




COUNCIL OF GOVERNORS

14th June, 2021

PRESS STATEMENT ON THE DELAYED DISBURSEMENTS OF FUNDS TO COUNTIES BY NATIONAL TREASURY

The Council of Governors is concerned by the continued violation of the law by the National Treasury regarding disbursement of funds to counties.

The Division of Revenue Act 2020 allocated to County Governments equitable share amounting to **Kshs.316.5 Billion and Ksh. 1.5 Trillion to the National Government.**

It is imperative for Kenyans to understand that financing counties by the National Treasury is NOT a favor but constitutional obligation. The Tax payer at the counties is also entitled to timely service delivery.  [ikuweikuwe.com](https://www.ikuweikuwe.com)

Article 219 of the constitution stipulates for timely disbursements of the equitable share of revenue. The County Allocation of Revenue Act 2020 provides a clear structure of the horizontal sharing of resources as guided by the Division of Revenue Act. The County Governments Cash Disbursement Schedule for the Financial Year 2020/21 generated by Treasury and approved by Senate in line with the Public Finance

Management (PFM) act stipulates that those resources should be disbursed to devolved units **15th day** of every month in a Financial Year.

It is with dismay that we report that Treasury is yet to disburse resources to County Governments amounting to **Kshs.102.6 billion 2 weeks** to the end of the financial year as follows;

- i. **Kshs.3.5 Billion** owed to Nairobi County Government as arrears for **FY 2019/2020**;
- ii. **Kshs.2.6 Billion** owed to Nairobi County Government for the month of January;
- iii. **Kshs.1.4 Billion** owed to Nairobi County Government for the month of February;
- iv. **Kshs.14.4 Billion** owed to **25 County Governments** for the month of March;
- v. **Kshs.28.5 Billion** owed to **47 County Governments** for the month of April;
- vi. **Kshs.25.3 Billion** owed to **47 County Governments** for the month of May and;
- vii. **Kshs.26.9 Billion** owed to **47 County Governments** for the month of June.

Counties are unable to meet statutory obligations and fiscal responsibilities that include: -

1. Timely payment of employees' salaries;
2. Remittance of employees' statutory deductions;
3. Payment of suppliers' eligible pending bills;
4. Implementation of development projects and;
5. Derailed response in the fight against COVID-19 pandemic

The continued delay in disbursement is eroding gains made in devolved governance and affecting the economic growth in the Counties.

Treasury has not only failed to comply with the constitution but also with its own document- the cash disbursement schedule, 2020. This has seen counties stigmatized for failing to offer critical services especially now in the face of the Covid-19 pandemic, for what is beyond them.

While Kenyans continue to demand services from the County Governments, Operations at the National Government continue uninterrupted owing to timely financing from the National Treasury, while those operations in the Counties are slowly grinding to a halt. This should **NOT** be tolerated by those who support the success of devolution in Kenya.

The CS National Treasury while delivering his budget speech gave a directive to County Governments to clear all eligible pending bills by **30th June 2021**. Out of the **verified pending bills** by Office of the Auditor General, County Governments have outstanding eligible pending **bills** amounting to **Ksh.11.5 Billion**.

If National Treasury released the resources outstanding, County Governments will be able to clear most of the eligible pending bills, pay salaries on time and remit statutory deductions. Otherwise, Counties cannot comply with this directive.

We appeal to the Senate, the custodian of devolution, to support counties in this call for timely disbursement as the law

provides for efficient service delivery. Operations across Counties are currently paralyzed.

Today is the **14th June 2021**, 16 days remaining to the closure of this Financial Year. In this regard, The National Treasury **SHOULD** release these funds by **18th June 2021**. This will offer Counties the remaining 8 working day to satisfy the stringent requirements by the Controller of Budget in accessing and spending the funds.

Unfortunately, if the National Treasury fails to release the required funds, counties will not be able to offer basic service thereby forcing suspension of services or a **total shut down by 24th June 2021**.

H. E. Hon. Martin Nyaga Wambora, EGH
Chairman, Council of Governors