RECORDS SECTION
COUNTY ASSEMBLY OF BUNGOMA
30 JUN 2026
RECEIVED
P O Box 1886 50200, BUNGOMA

CAB/CS/F/09

COUNTY GOVERNMENT OF BUNGOMA

COUNTY ASSEMBLY OF BUNGOMA
OFFICE OF THE CLERK

COUNTY ASSEMBLY OF BUNGOMA
(LPCS)
15 JUL 2026
TABLED
By: Hon. George Makari

THIRD ASSEMBLY

FIFTH SESSION

SECTORAL COMMITTEE ON FINANCE AND ECONOMIC PLANNING

REPORT ON CONSIDERATION OF TARIFFS AND PRICING POLICY, 2026

COUNTY ASSEMBLY OF BUNGOMA
(LPCS)
15 JUL 2026
NOTICE ISSUED
By: Hon. George Makari

Clerk's Chambers,
County Assembly Buildings,
P.O BOX 1886 – 50200,
BUNGOMA, KENYA

JUNE, 2026

Contents

CHAPTER ONE

1.1 Preface

Hon. Speaker.

The Tariffs and Pricing Policy, 2026 was tabled before the House on 30th April, 2026 and subsequently committed to the Committee on Finance and Economic Planning for processing and reporting back to this House.

This report outlines the background of the Policy, its objectives, the legal framework, the general principles guiding the determination of tariffs, procedure in the formulation of the policy and policy gaps.

Further, the report presents the views and submissions received during public participation and stakeholders' engagement and committee's key findings. .

Finally, the report contains the Committee's observations and recommendations for consideration and adoption by this Honourable House.

1.2 Mandate of the Committee

The Committee on Finance and Economic Planning is one of the Sectoral Committees whose mandate is derived from Standing Order 217 (5) and matters assigned under the Second Schedule which shall be exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

The functions of a Sectoral Committee shall be to; -

(a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
(b) Study the program and policy objectives of departments and the effectiveness of the implementation;
(c) Study and review all county legislation referred to it;

(d) Study, access and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;

(e) Investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;

(f) To vet and report on all appointments where the constitution or any law requires the County Assembly to approve, except those under Standing Order 185 (Committee on Appointments); and

(g) Make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation.

1.3 Committee membership

The current Committee composition comprises of the following members;

1. Hon. Godfrey Mukhwana Vice Chairperson
2. Hon. Stephen Wamalwa
3. Hon. Vitalis Wangila
4. Hon. Joan Kirong
5. Hon. Aggrey Mulongo
6. Hon. Violet Makhanu
7. Hon. Jack Kawa
8. Hon. Tony Barasa
9. Hon. George Makari
10. Hon. Grace Sundukwa
11. Hon. Orize Kundu
12. Hon. Catherine Kituyi

1.4 Acknowledgment

Hon. Speaker.

The Committee appreciates the Office of the Speaker and the Clerk of the County Assembly of Bungoma for the logistical support accorded to it in the discharge of its mandate.

I take this opportunity to thank all Honourable Members of the Committee for their dedication, commitment, and valuable contributions in scrutinizing the Tariffs and Pricing Policy, 2026. The Committee is also grateful to all stakeholders and members of the public who submitted memoranda and whose views greatly informed the Committee's deliberations and recommendations.

It is therefore my privilege, on behalf of the Committee on Finance and Economic Planning, to present this Report on the Tariffs and Pricing Policy, 2026 to this Honourable House for consideration and adoption.

For Signed.................................... Date 13/7/2026.........................

Hon. Godfrey Wanyama , MCA West Sang'alo ward .
Vice Chairperson, Sectoral Committee on Finance and Economic Planning.

CHAPTER TWO

2.1 Background

Hon. Speaker.

The Tariff and Pricing Framework establishes principles, procedures, and mechanisms for setting, reviewing, administering, and enforcing fees, charges, levies, tariffs, and pricing of services offered by the County Government. The framework seeks to ensure fairness, transparency, affordability, efficiency, and sustainable revenue generation in line with the Constitution of Kenya 2010 , commission on Revenue Allocation guidelines 2024 and relevant National Policies and Legislations.

A Tariff and Pricing Policy is a strategic framework developed by a County Government to guide the imposition, review, and administration of fees, charges, tariffs, and service levies. The policy provides a structured basis for determining user charges for services rendered in accordance with Article 209(4) of the Constitution of Kenya, 2010 and Section 120 of the County Governments Act, 2012.

The proposed policy objectives are:

1. To determine the cost of providing public services
2. To map and match the revenue streams with expected services
3. To determine the tariffs, fees and charges payable for each category of citizens
4. To promote local economic development
5. To provide for the economic, efficient, and sustainable setting of tariffs, fees and charges.
6. To inform users of County services based on tariffs, fees and charges

2.2 Scope of Application

The policy should apply to all County departments, agencies, municipalities, and County entities responsible for charging fees or levies, for instance:

- Trade licensing
- Parking services
- Markets and slaughterhouses
- Solid waste management
- Water and sanitation
- Health facilities
- Land and physical planning approvals
- Outdoor advertising
- Agricultural services
- Transport operations
- Housing and rental facilities
- Recreational facilities

2.3 Guiding Principles

Tariff setting is guided by the following principles: Legality, Equity and Fairness, Affordability, Cost Recovery, Transparency; Efficiency and Predictability.

2.4 Tariff Classification

Tariffs are classified as below;

1. **Regulatory Fees:** Charges imposed for regulation, licensing, inspections, and permits. For examples; Single business permits, Building approvals, Public health inspection fees.
2. **User Charges:** Fees charged for use of County services or facilities. For example; Parking fees, Market stall rent, Garbage collection fees.

3. **Commercial Charges:** Charges for commercial services provided competitively. For example; County housing rent, Equipment hire, Event venue charges.
4. **Penalties and Fines;** Charges for non-compliance or violations. For example; Late payment penalties, illegal dumping fines, unauthorized developments

2.5 Tariff Setting Methodology

Tariffs are determined using one or a combination of the following methods:

1. **Cost-Based Pricing;** Tariffs based on operational, maintenance, and administrative costs.
2. **Market-Based Pricing;** Benchmarking against prevailing market rates.
3. **Social Pricing;** Reduced charges for essential services or vulnerable groups.
4. **Differential Pricing;** Different tariffs for: residents and non-residents, commercial and domestic users, peak and off-peak usage

2.6 The Tariffs and Pricing Policy development process

The policy development process requires that the County Executive Committee Member for Finance and Economic Planning designates the Chief Officer in charge of revenue to spearhead the process supported by a Technical Committee. This Policy should be developed through the following stages

i. **Situational Analysis**- this stage entails County assessment of the existing tariffs, fees, and charges. This aims at establishing the cost of service delivery, the current economic situation, the rationale and basis of existing tariffs, fees, and charges, and the priorities of the County Government.

ii. **Request for Submissions** -The County Treasury requests input from the County departments on the existing tariffs, fees, and charges through the budget circular. In addition, the County Treasury requests input on the same from stakeholders. The Technical Committee compiles the input received.

iii. **Formulation of a Draft Tariffs and Pricing Policy**- the Technical Committee formulates the draft Tariffs and Pricing Policy taking into consideration the submissions received and in line with the County priorities. The tariffs, fees, and charges by the County Government are mapped to the public services that the County offers.

iv. **Public Participation on the Draft Tariffs and Pricing Policy-** The County conducts public participation to inform and consult stakeholders on the draft Policy. The views are subsequently considered, validated, and incorporated into the draft Policy by the Technical Committee.

v. **Adoption and Approval of the Tariffs and Pricing Policy by the County Executive Committee** – the County Executive Committee considers and approves the draft Tariffs and Pricing Policy.

vi. **Submission of the Tariffs and Pricing Policy by the County Executive Committee Member for Finance** – The Policy is submitted to the County Assembly for consideration.

2.7 Legal framework

In scrutinizing the Tariffs and Pricing Policy, 2026 the Committee applied and was guided by the following legal and regulatory frameworks:

A. Constitutional Foundations

Article 209(4) of the Constitution of Kenya, 2010, empowers County Governments to impose property rates, entertainment taxes, and charges for services rendered. Furthermore, Clause (5) of the said Article stipulates that the taxation and revenue-raising powers of a County shall not be exercised in a manner that prejudices National economic policies, economic activities across County boundaries, or the National mobility of goods, services, capital, or labour.

B. National policies and Laws

The **National Policy to Support Enhancement of County Governments Own-Source Revenue (OSR)**

The National Own Source Revenue Policy underscores the need for Counties to develop a Tariff and Pricing Policy to provide a basis for setting fees and charges for Public Service offered by the County Government. It stipulates that a Tariff and Pricing Policy should provide citizens with information to understand and interpret the fees and charges they pay and the service that they should expect from the County in return.

County Governments Act 2012

Section 120 of the County Governments Act, 2012 mandates that Counties to adopt a formal tariffs and pricing policy, making it a critical legal prerequisite for enacting Annual Finance Acts.

Key requirements include ensuring equitable treatment of users, adopting cost-reflective pricing, offering social subsidies for vulnerable households, and aligning local charges with National economic policies. Failure to adopt this policy renders County revenue measures unlawful.

County Governments Act 2012

Section 120 provides in part as follows-

(1) A county government or any agency delivering services in the county shall adopt and implement a tariffs and pricing policy for the provision of public services.

(2) (1A) Notwithstanding subsection (1), a county government or any agency delivering services in the county shall adopt and implement tariffs and pricing policy subject to the existing National Government laws and policies..

Urban Areas and Cities Act, 2011

The Boards under section 20 (1) (b) (m) and (n) are mandated among others to:

b) Develop and adopt policies, plans, strategies, and programmes, and may set targets for delivery of services;

(m) As may be delegated by the county government, collect rates, taxes, levies, duties, fees, and surcharges on fees; and

(n) Set and implement tariff, rates, and tax and debt collection policies as delegated by the county government

Section 21(1)(c) also empowers Boards to impose such fees, levies, and charges as may be authorized by the county government for the delivery of services by the municipality or the city.

Public Finance Management Act, 2012

This Policy falls under the purview of the County Treasury as per section 104(1)(a)

(a) Developing and implementing financial and economic policies in the county;

Physical and Land Use Planning Act, 2019

This Act provides for zoning, a parameter for setting some of the fees and charges in the county such as building plan approval fees.

CHAPTER THREE

3.1 Public Participation

Hon. Speaker

Pursuant to Article 196(1)(b) of the Constitution of Kenya, 2010 and Section 87 of the County Governments Act, the Committee, through the Office of the Clerk, placed a notice for public participation in the Standard Newspaper on 13th May, 2026 inviting members of the public and stakeholders to submit memoranda on the Tariffs and Pricing Policy, 2026 (see attached Public Participation Notice).

Further, on 20th May, 2026, the Committee conducted a public participation forum at Paskari Nabwana Hall within the precincts of the County Assembly. The forum was attended by stakeholders and members of the public drawn from various parts of the County, who were given an opportunity to present their views on the proposed Policy.

A summary of the views and recommendations contained in the submitted memoranda, categorized according to the key issues raised on the Policy, is as outlined below:

3.2 Public Views

3.2.1 Views on Policy Development

Stakeholders expressed concern that the Draft Tariffs and Pricing Policy, 2026 appears to have been largely adopted from another County Government with only minimal domestication to reflect the unique circumstances of Bungoma County. It was submitted that the policy development process outlined in the draft document may not have been fully undertaken prior to its submission to the County Assembly.

The public further observed that the formulation of the policy did not adequately comply with the provisions of Section 120 of the County Governments Act, 2012, which requires public participation and stakeholder consultation during policy development.

Stakeholders indicated that there was inadequate publicity, public awareness and engagement prior to the submission of the policy for County Assembly's consideration.

Members of the public also emphasized that tariff setting should be informed by accurate baseline data on both fixed and variable costs associated with service delivery. It was submitted that fees and charges imposed by the County Government should not exceed the actual cost of providing a particular service and should be based on a clear cost-recovery framework.

Stakeholders further noted that the policy places significant emphasis on revenue enhancement without providing sufficient justification on how the proposed tariffs would improve service delivery. Concerns were raised that the policy lacks adequate socio-economic analysis to support proposed fee adjustments.

In addition, participants observed that although the draft policy recognizes pro-poor and vulnerable groups, it does not clearly outline mechanisms for protecting such groups from the impact of increased charges. They recommended the inclusion of clear safeguards to ensure that vulnerable households, low-income earners and small-scale traders are not disproportionately affected by uniform tariffs.

The public also noted that the situational analysis contained in the policy lacks current and comprehensive data to support policy decisions. They recommended that updated statistics and empirical evidence be incorporated to strengthen the policy framework.

On revenue mobilization challenges, participants submitted that the challenges identified in the draft policy were not exhaustive. They proposed the inclusion of additional challenges such as revenue leakages arising from corruption and tax evasion, ineffective and inefficient revenue management systems that are not GIS-enabled, poor revenue administration resulting in low collection efficiency, inadequate policy and legal frameworks, and insufficient market infrastructure and public amenities that hinder revenue generation.

3.2.2 Views on Revenue Streams and Tariff Determination

Stakeholders observed that the departments identified in the policy as custodians of various revenue streams do not accurately reflect the current organizational structure of the County Government. Particular concern was raised regarding the naming and categorization of departments, including the Department of Medical Services and Public Health.

The public further submitted that the fees and charges proposed in the policy do not clearly demonstrate a relationship with the actual cost of service delivery. Participants recommended that the County Government undertake comprehensive cost-of-service studies before determining tariffs to ensure that fees remain fair, reasonable and affordable to citizens and businesses.

Stakeholders also questioned whether a comprehensive revenue mapping exercise was conducted before the drafting of the policy. They noted that without proper revenue mapping and analysis, some charges may either exceed or fall below the actual cost of service provision, thereby affecting efficiency, affordability and revenue performance.

3.2.3 Views on Policy Implementation, Monitoring and Review

On implementation and oversight, stakeholders recommended the adoption of a Monitoring, Evaluation, Accountability, Research and Learning (MEARL) framework in place of the proposed Monitoring and Evaluation (M&E) framework. They argued that a MEARL approach would enhance accountability, facilitate continuous learning and support evidence-based policy implementation.

Additionally, participants emphasized the need for regular policy reviews to ensure that tariffs and pricing mechanisms remain responsive to changing economic conditions, inflationary trends, service delivery costs and emerging public needs.

In summary the public underscored the need for greater stakeholder engagement, enhanced cost-based tariff determination, improved protection of vulnerable groups, strengthened revenue administration systems and the establishment of clear implementation and review mechanisms. The Committee considered the views submitted and has incorporated appropriate recommendations in this Report.

CHAPTER FOUR

4.1 COMMITTEE SCRUTINY ON THE TARIFFS AND PRICING POLICY, 2026

Hon. Speaker.

The committee noted that the policy aims to ensure that revenue measures are fair, transparent, equitable, predictable, and economically sustainable while balancing cost recovery with affordability of public services. It also establishes principles for setting tariffs, including legality, efficiency, public participation, accountability, competitiveness, and social equity.

On the relevance of the policy, it promotes consistency in revenue collection by standardizing the methodology for determining fees and charges across departments. It guides periodic review of tariffs to reflect inflation, market conditions, operational costs, and changing economic circumstances without imposing excessive burden on residents and businesses.

Further, the policy enhances compliance with National fiscal and public finance frameworks, strengthens own-source revenue mobilization, reduces arbitrary pricing, and improves investor confidence by ensuring certainty and transparency in County taxation and pricing structures.

Ultimately, the policy serves as an important tool for supporting service delivery, fiscal discipline, and sustainable local economic development.

4.2 Committee Key Policy findings

1) The title of the Policy

The title of the Policy, *Tariffs and Pricing Policy, 2026*, does not clearly identify the County Government to which it applies, thereby creating ambiguity regarding its jurisdiction and intended scope of application.

2) Lack of Evidence of Public Participation

Although the policy references; Article (10) and (201) of the constitution of Kenya,2010 and section 87 of the County Governments Act,2012.From the analysis of the submitted policy, there was no evidence demonstrating that public participation was conducted. No documentation was provided showing:

- Public notice;
- Stakeholder meeting minutes;
- Memoranda submissions; or
- Public participation report.

This creates a serious constitutional and legal risk because public participation is mandatory in policy formulation and approval processes. Failure to demonstrate meaningful public participation may render the policy susceptible to:

- Judicial review;
- Constitutional petitions; or
- Nullification by courts.

3) Insufficient transparency on costing methodology

The policy states that tariffs are based on cost of service provision but does not provide a standardized costing methodology. This may result in different departments applying inconsistent costing approaches. Equally, the policy does not provide differentials in fees and charges for urban, peri-urban and rural areas.

4) lack of a clear Tariff review and Adjustment Framework

The policy explains how tariffs are initially determined but does not establish a clear mechanism for periodic review and adjustment. Further, there is no formula linking tariff revisions to inflation, changes in service costs, economic growth, or market conditions.

5) Inadequate affordability analysis.

While affordability is listed as a guiding principle, the Policy does not provide criteria for assessing citizens' ability to pay. The policy does not clearly identify: Who qualifies for exemptions; eligibility criteria; or the process for obtaining waivers.

6) Weak link Between Service Quality and Tariff Charges

The policy focuses heavily on cost recovery but provides limited provisions on service quality standards. The public may pay higher charges without corresponding improvements in service delivery

7) Limited Monitoring and Evaluation Framework

The policy did not capture comprehensive indicators for assessing whether tariffs achieve policy objectives such as revenue growth, affordability, efficiency and sustainability.

8) Lack of risk management measures

The policy does not address risks such as economic shocks, disasters, inflation spikes , political interference ,or revenue shortfalls.

9) Limited focus on Economic Competitiveness

The policy does not include Economic Impact Assessment; this may discourage investment and business growth if not carefully calibrated.

10) Limited environmental incentives

Environmental sustainability is identified as a principle, but the policy lacks tariff incentives to promote environmentally friendly practices.

11) Mismatch of the departments

The policy mentions departments where revenue streams are domiciled that do not match with the executive orders currently in place. For instance the policy mentions the department of Trade, Culture, Tourism and Cooperative Development which doesn't exist among others.

12) Implementation matrix

The Committee noted that the Policy does not provide an implementation matrix outlining the specific activities, responsible institutions or officers, timelines, performance indicators, and resource requirements necessary for the effective implementation of the Policy.

CHAPTER FIVE

5.1 Committee Observations and recommendations

5.1.1 Committee observations

Hon. Speaker.

The committee observed that;

1. The title of the Policy, *Tariffs and Pricing Policy, 2026*, does not specify the County Government, to which it applies, thereby creating ambiguity regarding its jurisdiction, ownership, and scope of application.
2. The policy mentions departments where revenue streams are domiciled that do not match with the executive orders currently in place. For instance the policy mentions the department of Trade, Culture, Tourism and Cooperative Development which doesn't exist among others.
3. There was no evidence demonstrating that public participation was conducted as the department did not provide the following; notice for public participation, Stakeholders meeting minutes, Memoranda submissions and Public participation report.
4. The department did not provide proof of input from departments where revenue streams are domiciled.
5. The department did not provide a list of the technical committee members as envisaged in the Policy Development Process.
6. There was no proof of budget circular issued by the treasury requesting input from the county departments on existing tariffs, fees and charges
7. The policy does not provide the standardized methodology of levying fees and charges. Further, the policy does not provide differentials in fees and charges for urban, peri-urban and rural areas.
8. The policy Lacks risk management measures in regard to economic shocks, disasters, inflation spikes, political interference, or revenue shortfalls.
9. The Policy contains an inadequate Monitoring and Evaluation Framework, as it does not provide comprehensive indicators for measuring the extent to which

tariff implementation achieves key policy objectives, including revenue enhancement, affordability, operational efficiency, and long-term sustainability.

10. The policy lacks a clear framework for assessing the ability of citizens to pay the prescribed tariffs and charges. Further, the Policy does not adequately define the categories of persons eligible for exemptions or waivers, the criteria for determining eligibility, or the procedures for applying for and obtaining such relief.
11. The Policy lacks an implementation matrix to guide the operationalization of its provisions, including clearly defined actions, responsible officers, timelines, and measurable outputs.

5.1.2 Committee recommendations

1. **THAT,** the County Executive Committee Member for Finance and Economic Planning revises the title of the Policy to clearly identify the County Government to which it applies by renaming it the *Bungoma County Tariffs and Pricing Policy, 2026*, in order to eliminate ambiguity regarding its jurisdiction, ownership, and scope of application.
2. **THAT,** the County Executive committee member for Finance and Economic Planning should align the departments according to existing Executive Order.
3. **THAT,** County Executive committee member for Finance and Economic Planning should carry out public participation on the Policy as per article 10 and 201 of the Constitution of Kenya,2010 as read together with section 87 of the County Governments Act,2012.
4. **THAT**, the County Treasury should engage the County Departments on the existing Tariffs, fees and charges as stipulated in the policy Development Process.
5. **THAT,** the County Executive Committee Member for Finance and Economic Planning should form a technical committee to spearhead the process of developing / reviewing of the Tariffs and Pricing Policy.
6. **THAT,** the County Executive Committee Member for Finance and Economic Planning is hereby directed to amend the Policy to provide a standardized cost-

based methodology for determining fees and charges, taking into account the full cost of service delivery, including operational, maintenance, administrative, and capital costs. Further, the Policy should establish clear criteria for differentiating fees and charges between urban, peri-urban, and rural areas.

7. **THAT,** the department should amend the Policy to include risk management mitigating measures in regard to economic shocks, disasters, inflation spikes, political interference, or revenue shortfalls.
8. **THAT,** the County Executive Committee Member for Finance and Economic Planning revises the Policy to strengthen the Monitoring and Evaluation Framework by incorporating clear, measurable, and comprehensive performance indicators for assessing the extent to which tariff implementation achieves the Policy objectives of revenue enhancement, affordability, operational efficiency, and long-term sustainability
9. **THAT,** the County Executive Committee Member for Finance and Economic Planning revise the Policy to establish a clear affordability assessment framework for determining citizens' capacity to pay prescribed tariffs and charges. Further, the Policy should clearly define the categories of persons eligible for exemptions and waivers, the eligibility criteria, and the procedures for applying for, assessing, and granting such exemptions or waivers.
10. **THAT,** the County Executive Committee Member for Finance and Economic Planning revises the Policy to include an implementation matrix that clearly outlines the actions to be undertaken, responsible departments or officers, implementation timelines, expected outputs, and performance indicators for effective execution of the Policy.

Hon. Speaker.

Having considered the foregoing observations and recommendations, the Committee recommends that this Honourable House rejects the Tariffs and Pricing Policy, 2026 and directs the County Executive Committee Member for Finance and Economic Planning to develop a new Policy addressing the concerns and recommendations contained in this Report and submit the same to the County Assembly within sixty (60) days after the adoption of this Report.

ADOPTION SCHEDULE

We, Members of Finance and Economic Planning Committee hereby append our signatures adopting this report with its recommendations.

S/NO.	NAME	DESIGNATION	SIGNATURE
1.	Hon. Godfrey Mukhwana	V/Chairperson	
2.	Hon. Stephen Wamalwa	Member	
3.	Hon. Joan Kirong	Member	
4.	Hon. Aggrey Mulongo	Member	
5.	Hon. Vitalis Wangila	Member	
6.	Hon. Grace Sundukwa	Member	
7.	Hon. George Makari	Member	
8.	Hon. Tony Barasa	Member	
9.	Hon. Jack Kawa	Member	
10.	Hon. Violet Makhanu	Member	
11.	Hon. Orize Kundu	Member	
12.	Hon. Catherine Kituyi	Member	Kituyi