



## COUNCIL OF GOVERNORS

### PRESS STATEMENT ON THE 2016/17 COUNTY ALLOCATIONS OF REVENUE TO COUNTY GOVERNMENTS

***Members of the Press,  
Citizens of Kenya,***

We have noted with concern a visible trend by the National Government, through the National Treasury, to recentralize resource allocation meant to be allocated for County Governments.

Devolution is a will of the people. It is the central pillar of the Constitution. It exists because of the sovereignty that was exercised when Kenyans voted for devolved governments. The full implementation of the devolved system of governance is dependent on financial resources allocated for Counties, that is, the equitable share and the conditional/unconditional grants. Therefore, the setting aside of funds for County Governments is not a personal choice, neither is it to be at the whims of individuals or an institution. Fiscal decentralization is a constitutional obligation, and should be done in full respect of the same Constitution and the Public Finance Management Act.

As we move towards the 2016/17 financial year, we note several strategies that that have been orchestrated by the National Government to frustrate the release of adequate resources to the Counties. We raise the following:

**1) Finance:**

- a) That from the nationally raised revenue of 1,380,199,000,000 trillion shillings, County Governments are receiving 280.3 billion which amounts to **21.9%** of the total shareable revenue and the National Government remains with 1.1 trillion which amounts **78.9%**.

- b) That there have been consistent revenue growth but allocation to County Governments has reduced from last year's allocation by 3% reduction.
- c) That National Treasury is disbursing donor funds to ministries. All monies earmarked for county functions must be disbursed directly, as conditional grants, to County Governments through the County Revenue Fund. County Governments are not accountable to National Government parent ministries, they are fully fledged governments.

**2) Roads:**

- a) With the end of the transition, 4<sup>th</sup> March, 2016, County Governments received an extra 31,113 kilometers of roads making a total of 121,113 kilometers without any funds to support the performance of this function. On the other hand, the National Government is handling only 39,995.1 kms and yet have an allocation of approximately 79 billion. County Governments have no monies to tarmac, marram, and gravel or maintain even one kilometer of a road. Neither the National Assembly nor the Senate allocated any monies for County roads.
- b) An Intergovernmental Taskforce identified that County Governments are entitled to 15 Billion shillings take care of the additional transferred 31,113 Kilometers of roads, that is, 2.2 billion- for maintenance; 12.8 billion for construction of roads. This has not been captured by either of the two Bills allocating resources to the two levels of Government.

**3) Additional functions transferred without resources:**

There are functions that were deemed to have been transferred to County Governments when the transition period lapsed on March 4<sup>th</sup> 2016; which functions are yet to receive any allocation in the 2016/17 financial year:

- a) Libraries;
- b) Museums;
- c) Public participation; and
- d) County functions being performed by Regional Authorities.

#### **4) Health:**

- a) Out of an allocation of 900 million shillings earmarked for forgone user fees to County Governments; only quarter one and two have been fully disbursed to the tune of 454 million shillings. 446 million shillings for quarter three and four is yet to be disbursed to County Governments despite the fact that many Counties have already lodged their requests. With one month left before the financial year lapses, it will be difficult to utilize these funds.
- b) There have also been delays in the disbursement of maternal healthcare funds.

#### **5) Allocation of funds under 'national obligation':**

In the Division of Revenue Bill 2016, the items considered under national interest are actually National Government projects- National Youth Service re- engineering and the laptops project. National interest is not equivalent to National Government priorities. National interest must be determined by the two levels and must be based on priorities that contribute to the overall national goals, not just one level. What constitutes national interest should not be restricted to National Government functions since the County Governments also implement projects that of national interest e.g. youth polytechnics. Issues of national interest should be defined through an intergovernmental consultation.

#### **6) Agriculture:**

In the agricultural sector which is a fully devolved function, the National Government has allocated itself a total of 23.1 Billion on functions such as crop development and productivity, fisheries development, cooperative development and management. These are functions that are already being implemented by County Governments. This unnecessary duplication of functions and resources is denying County Governments' funds to effectively implement their constitutionally assigned functions.

**7) Pensions:**

Recently, the Cabinet Secretary has stated that he will deduct pension monies for County Government workers from the equitable share. It is worthy of note that County Governments have already chosen the county pension scheme for the workers and remittances are already being made to this scheme. The Cabinet Secretary has no locus to make the alleged deductions.

On another note, in the Division of Revenue Bill, 2016, the National Treasury only factored the aspect of the pensions for the National Government staff. Staff working at County Governments should also be factored in the formula of computation of the provision as they are also public servants and qualify for the same.

**8) County Governments (Amendment) Bill, 2015:**

The main object of this Bill is to amend sections 50, 51 and 52 of the County Governments Act in order to bind the County Public Service Board to employ sub-county administrators, ward administrators and village administrators after every general election. The Bill is ill-conceived as it ties the employment of these civil servants to the tenure to the County Government thereby politicizing the said positions. It is tantamount to proclaiming that some civil servants are more equal than others. All civil servants, whether at the national or county level, are the same.

In light of the above, the Senate must rise to the occasion and seek to diligently undertake its constitutional role of protecting Counties.

Signed  
H.E. Peter Munya  
Chair, Council of Governors