission of the addendum to the County Governments' Cash Disbursement Schedule. The Cash disbursement schedule is an enabler of the execution of respective county budgets which facilitate service delivery to Kenyans.

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

Appreciations to all Members of the Committee for their patience, sacrifice and commitment to public service, which enabled the Committee complete the assigned task.

It is now my pleasant duty and privilege, on behalf of the Standing Committee on Finance and Budget, to present to the Senate, this Report of the Committee on the Addendum to the County Governments Cash Disbursement Schedule for the Financial Year 2018/19.

SIGNED:



.....
SEN. (ENG) MOHAMED M. MAHAMUD, CBS, M.P.

(CHAIRPERSON, STANDING COMMITTEE ON FINANCE AND BUDGET)

Date:

28/2/19

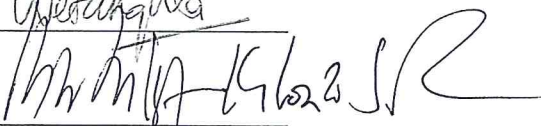
Adoption of the Report

Pursuant to standing order 213 (2) of the Senate Standing Orders, the Senate Standing Committee on Finance and Budget Committee adopted the report on the Addendum to the County Governments' Cash Disbursement Schedule for the Financial Year 2018/19. The Members of the Committee hereby affix their signatures to this Report to affirm the contents and support for the Report –

Sen. (Eng) Mohamed M. Mahamud, CBS, MP -Chairperson 

Sen. (Dr) Isaac Mwaura, CBS, MP -Vice Chairperson _____

Sen. Wetang'ula Moses Masika, EGH, MP - Member 

Sen. Mutula Kilonzo Junior, MP - Member 

Sen. Aaron Cheruiyot, MP - Member _____

Sen. (Dr.) Ali Abdullahi Ibrahim, CBS, MP - Member _____

Sen. (Dr) Rose Nyamunga, MP - Member 

Sen. CPA Farhiya Haji, MP - Member 

Sen. Boniface Mutinda Kabaka, MP - Member _____

I. Overview

- 1) Article 218 of the Constitution provides for the annual enactment of the Division of Revenue Act and the County Allocation of Revenue Act. Subsequently, Section 17 (6) and (7) of the PFM Act provides that the National Treasury shall disburse monies to county governments on the basis of a disbursement Schedule prepared by the National Treasury in consultation with the Intergovernmental Budget and Economic Council (IBEC), with the approval of the Senate, and publish it in the Kenya Gazette.
- 2) The significance of the County Cash Disbursement Schedule is that it operationalizes the periodic release of funds to county governments in line with the approved allocation in the County Allocation of Revenue Act. The preparation of the Schedule is on the basis of National Treasury's estimate on the periodic revenue collection, the overall cash flow needs for implementing programmed activities and the financing agreements with the development partners. The overarching goal is to facilitate the release of funds to counties without undue delay.
- 3) For FY 2018/19, the Division of Revenue Act, 2018 and the County Allocation of Revenue Act, 2018 were amended to include Ksh. 3.74 Billion additional conditional allocations to counties for FY 2018/19, from the three development partners (Government of Sweden, European Union and World Bank). In view of this, the National Treasury submitted an addendum to the County Governments' Cash Disbursement Schedule for FY 2018/19 for approval by the Senate, to incorporate the three additional conditional allocations. The allocations are as follows-
 - d) **Sweden- Agricultural Sector Development Support Programme (ADSP) II- Ksh. 1.01 Billion**
- 4) The Agricultural Sector Development Support Programme II (ASDSP II) follows ASDSP I which was concluded in June 2017. ASDSP II is part of the implementation

strategy of the Agricultural Policy for the National and County governments. The overall goal of ASDSP II is to contribute to “transformation of crop, livestock and fishery production into commercially oriented enterprises that ensure sustainable food and nutrition security”. This allocation will benefit all the 47 counties and will be implemented through the National Government’s State Department for Crops Development.

e) EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) - Ksh. 880 Million

5) The Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) is aimed at facilitating the implementation of the national climate change action plan and the master plan for the conservation of water catchment areas. The programme will be implemented in Cherangany Hills and Mount Elgon ecosystems and will include Lake Victoria and Turkana basins. It will also address a number of cross-cutting issues like climate change, gender equality, good governance and human rights. It will be implemented through the National Government’s Ministry of Environment and Forestry and will benefit the 11 Counties. (*Bungoma, Busia, Elgeyo Marakwet, Kakamega, Kisumu, Nandi, Siaya, Trans Nzoia, Uasin Gishu, Vihiga and West Pokot*)

f) IDA (World Bank) credit: Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG) Allocation - Ksh. 1.85 Billion

6) The Kenya Urban Support Project (KUSP) is aimed at providing support to participating County Governments for the formulation of urban development plans including the establishment and operation of Urban Institutional arrangements such as charters, boards, administrations and for the initial preparation of urban infrastructure investments. This allocation for the Urban Institutional Grant (UIG) will benefit 45 counties (Nairobi and Mombasa excluded) and will be implemented

through the National Government's State Department of Housing and Urban Development.

II. Observations

- i. The three conditional allocations will be released at once on 15th March 2019 to the respective county governments. Therefore, there is need to fast-track the approval of the addendum to the County Government's Cash Disbursement Schedule by the Senate.
- ii. The conditional allocation for the EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) of Ksh. 880 Million is allocated equally to 11 counties with each county getting a share of Ksh. 80 Million. However, Ksh. 80 Million was indicated under Tana River County instead of West Pokot County. Tana River County is not among the counties benefiting from this conditional allocation.

III. Recommendations

- i. That, the addendum to the County Governments Cash Disbursement Schedule for FY 2018/19 as tabled in the House be approved with the following amendments-
 - ❖ By deleting Ksh. 80 Million for EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) under Tana River County
 - ❖ By inserting Ksh. 80 Million for EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) under West Pokot County.

Appendices

a) Minutes

MINUTES OF THE 74TH MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE & BUDGET HELD ON THURSDAY, 28TH FEBRUARY, 2019 AT COUNTY HALL, GROUND FLOOR BOARDROOM AT 12 NOON.

PRESENT

1. Sen. (Eng) Mohamed M. Mahamud, CBS, MP - Chairperson
2. Sen. Moses Wetang'ula, MP - Member
3. Sen. CPA Farhiya Haji, MP - Member
4. Sen. Mutula Kilonzo Junior, MP - Member
5. Sen. (Dr) Rose Nyamunga, MP - Member

ABSENT WITH APOLOGY

1. Sen. (Dr) Isaac Mwaura, CBS, MP - Vice Chairperson
2. Sen. Boniface Mutinda Kabaka, MP - Member
3. Sen. Aaron Cheruiyot MP -Member
4. Sen. (Dr) Ali Abdullahi Ibrahim, CBS, MP - Member

IN-ATTENDANCE

SENATE SECRETARIAT

1. Mr. Christopher Gitonga - Clerk Assistant
2. Mr. Martin Masinde - Dep. Director, PBO
3. Ms. Julie Mwithiga - Fiscal Analyst
4. Ms. Lucy Radoli - Legal Counsel
5. Mr. Stephen Nyanguti - Audio Officer

MIN. NO. 355/02/2019:

PRELIMINARIES

The Chairperson called the meeting to order at 12.05 pm and there followed a word of prayer. The Chairperson welcomed Members to the meeting.

MIN. NO. 356/02/2019:

ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. Mutula Kilonzo Junior, MP and seconded by Sen. CPA Farhiya Haji, MP.

MIN.NO. 357/02/2019: CONSIDERATION OF THE ADDENDUM TO THE COUNTY GOVERNMENTS CASH DISBURSEMENT SCHEDULE FOR FINANCIAL YEAR 2018/2019

The Committee considered the addendum to the County Governments' Cash Disbursement and noted that-

- i. The conditional allocation for the EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) of Ksh. 880 Million is

allocated equally to 11 counties with each county getting a share of Ksh. 80 Million. However, Ksh. 80 Million was indicated under Tana River County instead of West Pokot County. Tana River County is not among the counties benefiting from this conditional allocation.

MIN.NO. 358/02/2019: ADOPTION OF THE COMMITTEE REPORT ON CONSIDERATION OF THE ADDENDUM TO THE COUNTY GOVERNMENTS CONSIDERATION OF THE ADDENDUM TO THE COUNTY GOVERNMENTS CASH DISBURSEMENT SCHEDULE FOR FINANCIAL YEAR 2018/2019

The Committee resolved that the schedule be approved by the House with amendments as follows-

- By deleting Ksh. 80 Million for EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) under Tana River County
- By inserting Ksh. 80 Million for EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) under West Pokot County.

The Committee unanimously adopted the report for tabling on 28th February, 2019.

MIN.NO. 359/02/2019: ADJOURNMENT

There being no other business the meeting was adjourned at 1:15 pm.

SIGNATURE.....

(CHAIRPERSON: SEN. (ENG) MOHAMED MAALIM MAHAMUD)

DATE.....