PRESS STATEMENT ON THE DIVISION OF REVENUE 2016
18th FEBRUARY 2016

Members of the Press,
Citizens of Kenya,

1. We address you today due to what the 47 County **Governments view as lack of good faith by the National Treasury** with regards to the 2016/17 financial year's Division of Revenue between the two levels of Government.

2. The Constitution under Article 218(1) requires that the National Treasury submits to Parliament the Division of Revenue Bill which shall divide revenues raised by the national government among the national and county levels of government in accordance with the Constitution;

3. It is to be noted however that in so doing, the Public Finance Management Act under section 12(1) (h) requires the National Treasury to take into consideration the recommendations of both the **Commission on Revenue Allocation and the Intergovernmental Budget and Economic Council.**

4. The Council wants to highlight to the Kenyan people that indeed the County Governments were consulted through the Intergovernmental Budget and Economic Council on 9th February 2016 through a meeting that was chaired by the Deputy President H.E Hon. William Ruto.

5. As County Governments we presented our proposals to the Council which comprised of an equitable share of **394.5 Billion Shillings** which represented **42.1% of the equitable share of revenue.**

6. It is noted that the **National Treasury** and the **Commission on Revenue Allocation** also presented their proposals of **285.3 Billion Shillings** and **331.7 Billion Shillings** respectively with the percentages to Equitable share being **30.4%** and **35.4%** respectively to the Council.

7. After a day of deliberations County Governments agreed to a middle ground and vacated its position of **394.5 Billion Shillings to** support CRA's position of **331.7 Billion Shillings**

with an agreement that this matter shall be deliberated upon at the Intergovernmental Summit chaired by His Excellency the President.

8. County Governments settled on CRA's position by the virtue that it represented a **percentage increase** to County Governments' equitable share from the 2015/16 financial year of **33.44%** to **35.46%** as opposed to the National Treasury's position of **30.45%** which indicated a decrease in percentage allocation. This is despite the fact that there has been consistent revenue growth in the last three financial years with audited accounts of 2012/13 recording **776.8 Billion Shillings** while the 2013/14 recording **935.6 Billion** Shillings.

9. The proposed allocation by the National Treasury to Counties impacts negatively on service delivery by County Governments considering that the transition period is coming to an end on March 4th 2016. For instance:-
   a) **Rural Electrification function has been transferred without any allocation,**
   b) **County Governments have a total of 121, 456.4 kilometers of roads network with no allocation while the National Government has only 39,995.1 kilometers of roads network with annual budget of 102.0 Billion shillings.**
   c) **Library services transferred without any allocation,**
   d) **Functions performed by Regional Development Authorities have been transferred to Counties but no resources have been allocated for the same,**
   e) **Water Service is also a County Government function but corresponding resources have not been allocated to County Governments.**
10. This notwithstanding, the Summit as Chaired by His Excellency the President on 10th and 11th February 2016 at Sagana, Nyeri County resolved to form a Technical Committee comprising of the National Treasury, Council of Governors and the Commission on Revenue Allocation to reach a consensus on the Division of Revenue to necessitate an agreed position to be presented to Parliament.

11. The Council of Governors highlights that the National Treasury which was to convene this Technical Committee has not called for any meeting as agreed. **Despite all these, the National Treasury went ahead and submitted to Parliament on 12th February 2016 a day after the Summit meeting its estimates on the Division of Revenue.**

12. This does not only represent lack of good faith but also the National Government's lack of commitment towards devolution.

13. **How can the National Government through National Treasury propose to allocate County Governments 30.45% of shareable revenue in 2016/17 financial year yet Counties were allocated 33.44% in 2015/16 Financial year.**

14. **The Council of Governors is therefore requesting the Senate through the 47 elected Senators who directly represent the interest of the Counties to reject these proposals by the National Treasury until all the issues raised are resolved.**

Signed

H.E Hon Peter Munya
Chairman, Council of Governors