



**REPUBLIC OF KENYA
THE NATIONAL TREASURY AND PLANNING**

**PRESS RELEASE BY Ag. CABINET SECRETARY, THE NATIONAL
TREASURY AND PLANNING HON (AMB) UKUR YATTANI, EGH, ON
STATUS OF PAYMENT OF PENDING BILLS BY NATIONAL
GOVERNMENT MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)
AND COUNTY GOVERNMENTS**

I. INTRODUCTION

1. This statement is issued in public interest, pursuant to Article 35(3) of the Constitution and Section 7 of the County Allocation of Revenue Act (2019) in order to inform citizens on the status of payment of pending bills by the National Government Ministries, Departments and Agencies (MDAs) and County Governments.

2. Despite the good progress made in efforts towards improving service delivery and unlocking growth of the rural economy, we have observed that National Government MDAs and County Governments had in the past persistently failed to pay for goods and services provided by the private sector, including Small and Micro Enterprises (SME) as well as firms owned by women, youth and persons with disability. Some of outstanding bills have remained unpaid for long periods (in some cases for over five years).

3. These delayed payments for goods and services procured by National Government MDAs and County Governments has led to deterioration of financial positions of businesses and in particular the SMEs, including businesses owned by women, youth and persons with disabilities. This has had negative impact on the economy, including less than optimal levels of employment and escalation of poverty levels.

II. PROGRESS ON PAYMENT OF PENDING BILLS BY COUNTY GOVERNMENTS

4. Special audit by Office of the Auditor General (OAG) as at 30th June, 2018 indicated that out of a total **Kshs. 88.98 billion** pending bills presented for audit to the OAG, bills amounting to **Kshs. 51.2 billion (58%)** were reported as payable while **Kshs. 37.7 billion (42%)** lacked sufficient documentations to support services rendered or work done and therefore were not recommended for payment. The amount of eligible pending bills paid as at 18th December 2019 is **Ksh. 28.57 billion** leaving an outstanding balance of **Ksh. 22.71 billion**.

5. Significant resources have been made available to the County Governments to clear pending bills. Indeed, as at Monday, 23rd December, 2019, National Treasury has cumulatively released to County Governments **Kshs 112.041 Billion** as their equitable share of revenue raised nationally and **Kshs 4.08 Billion** as conditional grants in the FY 2019/2020. This amounts represents releases of Equitable Allocations from July to November for all Counties in full. Release of December and future allocation will be subject to the Counties submitting returns on payment of pending bills, as per plans they submitted to National Treasury and Controller of Budget. Details of pending bills paid, pending bills outstanding by County Governments and disbursements to County Governments are as shown in the table attached (see appendix I).

6. County Governments have reported that they have established Ineligible Pending Bills Resolution Committee in accordance with Intergovernmental Budget and Economic Council (IBEC) resolution of 18th June 2019 to verify and prioritize ineligible pending bills for payment in the financial year 2019/2020. Suppliers, Contractors and service providers whose bills were classified as ineligible are advised to liaise with these Committees.

III. STATUS ON PAYMENT OF PENDING BILLS BY NATIONAL GOVERNMENT MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)

7. The National Government has pending bills amounting to **Kshs. 58.2 billion** out of which **Kshs. 43.2 billion** comprise of historical/contested bills which are undergoing audit and investigation (see Appendix II).

8. The eligible bills amount to **Kshs. 15.0 billion** out of which **Kshs. 10.8 billion** have been paid in the last three months. The National Government is committed to payment of the balance of **Kshs. 4.2 billion** by 15th January 2020.

9. The historical/contested bills have been referred to the Multi-Agency Team (MAT) for final determination.

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Ag. Cabinet Secretary/ National Treasury and Planning
23RD December, 2019