



COUNCIL OF GOVERNORS

1ST FEBRUARY 2023

STATEMENT BY THE COUNCIL OF GOVERNORS ON THE DIVISION OF REVENUE FOR THE FINANCIAL YEAR (FY) 2023/24

Member of the Press,

Ladies and Gentlemen,

The Council of Governors together with the Commission on Revenue Allocation (CRA) and the National Treasury has today held a consultative meeting to deliberate on the Annual Division of Revenue between the two levels of Government for the FY 2023/24. The meeting was held pursuant to a resolution of the 19th Ordinary session of the IBEC Meeting held on 26th January, 2023.

We note with utmost concern that from the draft Budget Policy Statement (BPS) 2023, the National Treasury has allocated County Governments **Kshs. 380 Billion** for the FY 2023/24. We hold a strong view that this is not equitable in view of the following factors:

- 1) The shareable revenue is projected to increase by **Kshs. 374 Billion** for the FY 2023/24 out of which only Kshs. 10 billion has been allocated to Counties representing a meagre **2.67%** with the National Government allocating itself **Kshs. 364 Billion** which represents **97.33%**;
- 2) A careful analysis of the draft BPS indicates a considerable increment in the share of revenues for functions that have been largely devolved. A case in point is the Health and Agriculture Ministries whose allocation

have been increased by **Kshs. 25.8 Billion** and **Kshs. 15.7 Billion** respectively; and

- 3) The budget ceilings for the MDAs have not been rationalized to ensure that the key priority programmes for the Government, which are fully devolved, are allocated to Counties in the Equitable share of revenue.

We wish to draw your attention that the recommendations by the CRA are obligatory as they are highly technical in nature and any deviations therefrom must be rationalized on the basis of the objective criteria set out in Article 203 (1) of the Constitution. In this regard, we express our discontent for the National Treasury's failure to build consensus on the County Equitable share of revenue despite the objective recommendation issued by the CRA.

During the consultative meeting, the National Treasury has not formed a basis for deviating from the recommendations by the CRA. As such, the Council hereby reiterates its position of **Kshs. 425 Billion** as the County Equitable share of revenue for FY 2023/24.

Finally, the Council is apprehensive that the continued allocation of funds christened for devolved functions to National Government MDAs is an affront to devolution and the Council shall not relent in its quest to make devolution work.



H.E FCPA Ahmed Abdullahi
Vice-Chair, Council of Governors