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PARLIAMENT

THE SENATE

TWELFTH PARLIAMENT

REPORT OF THE STANDING COMMITTEE ON FINANCE AND BUDGET

ON

THE DIVISION OF REVENUE BILL, (SENATE BILLS NO. 13 OF 2019)

Approved 23/7/2019

CLERK CHAMBERS

THE SENATE

PARLIAMENT OF KENYA

NAIROBI

JULY 2019

PAPERS LAID	
DATE	23-07-2019
TABLED BY	Chairperson, Standing Cttee on Finance and Budget
COMMITTEE	Standing Cttee Finance and budget
CLERK AT THE TABLE	I. Mbaya

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PREFACE

Mandate and Functions of the Committee

Article 124 of the Constitution of Kenya, provides for the establishment of Committees by either House of Parliament. Committees are central to the workings, roles and functions of Parliament as set out in Article 94 and more specifically in Article 96 of the Constitution as regards the Senate.

Parliamentary committees consider policy issues, scrutinize the workings and expenditure of the national and county governments and examine proposals for legislation. The roles of committees are twofold, investigative process and deliberative process. The end results of these processes are reports to the House in plenary on inquiry of certain issues under the mandate of a particular committee.

The Standing Committee on Finance and Budget is established pursuant to standing order 218(3) of the Senate *Standing Order and is mandated –*

a) To investigate, inquire into and report on all matters relating to coordination, control and monitoring of the county budgets and to examine –

i) the Budget Policy Statement presented to the Senate;

ii) report on the Budget allocated to Constitutional Commissions and independent offices;

iii) the Division of Revenue Bill, County Allocation of Revenue Bill, and cash disbursement schedule for county governments.

iv) to consider all matters related to resolutions and Bills for appropriations, share of national revenue amongst the counties and all matters concerning the National Budget, including public finance and monetary policies and public debt, planning and development policy; and

b) To pursuant to Article 228 (6) of the Constitution, to examine the report of the Controller of Budget on the implementation of the budgets of county governments.

Membership of the Committee

The Committee was constituted by the House on Thursday 14th December, 2017, during the First Session of the Twelfth (12th) Parliament. The Committee as currently constituted, comprises the following Members-

1.	Sen. (Eng) Mohamed M. Mahamud, CBS,MP	- Chairperson
2.	Sen. (Dr) Isaac Mwaura, CBS, MP	- Vice Chairperson
3.	Sen. Wetang'ula Moses Masika, EGH, MP	- Member
4.	Sen. Mutula Kilonzo Junior, MP	- Member
5.	Sen. Aaron Cheruiyot, MP	- Member
6.	Sen. (Dr.) Ali Abdullahi Ibrahim, CBS, MP	- Member
7.	Sen. (Dr) Rose Nyamunga, MP	- Member
8.	Sen. Boniface Mutinda Kabaka, MP	- Member
9.	Sen. CPA Farhiya Haji, MP	- Member

BACKGROUND AND EXECUTIVE SUMMARY

Article 218 of the Constitution provides for the submission of the Division of Revenue Bill and the County Allocation of Revenue Bill to Parliament, at least two months before the end of each financial year. Section 42 of the Public Finance Management Act, 2012 requires the bills be approved within 30 days after introduction.

The BPS is the precursor to the Division of Revenue Bill, since it sets the fiscal framework underpinning the sharing of revenue between the two levels of government. The adoption of the BPS Report paves way for the publication and subsequent introduction of the Division of Revenue Bill to the House. The Division of Revenue Bill, (Senate Bills No. 13 of 2019) was published on 17th July, 2019 and introduced in the Senate.

At a plenary sitting held on Thursday, 18th July, 2019, pursuant to standing order 134 of the Senate Standing Orders, the Senate resolved to reduce the publication period of the bill from seven to one day.

The Division of Revenue Bill, (Senate Bills No. 13 of 2019) was read a First Time in the Senate on Thursday, 18th July, 2019, and thereafter the Bill stood committed to the Standing Committee on Finance and Budget pursuant to standing order 140 (1) of the Standing Orders of the Senate.

The Bill provides for the equitable division of nationally raised revenue between the national and county levels of government as well as setting out specific resources to be provided to counties as conditional grants and loans, and the Equalization Fund. In addition, the bill provides for a mechanism for adjusting in case of variations due to revenue performance.

In addition, the Bill is accompanied by an explanatory memorandum as required in Article 218(2) of the Constitution. The memorandum sets out the explanation of revenue allocation as proposed by the Bill along with the evaluation of the Bill in relation to the criteria mentioned in Article 203(1) of the Constitution.

Pursuant to Article 118 (1) (b) of the Constitution and standing order 140(5) of the Standing Orders of the Senate, the Standing Committee on Finance and Budget, in its consideration of the Bill, invited key stakeholders for a meeting to deliberate on the Bill. The stakeholders included the National Treasury, Council of Governors, Commission on Revenue Allocation, County Assembly Forum.

The Committee also invited other non–state actors and the general public, through a public notice appearing on two *Daily Newspaper*, who similarly participated and submitted their contributions. In that regard, the Committee facilitated public participation and took into account the views and recommendations of the public in its report to the Senate.

The enactment of the Division of Revenue Bill is critical in setting the stage for the preparation of the County Allocation of Revenue Bill, which will inform the preparation of respective county budget documents to facilitate fiscal clarity and planning in counties.

Committee's Recommendations

The Committee recommends that the Division of Revenue Bill, (Senate Bills No. 13 of 2019) be approved without amendments.

Acknowledgements

The Committee acknowledges the stakeholders who made insightful contributions and recommendations to the Bill. Further, the Committee thanks the Offices of the Speaker and Clerk of the Senate for the support extended to the Committee in execution of its mandate.

Appreciations to all Members of the Committee for their patience, sacrifice and commitment to public service, which enabled the Committee complete the assigned task within the stipulated time.

It is now my pleasant duty and privilege, on behalf of the Standing Committee on Finance and Budget, to present to the Senate, this Report of the Committee on the Division of Revenue Bill (Senate Bills No. 13 of 2019).

SIGNED:

....

SEN. (ENG) MOHAMED M. MAHAMUD, CBS, M.P.

(CHAIRPERSON, STANDING COMMITTEE ON FINANCE AND BUDGET)

Date: ....

Pursuant to standing order 213 (2) of the Senate Standing Orders, the Senate Standing Committee on Finance and Budget Committee adopted the report on Division of Revenue Bill, (Senate Bills No. 13 of 2019). The Members of the Committee hereby affix their signatures to this Report to affirm the support for the Report –

Sen. (Eng) Mohamed M. Mahamud, CBS, MP	-Chairperson	
Sen. (Dr) Isaac Mwaura, CBS, MP	-Vice Chairperson	
Sen. Wetang'ula Moses Masika, EGH, MP	- Member	Wetangula
Sen. MutulaKilonzo Junior, MP	- Member	
Sen. Aaron Cheruiyot, MP	- Member	
Sen. (Dr.) Ali Abdullahi Ibrahim, CBS, MP	- Member	
Sen. (Dr) Rose Nyamunga, MP	- Member	
Sen. CPA Farhiya Haji, MP	- Member	
Sen. Boniface Mutinda Kabaka, MP	- Member	

CHAPTER ONE

1.0 PARLIAMENT'S DELIBERATION ON THE VERTICAL ALLOCATION OF REVENUE FOR FINANCIAL YEAR 2019/20

The proposed vertical allocation of revenue for FY 2019/20 was first published in the Division of Revenue Bill (National Assembly Bills No. 11 of 2019) on 6th March, 2019 recommending an Equitable Share of revenue of Kshs 310.0 billion to the county governments and Kshs. 1,561.42 billion to the national government; conditional allocations from the national government of Kshs. 22.89 billion; and conditional allocations as loans and grants from development partners of Kshs. 38.70 billion. It was passed by the National Assembly on 26th March, 2019 without amendments and transmitted to the Senate for consideration. On 30th April, 2019 the Senate considered and passed the Bill with the following amendments-

(i) An increase of Kshs. 25.67 Billion to the Equitable Share allocation from Ksh. 310 Billion to Kshs. 335.67 Billion.

(ii) The removal of the conditional allocation on leasing of medical equipment of Kshs. 6.20 Billion from the Division of Revenue Bill.

(iii) Clause 5 of the Bill was amended in sub-clause (1) by deleting the word "determined" appearing immediately after the words "the threshold to be" and substituting therefor the words "prescribed in Regulations".

The National Assembly rejected the amendments to the Division of Revenue Bill, 2019 proposed by the Senate and the Bill was therefore referred to a mediation committee, in line with the provisions of Article 113 of the Constitution. The Mediation Committee on the Division of Revenue Bill (National Assembly Bill No. 11 of 2019) was constituted by the both Speakers of Parliament and three committee meetings were held on 23rd May, 2019, 10th June, 2019 and 13th June, 2019. There was no consensus on the county equitable share to the county governments therefore the Mediation Committee failed to agree on a version of the Division of Revenue Bill, 2019 (National Assembly Bills No 11 of 2019 and the bill was defeated. On 17th July 2019, the Senate initiated the process by publishing a new Division of Bill, 2019.

1.1 HIGHLIGHTS OF THE DIVISION OF REVENUE BILL, 2019

Articles 203 and 218 of the Constitution provide for the equitable sharing of revenue raised nationally between the national and county governments. It also sets out specific resources to be provided to counties as conditional allocation from the national government and conditional allocation as loans and grants from the development partners. Specifically, Article 218 of the Constitution provides for the submission of the Division of Revenue Bill and the County Allocation of Revenue Bill to Parliament, at least two months before the end of each financial year. Section 191 of the Public Finance Management Act, 2012, provides that each year when the Budget Policy Statement (BPS) is introduced, the Cabinet Secretary shall submit to Parliament a Division of Revenue Bill and County Allocation of Revenue Bill prepared by the National Treasury for the financial year to which that Budget relates.

The Division of Revenue Bill is prepared in accordance with Article 202 of the Constitution, which expressly makes it mandatory for the nationally raised revenue to be shared equitably between the national and county governments. The equitable share of the revenue raised nationally that is allocated to county governments is guaranteed to be not less than 15 percent of the revenue collected by the national government and is further calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly. The basis for FY 2019/20 is the latest audited revenue and approved by the National Assembly for FY 2014/15 of Kshs. 1,038.04 Billion.

The BPS being precursor to the Annual Division of Revenue Bill sets the fiscal framework in relation to equitable revenue sharing between the two levels of government. For the FY 2019/20, the Senate resolutions on the vertical sharing of revenue mirror the provisions in the Division of Revenue Bill, 2019 (Senate Bills No. 13). The Bill consists of the following;

a) Total County Allocation of **Ksh. 391.07 Billion** of which

    i) County Equitable share of **Ksh. 335.67 Billion**

- The equitable share for FY 2018/19 of Ksh. 314 Billion is adjusted by a 3-year average inflation rate of 6.9 percent which amounts to Ksh. 21.67 Billion. This is similar to the proposals by the Commission on Revenue Allocation and the Council of Governors.

ii) County Conditional Grants of **Ksh. 55.40 Billion** which comprises of the following-

- Compensation for user fees foregone- **Ksh. 900 Million**
- Level 5 Hospitals- **Ksh. 4.326 Billion**
- Rehabilitation of Youth Polytechnics- **Ksh. 2.00 Billion**
- Supplement for Construction of County HQs- **Ksh. 485.20 Million**
- Allocation from the Road Maintenance Fuel Levy Fund (15%)- **Ksh. 8.984 Billion**
- Allocations from Development Partners as Loans and Grants- **Ksh. 38.70 Billion**

The conditional grant on Leasing of Medical Equipment has been excluded from the Division of Revenue Bill, 2019 until such a time when the implementing agency will provide full disclosure of information on the total contract sum, repayment period and implementation status of the project.

a) Additional conditional allocations (National Government Share of Revenue)

In accordance with Article 202(2) of the Constitution, the national government may allocate additional conditional allocations to the county governments from the national government share of revenue raised nationally, whose main object is intended to finance national strategic interventions to be implemented by the county governments. During the current FY 2019/20 the total additional conditional allocations from the revenue raised nationally, stands at Ksh. 16.69 billion. These conditional grants are transferred to county governments and included in the budgets of county governments to be approved by the respective county assemblies.

i) ***Level 5 Hospital (Kshs. 4,326 M):*** During the financial year 2019/20 the national government proposes to allocate Ksh. 4.3 billion. The objective of the conditional grant to level 5 hospitals is to sustain service delivery in designated Level 5 hospitals mainly former Provincial General Hospitals. This is to be achieved by targeting medical and surgical subspecialties, inter-county referral services and medical training.

ii) ***Supplement for Construction of County Headquarter (Kshs. 485 M):*** The grant was introduced as part of conditional grant during financial year 2016/17 whose purpose is to support construction of offices in five (5) County Governments which, in 2013/14, did not inherit adequate facilities from defunct Local Authorities that could accommodate the new County Governments' administration both County Executive and the County Assemblies.

iii) ***Compensation for User Fees Forgone (Kshs. 900 M):*** This conditional grant was introduced during the financial year 2015/16 with the objective of compensating public dispensaries and health centers for lost revenue on abolishment of user fees. The grant has been set at Kshs. 900 million since its inception.

iv) ***Road Fuel Levy Fund (Kshs. 8,984 M):*** The main objective of the Road Maintenance Fuel Levy Fund is to maintain county roads. The allocation has grown over time from Kshs 3.4 billion in 2015/16 to the proposed Kshs 8.98 billion. The allocation to this conditional grant is based on collections from the Roads Maintenance Fuel Levy Fund at 15% of total projected collections. The allocation caters for the maintenance of public roads, including the former local authority unclassified roads.

v) ***Rehabilitation of Village Polytechnics (Kshs. 2,000 M):*** The conditional grant was introduced in FY 2017/18 with the initial allocation of Kshs 2.0 billion and has been maintained at the same amount for the subsequent years. The main objective of this targeted grant to the county governments is to improve access, quality, equity and relevance in Vocational Training, through rehabilitation of the village polytechnics.

b) Conditional Allocations (Loans and Grants)

These are conditional allocations from development partners that amount to Ksh. 38.704 Billion for FY 2019/20. The conditional allocations are disbursed through State Departments according to the respective financing agreements and in fulfilment of the set conditions. During the FY 2019/20, the following additional conditional allocations will be channeled to counties;

i) **Kenya Devolution Support Program (KDSP) County Capacity Building ("level 1") Grant of Ksh. 1.410 billion.** This is the third year of its implementation and is a conditional grant financed by a World Bank credit to support county governments' capacity building. This grant has been reduced from an allocation of Ksh. 2.3 billion in FY 2018/19 to Ksh. 1.4 billion in FY 2019/20.

ii) **Kenya Devolution Support Program (KDSP) Performance ("level 2") Grant amounting to Ksh. 4.890 billion.** KDSP "Level 2", financed by a World Bank credit, is a performance grant which will be utilized by beneficiary counties toward physical investments articulated in their respective County Integrated Development Plans (CIDPs). As such, this grant is intended to incentivize county governments that achieve good results in the PFM Reforms.

Performance is to be assessed by an independent firm to be recruited through a competitive process. The budget allocation for this grant, which is in its third year of implementation, has increased from Ksh. 4 billion in financial 2018/19 to Ksh. 4.9 billion in financial year 2019/20 to cater for increased number of counties who will have met the performance score after independent assessment.

iii) **Transforming Health Systems for Universal Care Project conditional allocation of Ksh. 2.994 billion (World Bank credit):-** This conditional allocation through the Ministry of Health is meant for continued improvement in delivery, utilization and quality of primary health care services with focus on reproductive, maternal, new-born, child and adolescent health (RMNCAH) at the county level. This additional conditional allocation has reduced to Ksh. 2.99 billion in the financial year 2019/20 from Ksh. 3.6 billion in FY 2018/19 in accordance with the financing agreement between the donor and the National Government.

iv) **DANIDA Grant (Universal Healthcare in Devolved System Program) Kshs 986.583 million:** The purpose of the grant is improvement of access to quality of primary health care and reproductive, maternal, newborn, child and adolescent health (RMNCAH) services at the county level. It is implemented through Ministry of Health who are responsible for ensuring funds are included in the budget estimates of the ministry for the FY 2019/20 and submission of quarterly and annual financial and performance reports to the National Treasury and separate copies to each county government.

v) **National Agricultural and Rural Inclusive Growth Project (NARIGP) of Ksh. 7.232 billion (World Bank credit):** - This additional conditional allocation, which in FY 2018/19 amounted to Ksh. 1.05 billion is expected to increase to Ksh. 7.2 billion in FY 2019/20. This conditional allocation is meant to compliment efforts by counties to increase agricultural productivity and profitability of targeted rural communities in selected counties, and to provide immediate and effective response in case of crisis or emergency.

vi) **EU-Instruments for Devolution Advice and Support (IDEAS) grant of Ksh. 492.698 million:** This grant, which is in its third year of implementation, is expected to decrease from Ksh 1.04 billion in FY 2018/19 to Ksh. 492.7 million in FY 2019/20. The allocation is meant for disbursement of the 2nd tranche of the grant to facilitate implementation of projects identified in financial year 2018/19 for the achievement of Local Economic Development (LED) in the county respective contracts.

vii) **IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP) - Kshs 3.643 billion:** This conditional grant to the counties is implemented through the State Department of Agriculture. Purpose of the grant is to increase agricultural productivity and build resilience to climate change risks in targeted smallholder farming and pastoral communities.

viii) **Kenya Urban Support Program (KUSP) - Urban Development Grant (UDG) additional conditional allocation of Ksh. 11.464 billion:** - The objective of this additional conditional allocation is to establish and strengthen urban institutions to deliver improved infrastructure and services in participating counties in Kenya. It is in its second year of implementation and is meant to ensure provision of capacity building and institutional support to 47 counties. However, direct financial support will be provided to 45 counties other than the city counties of Nairobi and Mombasa, and to 59 potentially eligible urban areas within those counties.

ix) **Kenya Urban Support Project (KUSP) - Urban Infrastructure Grant Allocation (UIG) - Ksh. 396.000 million** – The main purpose of this programme is to provide support to participating County Governments for the formulation of urban development plans including the establishment and operation of urban institutional arrangements such as charters, boards, administrations and operation of Urban Institutional arrangements and for the initial preparation of urban infrastructure investments. This grant has decreased from an allocation of Ksh. 1.854 billion in FY 2018/19 to Ksh. 396 million in FY 2019/20 because the allocation in FY 2018/19 included a balance of Ksh. 927 million carried forward from the FY 2017/18.

x) **IDA – Water and Sanitation Development Project (WSDP) World Bank Credit of Ksh. 3.50 billion:** The Project Development Objective (PDO) of this program, financed by this additional conditional allocation, is to improve water supply and sanitation services in six select counties located in the coastal and north eastern regions of Kenya. This will be achieved by investing in water supply and sanitation infrastructure in urban centers in these counties. This additional conditional allocation, which has been reduced slightly from Ksh. 3.8 billion in FY 2018/19 to Ksh. 3.5 billion in FY 2019/20, is meant to facilitate continued implementation of the projects started in 2018/19.

xi) **Sweden Agricultural Sector Development Support Programme (ASDSP) II-Ksh. 849.626 million:** The ASDSP II, which is in its second year of implementation, is part of the implementation strategy of the Agricultural Policy (AP) for the national and county governments. In line with the AP, the overall goal of ASDSP II is to contribute to "transformation of crop, livestock and fishery production into commercially oriented enterprises that ensure sustainable food and nutrition security". The Programme Purpose is "to Develop Sustainable Priority Value Chains (PVCs) for improved income, food and nutrition security", which will contribute to achievement of the "BIG FOUR" agenda of the Government.

xii) **EU- Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER) - Ksh. 495.000 million**: -The purpose of this additional allocation, which is in its second year of implementation, is to facilitate the implementation of the national climate change action plan and the master plan for the conservation of water catchment areas of Cherangany Hills and Mount Elgon and includes Lake Victoria and Turkana basins. It is also addressing a number of cross-cutting issues like climate change, gender equality, good governance and human rights.

xiii) **Drought Resilience Programme in Northern Kenya (DRPNK) - Ksh. 350.000 million-** This is a new programme financed by proceeds of a loan and grant from the German Development Bank for Turkana and Marsabit counties. The programme objective is defined as follows: "to ensure that Drought resilience and climate change adaptive capacities of the pastoral and agro-pastoral production systems and livelihoods in selected areas of Turkana and Marsabit County are strengthened on a sustainable basis by expanding and rehabilitating relevant infrastructure." The expected projects outputs are to ensure: - access to water is improved for humans and livestock; fodder basis is improved; access to market infrastructure is improved; and rural transportation is improved in the two counties.

CHAPTER TWO

2.0 SUBMISSIONS FROM STAKEHOLDERS DURING PUBLIC HEARINGS

1. This chapter presents the submissions from stakeholders. It highlights the views and recommendations of the public submitted during the public hearings held on Tuesday, 23rd July, 2019.

STAKEHOLDER	OBSERVATIONS AND RECOMMENDATIONS
Commission on Revenue Allocation	The Division of Revenue Act (DoRA) 2018 allocated Kshs. 1,367 billion and Kshs. 314 billion to the National and Count Governments respectively for financial year 2018/19 as equitable share from the nationally raised revenue. The allocation of Kshs. 314 billion in DoRA 2018 should therefore form the basis from which to grow county allocations for financial year 2019/20.
	The projected, the shareable revenue for 2019/20 is Kshs. 1,877 billion. At the minimum, the Commission recommends that allocation to both levels of government be adjusted by a three-year average inflation rate of 6.9 per cent. This will increase the county allocation from Kshs. 314 billion to Kshs. 335.7 billion and the national government allocation by 12 per cent from 1,367 to Kshs. 1,541 billion. The additional allocations to national government should be used to retire public debt.
	The above considerations are provided within the CRA recommendations submitted to the Parliament in December 2018. The Commission recommendation was based on the following: (a) Prevailing budgetary provisions to both levels of government as the base. (b) Adjustment for inflation.

CHAPTER THREE

3.0 COMMITTEE RECOMMENDATIONS

The Committee recommends that the House approves the Division of Revenue Bill, (Senate Bills No. 13 of 2019) without amendments.

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COMMISSION ON REVENUE ALLOCATION

OUR REF. CRA/14/VOL.6 (2)

DATE: 22nd July 2019

Mr. Jeremiah. M. Nyegenye,
Clerk of the Senate,
Clerk's Chambers
Parliament Buildings
NAIROBI

Dear Mr. Nyegenye

RE: THE COMMISSION CONSIDERATIONS ON THE SENATE BILL No.13 OF 2019 ON DIVISION OF REVENUE BETWEEN NATIONAL AND COUNTY GOVERNMENTS

The Commission on Revenue Allocation is mandated by Article 216 (1)(a) of the Constitution to make a recommendation concerning the basis for the equitable sharing of revenue between the national and county governments.

In this regard, the Commission in accordance with the provisions of Article 205 has considered the provisions of the Senate Bill No. 13 of 2019 on the division of revenue between the national and county governments and hereby submit the attached considerations.

Yours sincerely,

Dr. Jane Kiringai
CHAIRPERSON

Att//01

Promoting an Equitable Society

MEMORANDA ON THE DIVISION OF REVENUE BILL (NATIONAL ASSEMBLY BILLS NO. 13 OF 2019)

In accordance with the requirements of Article 205 of the Constitution, the Commission on Revenue Allocation has considered the provisions of the Division of Revenue Bill (Senate Bills No. 13 of 2019) and submits as follows:

1. The Division of Revenue Act (DoRA) 2018 and the County Allocation of Revenue Act (CARA) 2018 allocated Kshs. 1,367 billion and Kshs. 314 billion to the national and county governments respectively for financial 2018/19 as equitable share from the nationally raised revenue. The DoRA 2018 and CARA 2018 have not been amended to change this allocation. The allocation of Ksh 314 billion therefore forms the basis from which to grow county allocations for financial year 2019/2020.
2. The national government projects the shareable revenue for 2019/2020 at Kshs.1,877 billion. At the minimum, the Commission recommends that allocations to both levels of government be adjusted by a three-year average inflation rate of 6.9 per cent. This will increase the county allocation by 6.9 percent from Kshs. 314 billion to Kshs. 335.7 billion and the national government allocation by 12 per cent from Kshs. 1,367 to Kshs.1,541 billion. Part of the additional allocations to national government should be used to retire the public debt.
3. The above considerations are provided within the CRA recommendations (Table 1) submitted to Senate in December 2018. The Commission recommendation was based on the following:
    a. Prevailing budgetary provisions to both levels of government as the base
    b. Adjustment for inflation

Table 1: Summary of the CRA Recommendation Submitted to Parliament in Dec 2018

No.	Budget Item	Total (Kshs. Billion
Budget Projections based of BPS 2019		
1.	Projected total ordinary revenue	1,877.0
2.	Latest audited approved accounts (2014/15)	1,038
3.	**Principles for revenue sharing between national and county governments**	
	a) Current Level of Cost of Devolved Functions	**314.0**
	b) Provision for sustainability and Growth in Services	
	i. Adjustment for Inflation (6.9%)	21.5
4.	**Total equitable share to county governments for FY 2019/20**	**335.7**
5.	New Conditional Grant to:	
	i. Five (5) cities	**5.0**
6.	**Total equitable share to National Government**	**1,535.5**
7.	**Article 203(2): Allocation to County Government/ Audited Approved Accounts**	**32%**