



REPUBLIC OF KENYA  
THIRTEENTH PARLIAMENT- THIRD SESSION (2024)

THE NATIONAL ASSEMBLY

IN THE MATTER OF ARTICLE 118(1) (b) OF THE CONSTITUTION  
AND  
IN THE MATTER OF THE CONSIDERATION OF THE DIVISION OF REVENUE  
BILL, 2024 (NATIONAL ASSEMBLY BILL No. 14 OF 2024)

INVITATION TO SUBMIT MEMORANDA

**WHEREAS**, the **2024 Budget Policy Statement (BPS)** adopted by the National Assembly on **7<sup>th</sup> March 2024** articulates the strategic priorities and policy goals that will guide the national government and county governments in preparing budgets for the 2024/25 Financial Year and over the medium-term and is a precursor to the introduction of a Bill to provide for the equitable sharing of revenue between the national and county levels of government;

**AND WHEREAS**, Article 95(4)(a) of the Constitution as read together with Part 4 of Chapter Twelve of the Constitution provides for the allocation of national revenue between the levels of government on the basis of recommendations made by the Commission on Revenue Allocation;

**AND FURTHER, WHEREAS**, the **Division of Revenue Bill, 2024 (National Assembly Bill No. 14 of 2024)** was published on **8<sup>th</sup> March 2024** in fulfillment of the requirements of the provisions of Articles 35(3), 95(4)(a), 118 (1)(b) and 218(1)(a) and (2) of the Constitution; and section 191 of the Public Finance Management Act, 2012;

**NOTING** that the **Division of Revenue Bill, 2024 (National Assembly Bill No. 14 of 2024)** was read a First time on **12<sup>th</sup> March 2024**, and referred to the relevant Committee of the House for consideration, facilitation of public participation, and reporting to the House;

**IT IS NOTIFIED** that the **Division of Revenue Bill, 2024 (National Assembly Bill No. 14 of 2024)** is sponsored by the **Chairperson of the Budget and Appropriations Committee**, the **Hon. Ndindi Nyoro, MP, CBS**,. The Bill—

- (1) Provides for the sharing of revenue raised nationally between the national government and county governments for the Financial Year 2024/25 in accordance with Articles 202, 203 and 218 of the Constitution;
- (2) Contains provisions aligned with the fiscal framework outlined in the **2024 BPS** which recommended an equitable share of revenue of **Ksh. 391.1 billion** to the county governments. The allocation to the county governments represents **24.9 per cent** of the

most recent audited revenue, as approved by the National Assembly. The allocation to county governments is an increase from a base of Ksh. 374.5 billion allocated in the financial year 2023/24. The increase of Ksh. 16.6 billion is meant to facilitate county governments to enhance service delivery in performance of their assigned functions under the second part of the Fourth Schedule of the Constitution;

- (3) Proposes an equitable allocation to county governments informed by—
  - (a) trends in the performance of revenue;
  - (b) increased expenditures for National Government for purposes of debt servicing coupled with a weakening shilling against the dollar;
  - (c) the Government's commitment to implement a fiscal consolidation plan targeting to reduce the fiscal deficit to 3.9 percent of GDP in FY 2024/25 to slow down accumulation of public debt;
  - (d) financing constraints due to limited access to finance in the domestic and international financial markets;
  - (e) low ordinary revenue collections attributed to geopolitical shocks; and
  - (f) the continuing obligation on the National Government to solely bear shortfalls in revenue in any given financial year.
- (4) Takes into account that in FY 2023/24, the Division of Revenue Act, 2023, allocated Ksh. 385.4 billion to county governments as equitable share. This allocation included Ksh. 10.9 billion being proceeds from the Road Maintenance Fuel Levy (RMFL) and Ksh. 425 million for Transfer of Library Services. The RMFL, which was initially a conditional allocation to county governments for maintenance of county roads, was folded up to be part of county governments equitable share in FY 2021/22. In February 2023, it was resolved that attendant resources for RMFL be transferred to county governments as conditional allocations beginning FY 2024/25.
- (5) Considers national interest in the allocation of revenue. Identified programmes of national interest include activities aimed at enhancing security operations; national irrigation and fertilizer subsidy initiatives; youth empowerment; provision of national social safety net for vulnerable groups, and school examination fees subsidy; and
- (6) Accounts for public debt-related costs comprising the annual debt redemption cost and interest payment for both domestic and external debt; and requirements for other national obligations including as mandatory pension contributions and/or payments; financing for Constitutional Offices, including Parliament and the Judiciary as well as expenses relating to other statutory bodies;
- (7) Also allocates a sum of **Ksh. 7,852,814,725/-** to the **Equalization Fund**, representing **0.5 percent** of the most recent audited revenue, as approved by the National Assembly;

- (8) Allows for revenue adjustments based on performance during the FY 2024/25. Clause 5 of the Bill requires the National Government to bear revenue shortfalls in the approved Division of Revenue Act to protect counties from in-year reductions. Conversely, in the event national revenue exceeds projected revenues contained in the Bill, the National Government may utilize the additional revenue to reduce borrowing or meet debt obligations for the fiscal year; and
- (9) Deviates from the recommendation of the Commission on Revenue Allocation on account of adjustment to the basis of Equitable share which does not include the Road Maintenance Levy Funds; and adjustment for revenue growth.

**NOW THEREFORE**, in compliance with Article 118(1) (b) of the Constitution, the Clerk of the National Assembly hereby invites the public and stakeholders to submit memoranda on the **Division of Revenue Bill, 2024 (National Assembly Bill No. 14 of 2024)** to the **Budget and Appropriations Committee**.

The Memoranda should clearly indicate the name of the person or organization submitting it and their contact details. The Memoranda should be hand-delivered to the **Office of the Clerk, First Floor, Main Parliament Buildings, Nairobi**, or emailed to [cna@parliament.go.ke](mailto:cna@parliament.go.ke) to be received **Monday, 18<sup>th</sup> March 2024 at 5.00 p.m.**

The **Division of Revenue Bill, 2024 (National Assembly Bill No. 14 of 2024)** and its **Explanatory Memorandum** are available at the **National Assembly Table Office, First Floor, Main Parliament Building** and on the **Parliament Website** (<http://parliament.go.ke/the-national-assembly/house-business/bills>)

**S. NJOROGE, CBS**  
**CLERK OF THE NATIONAL ASSEMBLY**

12<sup>th</sup> March 2024

*“For the Welfare of Society and the Just Government of the People”*