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Rt. Hon. Speaker

Recommended for  
approval for tabling.



REPUBLIC OF KENYA

PARLIAMENT OF KENYA

THIRTEENTH PARLIAMENT – THIRD SESSION

Approved  
for Tabling.

*[Signature]*

29.05.2024

DSS

THE REPORT OF THE MEDIATION COMMITTEE ON THE DIVISION OF  
REVENUE BILL (NATIONAL ASSEMBLY BILLS NO. 14 OF 2024)

JOINT CLERKS CHAMBERS,  
PARLIAMENT BUILDINGS,  
NAIROBI.

PAPERS LAID	
DATE	29/5/2024
TABLED BY	<i>[Signature]</i>
COMMITTEE	Mediation
CLERK AT THE TABLE	Njara

MAY 2024

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## 1.0 Introduction

### 1.1 Establishment of the Committee

1.1. The Mediation Committee on the Division of Revenue Bill (National Assembly Bills No. 14 of 2024) was constituted by Speaker of the National Assembly and Speaker of the Senate on 14<sup>th</sup> May 2024 and 16<sup>th</sup> May 2024, respectively, pursuant to Standing Order 149 of the National Assembly Standing Orders and Standing Order 166 of the Senate Standing Orders.

The Committee membership was constituted as follows-

NO	NAME	DESIGNATION
1.	Hon. Ndindi Nyoro, CBS, MP	Co-Chairperson
2.	Sen. Kathuri Murungi, MGH, MP	Co-Chairperson
3.	Hon. Otucho, Mary Emaase, MP	Member
4.	Sen. Fatuma Dullo, CBS, MP	Member
5.	Hon. Chumel, Samwel Moroto, CBS, MP	Member
6.	Sen. (Dr.) Boni Khalwale, CBS, MP	Member
7.	Sen. Mohamed Faki Mwinyihaji, CBS, MP	Member
8.	Hon. (Dr.) Mulu Makali, MP	Member
9.	Sen. Agnes Muthama, MP	Member
10.	Hon. Ochieng, David Ouma, MP	Member
11.	Sen. Jackson Mandago, EGH, MP	Member
12.	Hon. Atandi, Samuel Onunga, MP	Member
13.	Sen. Mohamed Chute, MP	Member
14.	Hon. Guyo, Ali Wario, MP	Member
15.	Hon. Mokaya, Nyakundi Japheth, MP	Member
16.	Sen. Eddy Gicheru Oketch, MP	Member
17.	Sen. Moses Kajwang, MP	Member
18.	Hon. Lesuuda, J. Naisula, OGW, MP	Member

## **1.2 Mandate of the Mediation Committee**

The Mediation Committee derives its mandate from the provisions of Articles 112 and 113 of the Constitution, Standing Order 149 of Standing Orders of the National Assembly and Standing Order 166 of Standing Orders of the Senate which outlines the functions of the Committee as follows-

- i. To consider Bills where the Houses do not agree on all or any of the amendments made by either Houses;*
- ii. To consider Bills where either House rejects a Motion that a Bill which originated in the other House be read a Second or Third time; and,*
- iii. To attempt to develop a version of the Bill that both Houses will pass.*

The Committee was established to develop an agreed version of the Division of Revenue Bill (National Assembly Bills No. 14 of 2024). The version would then be presented to both Houses for approval pursuant to Standing Order 150(1) of the Standing Orders of the National Assembly and standing order 167 (1) of the Standing Orders of the Senate.

## **1.3 Committee Meetings and Methodology**

The Committee held a total of three (3) sittings to deliberate on the Bill in accordance with the Constitution and relevant provisions of the Standing Orders of the Senate and the National Assembly.

During the first sitting, the Committee appointed Hon. Ndindi Nyoro, CBS, M.P. and Sen. Kathuri Murungi, MGH, MP, as the co-chairs of the Committee pursuant to Standing Order 166 (4) of Standing Orders of the Senate and Standing Order 149(4) of Standing Orders of the National Assembly.

This report includes a version of the Bill developed by the Committee for consideration by both Houses.



The Committee deliberated on the proposed allocations and resolved that-

- a) The national level of Government be allocated Kshs. 2,540,153,902,710 for the Financial Year 2024/25; and
- b) The county level of government be allocated Kshs. 400,116,788,147 for the Financial Year 2024/25.

#### 1.4 Acknowledgements

The Mediation Committee appreciates the offices of the Speakers and the Clerks of both Houses of Parliament for the support extended in the execution of its mandate.

The Co-Chairpersons in particular, extend their appreciation to all the Members of the Committee for their patience, sacrifice, endurance and commitment to completing the assignment under tight schedule.

Finally, it is now my pleasant duty and privilege, on behalf of the Mediation Committee to table the report on the Division of Revenue Bill(National Assembly Bills No.14 of 2024) and to recommend the adoption of the agreed version of the Bill to the Houses, pursuant to Article 113(2) of the Constitution and Standing Order 167(3) of the Standing Orders of the Senate, and standing order 150(3) of Standing Order of the National Assembly.

Signed.....

Sen. Kathuri Murungi, MGH, MP  
Co-Chairperson

Date..... 29.05.2024

Signed.....

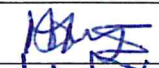
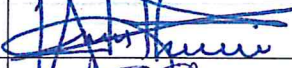



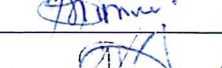
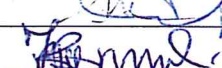
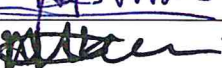






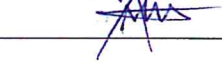

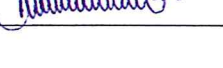

Hon. Ndindi Nyoro, CBS, MP  
Co-Chairperson

Date..... 29.05.2024

Pursuant to Standing Order 223(2) of the Senate Standing Orders, and Standing Order 199(4) of the National Assembly Standing Orders, the Mediation Committee adopted the



report on Division of Revenue Bill (National Assembly Bills No. 14 of 2024). The Members of the Committee hereby affix their signatures to this Report to affirm adoption of the Report –

NO.	NAME	DESIGNATION	SIGNATURE
1.	Hon. Ndindi Nyoro, CBS, MP	Co-Chairperson	
2.	Sen. Kathuri Murungi, MGH, MP	Co-Chairperson	
3.	Hon. Otucho, Mary Emaase, MP	Member	
4.	Sen. Fatuma Dullo, CBS, MP	Member	
5.	Hon. Chumel, Samwel Moroto, CBS, MP	Member	
6.	Sen. (Dr.) Boni Khalwale, CBS, MP	Member	
7.	Sen. Mohamed Faki Mwinyihaji, CBS, MP	Member	
8.	Hon. (Dr.) Mulu Makali, MP	Member	
9.	Sen. Agnes Muthama, MP	Member	
10.	Hon. Ochieng, David Ouma, MP	Member	
11.	Sen. Jackson Mandago, EGH, MP	Member	
12.	Hon. Atandi, Samuel Onunga, MP	Member	
13.	Sen. Mohamed Chute, MP	Member	
14.	Hon. Lesuuda, J. Naisula, OGW, MP	Member	
15.	Sen. Eddy Gicheru Oketch, MP	Member	
16.	Hon. Guyo, Ali Wario, MP	Member	
17.	Sen. Moses Kajwang, MP	Member	
18.	Hon. Mokaya, Nyakundi Japheth, MP	Member	



## 2.0 Background

1. The Division of Revenue Bill, 2024 (National Assembly Bill No. 14 of 2024) was published on 8<sup>th</sup> March 2024 and was introduced in the National Assembly on Tuesday 12<sup>th</sup> March 2024. It was subsequently committed to the Budget and Appropriations Committee for review and recommendations, pursuant to standing order 127(2) of the National Assembly Standing Orders.
2. The National Assembly considered the Bill and approved it on Wednesday, 20<sup>th</sup> March 2024 without amendments (as published). Subsequently, the Bill was referred to the Senate for concurrence pursuant to Article 110 (4) of the Constitution.
3. The Bill was read a First Time in the Senate on Wednesday, 27<sup>th</sup> March 2024. Consequently, pursuant to standing order 145 of the Senate Standing Orders, the Bill was committed to the Standing Committee on Finance and Budget for consideration and facilitation of public participation.
4. The Senate considered the Bill and passed it with an amendment that allocated counties an equitable share amount of Ksh. 415.952 billion in FY 2024/25. This required an additional allocation of Ksh. Ksh. 24.835 billion to the National Assembly proposal of Ksh. 391.117 billion.
5. The changes are summarized in table 1 below:

Type/Level of allocation	Bill as Published		Senate amendments		Changes
	Amount in Ksh.	*	Amount in Ksh.	*	
A. Total Sharable Revenue	2,948,123,505,582		2,948,123,505,582		-
B. National Government	2,549,153,902,710		2,524,318,490,857		(24,835,411,853)
C. Equalization Fund	7,852,814,725	0.50%	7,852,814,725	0.50%	-
D. County equitable share	391,116,788,147	24.90%	415,952,200,000	26.48%	24,835,411,853

*\* Percentage (%) of 2020/21 audited and approved Revenue i.e. KSh. 1,570,562,945,014*

### **3.0 Consideration of the Division of Revenue Bill, (National Assembly Bills No. 14 of 2024) by the Mediation Committee**

The Committee Considered the Bill and made the following observations-

- a) Devolution has played a critical role in the development of various regions in the country, and that devolution was working. The proposed allocation to county governments is insufficient and requires an increase.
- b) Some devolved functions were still performed by the national level of government, resulting in duplication of functions at both the county and national levels, such as Agriculture and Health.
- c) In the effort to ensure expenditure matches the projected revenue collection, the Government has rationalized the budget, and in the budget estimates, the projected total expenditure is set at Kshs.3.914 trillion, a difference of Kshs.270 billion.
- d) County governments are faced with additional expenditure demands due to implementation of key national government priority programmes such as the County Aggregation and Industrial Parks, and Community Health Promoters which are jointly funded by the national and county governments on a 50:50 matching basis.
- e) Other non-discretionary expenditure demands accrue from the new housing levy deductions, new National Social Security Fund (NSSF) contributions, new Social Health Insurance (SHIF) contributions and recently signed doctor's CBA.
- f) The proposed Kshs. 391.117 billion as county equitable share represents 24.9% of total sharable revenue thus above the prescribed threshold of 15%.
- g) There was a proposed additional conditional allocation to county governments for Health Facility Improvement and Equipping amounting to Kshs.4 billion that was approved in the 2024 BPS by the National Assembly. This allocation may be transferred to counties as part of equitable share.



- h) The Division of Revenue Bill must be approved by Parliament before tabling of the Budget Estimates. Thus, there is a need to expedite mediation process so that it does not interfere with the budget process.

#### **4.0 Committee Recommendation**

Having considered the possible options the Committee resolved THAT-

- c) The National Government Equitable share for the Financial Year 2024/25 be **Kshs. 2,540,153,902,710;** and
- d) The County Equitable share for the Financial Year 2024/25 be **Kshs. 400,116,788,147.**

**Annex1:** Minutes of the Committee  
**Annex 2:** Agreed version of the Bill





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REPUBLIC OF KENYA

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PARLIAMENT

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NATIONAL ASSEMBLY BILLS  
(*Bill No. 14 of 2024*)

**THE DIVISION OF REVENUE BILL, 2024**

(A version of the Division of Revenue Bill, 2024 (National Assembly Bills No. 14 of 2024) as agreed on 27<sup>th</sup> May, 2024, by a mediation committee appointed pursuant to Article 113 of the Constitution)

**N.A. /B/No. 14/2024**

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A large, stylized blue ink signature, likely belonging to W. Mathenge, written over a faint circular stamp.

A smaller blue ink signature, possibly belonging to B. I., located to the right of the main signature.

**THE DIVISION OF REVENUE BILL, 2024**  
**ARRANGEMENT OF CLAUSES**

*Clause*

- 1—Short title.
- 2—Interpretation.
- 3—Object and purpose of the Act.
- 4—Allocations to national and county governments.
- 5—Variation in revenue.

**SCHEDULE**

**EQUITABLE SHARE OF REVENUE RAISED  
NATIONALLY BETWEEN THE NATIONAL  
AND COUNTY GOVERNMENTS FOR THE  
2024/25 FINANCIAL YEAR**

**APPENDIX**

**EXPLANATORY MEMORANDUM TO THE  
DIVISION OF REVENUE BILL, 2024**

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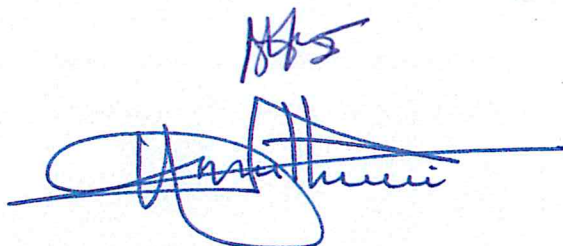
**THE DIVISION OF REVENUE BILL, 2024**

**A Bill for**

**AN ACT of Parliament to provide for the equitable division of revenue raised nationally between the national and county governments in the 2024/25 financial year, and for connected purposes**

**ENACTED** by Parliament of Kenya, as follows—

- |  |   |
|--|---|
| 1. This Act may be cited as the Division of Revenue Act, 2024.   | Short title.                                    |
| 2. In this Act, unless the context otherwise requires, “revenue” has the meaning assigned to it under section 2 of the Commission on Revenue Allocation Act.   | Interpretation.<br>Cap. 428                     |
| 3. The object and purpose of this Act is to provide for the equitable sharing of revenue raised nationally between the national and county governments for the 2024/25 financial year in accordance with Article 203(2) of the Constitution. | Object and purpose of the Act.                  |
| 4. Revenue raised nationally in respect of the 2024/25 financial year shall be shared equitably among the national and county governments as set out in the Schedule to this Act.  | Allocations to national and county governments. |
| 5. (1) If the actual revenue raised nationally in the financial year falls short of the expected revenue set out in the Schedule, the shortfall shall be borne by the national government.   | Variation in revenue.                           |
| (2) If the actual revenue raised nationally in the financial year exceeds the projected revenues set out in the Schedule, the excess revenue shall accrue to the national government, and may be used to reduce borrowing or pay debts.      |   |

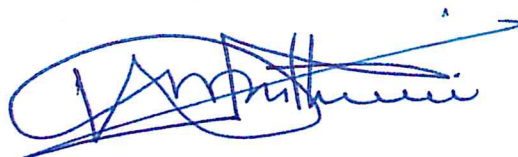


**SCHEDULE (s.4)**

**ALLOCATION OF REVENUE RAISED NATIONALLY BETWEEN  
THE NATIONAL GOVERNMENT AND COUNTY  
GOVERNMENTS FOR THE 2024/25 FINANCIAL YEAR**

Type/level of allocation	Amount in Ksh.	Percentage (%) of 2020/21 audited and approved Revenue i.e. Ksh.1,570,562,945,014
<b>A. Total Sharable Revenue</b>	2,948,123,505,582	
<b>B. National Government</b>	2,540,153,902,710	
<b>C. Equalization Fund</b>	7,852,814,725	0.50%
<b>D. County equitable share</b>	400,116,788,147	25.48%

18/5







**REPUBLIC OF KENYA**

**13<sup>TH</sup> PARLIAMENT – (THIRD SESSION)**

**MINUTES OF THE FIRST (1<sup>ST</sup>) SITTING OF THE MEDIATION COMMITTEE  
ON THE DIVISION OF REVENUE BILL, 2024 (NATIONAL ASSEMBLY BILL  
NO.14 OF 2024) HELD ON THURSDAY, 23<sup>RD</sup> MAY, 2024 IN THE MINI  
CHAMBER AT COUNTY HALL, PARLIAMENT BUILDINGS FROM 11:00 A.M**

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**MEMBERS PRESENT**

1. Sen. Kathuri Murungi, MGH, MP	-	<b>Co-Chairperson</b>
2. Hon. Ndindi Nyoro, CBS, MP	-	<b>Co-Chairperson</b>
3. Hon. Otucho, Mary Emaase, MP	-	Member
4. Sen. Fatuma Dullo, CBS, MP	-	Member
5. Hon. Chumel, Samwel Moroto, CBS, MP	-	Member
6. Sen. Mohamed Faki Mwinyihaji, CBS, MP	-	Member
7. Hon. (Dr.) Mulu Makali, MP	-	Member
8. Sen. Agnes Muthama, MP	-	Member
9. Hon. Ochieng, David Ouma, MP	-	Member
10. Sen. Jackson Mandago, EGH, MP	-	Member
11. Hon. Atandi, Samuel Onunga, MP	-	Member
12. Sen. Mohamed Chute, MP	-	Member
13. Hon. Guyo, Ali Wario, MP	-	Member
14. Hon. Mokaya, Nyakundi Japheth, MP	-	Member
15. Sen. Eddy Gicheru Oketch, MP	-	Member

**ABSENT WITH APOLOGY**

1. Sen. (Dr.) Boni Khalwale, CBS, MP	-	Member
2. Sen. Moses Kajwang, MP	-	Member
3. Hon. Lesuuda, J. Naisula, OGW, MP	-	Member

**IN ATTENDANCE**

1. Sen. Johnes Mwaruma, MP	-	Friend to the Committee
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## **SECRETARIAT**

- |                             |   |                                 |
|-----------------------------|---|---------------------------------|
| 1. FA. (Dr.) Martin Masinde | - | Director, PBO                   |
| 2. Ms. Lucy Makara          | - | Ag. Senior Deputy Director, PBO |
| 3. Mr. Fredrick Muthengi    | - | Deputy Director, PBO            |
| 4. Mr. Christopher Gitonga  | - | Clerk Assistant- (Presiding)    |
| 5. Mr. Danson Kachumbo      | - | Fiscal Analyst/ Clerk Assistant |
| 6. Ms. Beverlyne Chivadika  | - | Clerk Assistant                 |
| 7. Ms. Lucy Radoli          | - | Legal Counsel                   |
| 8. Mr. Moses Mwariri        | - | Legal Counsel                   |
| 9. Ms. Millicent Makina     | - | Fiscal Analyst                  |
| 10. Mr. Gorod Abdirahman    | - | Fiscal Analyst                  |
| 11. Dr. Abel Nyagwachi      | - | Fiscal Analyst                  |
| 12. Mr. Constant Wamayuyi   | - | Researcher                      |
| 13. Mr. Stephen Maru        | - | Searjant-At-Arms                |
| 14. Ms. Shirley Milimu      | - | Audio Officer                   |

## **MIN/NA/SEN/DORB/01/2024**

## **PRELIMINARIES**

The meeting was called to order at 11:21 a.m. This was followed by a word of prayer, and a round of introduction.

## **MIN/NA/SEN/DORB/02/2024**

## **ADPOTION OF THE AGENDA**

The agenda was adopted after it was proposed by Sen. Mohamed Faki Mwinyihaji, CBS, MP, and seconded by Hon. (Dr.) Mulu Makali, MP, as listed below-

1. Prayer;
2. Introduction;
3. Adoption of the Agenda;
4. Election of the Chairperson and Vice Chairperson;
5. Remarks by the Chairperson and Vice-Chairperson;
6. Consideration of the Division of Revenue Bill, 2024, (National Assembly Bills No. 14 of 2024) (*Committee Paper No.01*);
7. Any Other Business; and
8. Adjournment.



The Presiding Officer welcomed the members to the meeting. Thereafter, he informed the meeting that the Standing Orders of the Senate and National Assembly provide that the Chairperson and Vice-Chairperson of the Mediation Committee shall be appointed at the first meeting of the Committee, and shall not be members of the same House. Thereafter, he requested for proposals for the position of the Chairperson.

After deliberations, it was unanimously resolved that instead of electing chairperson and vice chairperson, the Committee should have Co-Chairpersons. It was further resolved that Hon. Ndindi Nyoro, CBS, MP, and Sen. Kathuri Murungi, MGH, MP, should take up the position of the Co-Chairpersons.

The Presiding Officer welcomed the Co-Chairpersons to make their opening remarks and preside over the meeting.

**Remarks by Co-Chairperson from the National Assembly**

Hon. Ndindi Nyoro, CBS, MP, thanked the Members present for creating time to attend the meeting despite their busy schedules. He further informed the meeting as follows-

- a) There were two figures for the county equitable share proposed by the National Assembly (Kshs.391.1 billion) and Senate (Kshs.415.9522 billion).
- b) The Mediation Committee had been constituted to develop a version of the Bill that both Houses may pass.
- c) The proposed total expenditure for FY 2024/2025 in the approved 2024 BPS was Kshs. 4.188 trillion.
- d) In the effort to ensure expenditure matches the projected revenue collection, the Government has rationalized the budget, and in the budget estimates, the projected total expenditure is set at Kshs.3.914 trillion, a difference of Kshs.270 billion.
- e) In the approved 2024 BPS, the projected budget deficit for FY 2024/2025 was Kshs.704 billion while in the budget estimates for FY 2024/25, the deficit has reduced to Kshs.514 billion.
- f) During the consideration of 2024 BPS, the National Assembly Committee on Budget and Appropriation held a consultative meeting with the Council of Governors (CoG). The Committee noted funding gaps in county governments, and therefore proposed an additional conditional allocation for Health Facility Improvement and Equipping amounting to Kshs.4 billion. Mediation Committee may consider converting the proposed additional allocation to equitable share.



- g) There were three proposals for county equitable-
  - the National Treasury proposed Kshs.391 billion which is same as the National Assembly's proposal;
  - the Senate proposed Kshs.415.952 billion; and
  - the Commission on Revenue Allocation (CRA) proposed Kshs.398 billion.
- h) The National Assembly supports devolution while the Senate is mandated to defend devolution by representing counties, and protecting the interests of the counties.
- i) Finally, he urged the Committee to work together to establish an agreement within the 30-day deadline.

#### **Remarks by Co-Chairperson from the Senate**

Upon invitation, Sen. Kathuri Murungi, MGH, MP, informed the meeting that-

- a) The main reason why the Mediation Committee was constituted was because of the Senate amendment to the proposed county equitable share for FY 2024/2025 from Kshs.391.1 billion to Kshs.415.952 billion, an amendment which was rejected by the National Assembly at its Sitting held on Monday, 13<sup>th</sup> May 2024.
- b) The core mandate of the Senate, as stated in Article 96 of the Constitution, is to protect devolution.
- c) The core objective of the Committee was to develop a version of the Division of Revenue Bill that can be passed in both Houses.
- d) The Committee is an arbiter between the two Houses and its expected that it will reach to common position and resolve the stalemate.

Thereafter, he invited the Parliamentary Budget Office to make a presentation.

**MIN/NA/SEN/DORB/05/2024**

#### **CONSIDERATION OF THE DIVISION OF REVENUE BILL, 2024, (NATIONAL ASSEMBLY BILLS NO. 14 OF 2024) (COMMITTEE PAPER NO.01)**

Upon invitation, the Parliamentary Budget Office briefed the Committee on the following-

- a) The National Assembly considered the Bill and approved it on Wednesday, 20<sup>th</sup> March 2024 without amendments (as published). Subsequently, the Bill was referred to the Senate for concurrence pursuant to Article 110 (4) of the Constitution.
- b) The Senate considered the Bill and passed it with an amendment, whereby the County Equitable Share was increased by Ksh. 24.835 billion, from the published figure of Ksh. 391.117 billion (24.9 percent of total sharable revenue) to Ksh. 415.952 billion (26.4% of total sharable revenue).



- c) The amendment implied that the National Government share out of the total sharable revenue was reduced by a similar amount of Ksh. 24.835 billion, from Ksh. 2,549,153,902,710 to Ksh. 2,524,318,490,857.
- d) The decision by the Senate was informed by the following critical factors-
- i. the county equitable share as a proportion of ordinary revenue has been on a declining trend over the past five financial years.
  - ii. The county governments are faced with additional expenditure demands due to implementation of key national government priority programmes such as-
    - County Aggregation and Industrial Parks, and Community Health Promoters which are jointly funded by the national and county governments on a 50:50 matching basis.
    - Other non-discretionary expenditure demands accrue from the new housing levy deductions, new National Social Security Fund (NSSF) contributions and new Social Health Insurance (SHIF) contributions.
- e) Pursuant to standing orders 146, 147 and 148 of the National Assembly Standing Orders, the National Assembly considered and rejected the Senate amendment to the Division of Revenue Bill, 2024.
- f) The rejection of the Senate amendments was informed by the following-
- i. The National Government continues to solely bear shortfalls in revenue collection in any given financial year.
  - ii. For instance, in the FY 2023/24, there is an expected revenue shortfall amounting to approximately Kshs. 300 billion. Consequently, the National Government has rationalized the expenditure for FY 2024/25 by approximately Kshs. 270 billion from the approved BPS ceilings.
  - iii. Given that the budget ceiling was already determined during the BPS approval, there is limited fiscal space to accommodate the additional resources to county governments.
- g) Some of the emerging issues included the following-
- i. In FY 2024/25, the total revenue including Appropriation-in-Aid (A.i.A) is estimated at Ksh.3,354.2 billion (18.6% of GDP). This is a downward revision by Ksh. 80.8 billion from the 2024 BPS total revenue target of Ksh.3,435.0 billion (19.1% of GDP).
  - ii. The ordinary revenue collection is estimated at Ksh. 2,913.2 billion (16.2% of GDP), which is Ksh.34.9 billion less from the 2024 BPS revenue projections. This implied that the total sharable revenue as contained in the Division of Revenue Bill has reduced by Ksh. 34.9 billion; denoting the limited fiscal space.



## **Committee deliberations**

The Committee made the following observations-

- a) Devolution has played a critical role in the development of various regions in the country, and that devolution was working.
- b) The proposed allocation to county governments of Kshs.391.117 billion is insufficient and requires an increase.
- c) Some devolved functions were still performed by the national level, resulting in duplication of functions at both the county and national levels, such as Agriculture and Health.
- d) County governments are faced with additional expenditure demands due to implementation of key national government priority programmes such as the County Aggregation and Industrial Parks, and Community Health Promoters which are jointly funded by the national and county governments on a 50:50 matching basis.
- e) Other non-discretionary expenditure demands accrue from the new housing levy deductions, new National Social Security Fund (NSSF) contributions, new Social Health Insurance (SHIF) contributions and recently signed doctor's CBA.
- f) The Commission on Revenue Allocation (CRA) employs experts in public policy and finance to give scientifically based recommendations on vertical sharing of national revenue. Its recommendations should be carefully scrutinized by both Houses, particularly the National Assembly and Senate. The Committee noted that over the years, the National Assembly, Senate and National Treasury have often disagreed with the CRA's recommendation.
- g) Counties rely majorly on county equitable share, and experience challenges in collecting Own Source Revenue, which affect budget implementation. This has resulted in stalled projects due to insufficient funding.
- h) The proposed Kshs.391.117 billion as county equitable share represents 24.9% of total sharable revenue thus above the prescribed threshold of 15%.
- i) Some Members of the Committee proposed an allocation of Kshs.400 billion as county equitable share.
- j) Budget allocation for Health in the approved 2024 BPS was Kshs.151 billion however in the budget estimates, it has been reduced to Kshs.126 billion. Similarly, budget allocation for Agriculture was Kshs.66 billion, and has been reduced to Kshs.58 billion. Thus, reallocating funds in these sectors as proposed by most of Members was not possible.
- k) The proposed additional conditional allocation to county governments for Health Facility Improvement and Equipping amounting to Kshs.4 billion that was approved



in the 2024 BPS by the National Assembly may be transferred to counties as part of equitable share. The adjustment would increase county equitable share to **Kshs.395 billion** and could form as a basis of discussion in the subsequent meeting.

- l) A baseline of Ksh. 374.492 billion (after netting out RMLF amounting to Kshs.10.9 billion) as the allocation to counties for FY 2023/24 against the actual baseline of Ksh. 385.425 billion was erroneous since the equitable share, once approved, cannot be deemed to include conditional allocations.
- m) The Division of Revenue Bill must be approved by Parliament before tabling of the Budget Estimates. Thus, there is a need to expedite mediation process so that it does not interfere with the budget process.

Following deliberations-

- a) Parliamentary Budget Office was tasked to prepare a brief on-
  - Analysis of growth in ordinary revenue over the past financial years; and
  - Areas for possible reallocation in order to increase county equitable share.
- b) the Mediation Committee resolved to adjourn the meeting and reconvene on **Monday, 27<sup>th</sup> May, 2024 at 2:00 p.m.** to allow for extensive consultations.

**MIN/NA/SEN/DORB/06/2024**

**ADJOURNMENT AND DATE OF NEXT  
MEETING**

The meeting adjourned at 1:12 p.m. The next meeting to be held on Monday, 27<sup>th</sup> May, 2024 at 2:00 p.m.

Signed.....  
Sen. Kathuri Murungi, MGH, MP  
Co-Chairperson

Date.....**27.05.2024**

Signed.....  
Hon. Ndindi Nyoro, CBS, MP  
Co-Chairperson

Date.....**27.05.2024**





REPUBLIC OF KENYA

13<sup>TH</sup> PARLIAMENT – (THIRD SESSION)

MINUTES OF THE SECOND (2<sup>ND</sup>) SITTING OF THE MEDIATION COMMITTEE ON THE DIVISION OF REVENUE BILL, 2024 (NATIONAL ASSEMBLY BILL NO.14 OF 2024) HELD ON MONDAY, 27<sup>TH</sup> MAY, 2024 IN THE MINI CHAMBER AT COUNTY HALL, PARLIAMENT BUILDINGS FROM 2:00 P.M

**MEMBERS PRESENT**

1. Sen. Kathuri Murungi, MGH, MP	-	Co-Chairperson
2. Hon. Ndindi Nyoro, CBS, MP	-	Co-Chairperson
3. Hon. Otucho, Mary Emaase, MP	-	Member
4. Sen. Fatuma Dullo, CBS, MP	-	Member
5. Hon. Chumel, Samwel Moroto, CBS, MP	-	Member
6. Sen. Mohamed Faki Mwinyihaji, CBS, MP	-	Member
7. Hon. (Dr.) Mulu Makali, MP	-	Member
8. Sen. Agnes Muthama, MP	-	Member
9. Hon. Ochieng, David Ouma, MP	-	Member
10. Sen. Jackson Mandago, EGH, MP	-	Member
11. Hon. Atandi, Samuel Onunga, MP	-	Member
12. Sen. Mohamed Chute, MP	-	Member
13. Hon. Guyo, Ali Wario, MP	-	Member
14. Hon. Mokaya, Nyakundi Japheth, MP	-	Member
15. Sen. Eddy Gicheru Oketch, MP	-	Member
16. Sen. (Dr.) Boni Khalwale, CBS, MP	-	Member
17. Sen. Moses Kajwang, MP	-	Member
18. Hon. Lesuuda, J. Naisula, OGW, MP	-	Member

**SECRETARIAT**

1. FA. (Dr.) Martin Masinde	-	Director, PBO
2. Ms. Lucy Makara	-	Ag. Senior Deputy Director, PBO
3. Mr. Fredrick Muthengi	-	Deputy Director, PBO
4. Mr. Christopher Gitonga	-	Clerk Assistant- (Presiding)



5. Mr. Danson Kachumbo	-	Fiscal Analyst/ Clerk Assistant
6. Ms. Sylvia Ocharo	-	Senior Research Officer
7. Ms. Beverlyne Chivadika	-	Clerk Assistant
8. Ms. Lucy Radoli	-	Legal Counsel
9. Mr. Moses Mwariri	-	Legal Counsel
10. Ms. Millicent Makina	-	Fiscal Analyst
11. Mr. Gorod Abdirahman	-	Fiscal Analyst
12. Ms. Julie Mwithiga	-	Fiscal Analyst
13. Mr. Constant Wamayuyi	-	Researcher
14. Mr. Stephen Maru	-	Serjeant-At-Arms
15. Ms. Shirley Milimu	-	Audio Officer

#### **MIN/NA/SEN/DORB/07/2024**

#### **PRELIMINARIES**

The meeting was called to order at 2:21p.m. This was followed by a word of prayer, and a round of introduction.

#### **MIN/NA/SEN/DORB/08/2024**

#### **ADOPTION OF THE AGENDA**

The agenda was adopted after it was proposed by Sen. Mohamed Faki Mwinyihaji, CBS, MP, and seconded by Hon. Lesuuda, J. Naisula, MP, as listed below-

1. Prayer;
2. Introduction;
3. Adoption of the Agenda;
4. Confirmation of Minutes of the 1<sup>st</sup> Sitting;
5. **Consideration of the Division of Revenue Bill, 2024, (National Assembly Bills No. 14 of 2024);**
6. Any Other Business; and
7. Adjournment.

#### **MIN/NA/SEN/DORB/09/2024**

#### **Confirmation of Minutes**

The minutes of the 1<sup>st</sup> Sitting were confirmed as true records as proposed by Hon. Guyo, Ali Wario, M.P and Seconded by Sen. Mohamed Faki Mwinyihaji, CBS, MP, .

### **Remarks by Co-Chairperson from the National Assembly**

Hon. Ndindi Nyoro, CBS, MP, thanked the Members present for making time to attend the meeting, despite their busy schedules. He informed that, the last week and this week have been the busiest for the Budget and Appropriations Committee which is currently considering FY 2024/2025 Budget Estimates and Supplementary Estimates II for 2023/2024. He further informed the meeting as follows-

- a) That, the Budget Policy Statement (BPS) heralds the Budget process, as it sets the ceilings. Ordinary during the Budget Estimates the budget increases due to emerging needs, haggling and bargaining.
- b) However, this year is peculiar, the Government has rationalized the budget, and in the budget estimates, the projected total expenditure is set at Kshs.3.914 trillion, a difference of Kshs.270 billion.
- c) For the National Government, on expenditure, approximately Kshs. 1.5 trillion has been set aside in recurrent, and Kshs.730 Billion in development. The money set aside for Counties is Kshs.391.1 billion.
- d) Another budget line that has grown over the years, is the Consolidated Fund Services of Kshs. 1.3 trillion; and Interest Rates Kshs. 2.8 Billion.
- e) The Budget Committee, during its meeting with the Education Committee of the National Assembly was informed that, the Committee had received several budget cuts, including budgets for the school feeding program. The committee had to reorganize the budget within the sector to cater for this. Capitation to higher education has a short fall of 23 Billion. Indeed, critical areas are already underfunded.

### **Remarks by Co-Chairperson from the Senate**

Upon invitation, Sen. Kathuri Murungi, MGH, MP, informed the meeting that-

- a) The Mediation Committee had been constituted to develop a version of the Bill that both Houses may pass.
- b) The main reason why the Mediation Committee was constituted was because of the Senate amendment to the proposed county equitable share for FY 2024/2025 from Kshs.391.1 billion to Kshs.415.952 billion.
- c) The core mandate of the Senate, as stated in Article 96 of the Constitution, is to protect devolution.



**Committee deliberations**

The Committee made the following observations-

- a) It was proposed that conditional grants to be disbursed as shareable revenue of Kshs.4 billion.
- b) That, 16 counties had benefitted from County Aggregation Industrial Park, 29 Counties were yet to benefit. It was proposed that the additional money to counties of Ksh. 11. 5 Billion be deducted from the allocation to County Aggregation Industrial Park.
- c) It was also suggested that the additional money be sourced from Ministries with the shared functions like Water, Health, Agriculture among others.
- d) Devolution has played a critical role in the development of various regions in the country, and that devolution was working.
- e) The proposed allocation to county governments of Kshs.391.117 billion is insufficient and requires an increase.
- f) County governments are faced with additional expenditure demands due to implementation of key national government priority programmes such as the County Aggregation and Industrial Parks, and Community Health Promoters which are jointly funded by the national and county governments on a 50:50 matching basis.
- g) Other non-discretionary expenditure demands accrue from the new housing levy deductions, new National Social Security Fund (NSSF) contributions, new Social Health Insurance (SHIF) contributions and recently signed doctor's CBA.
- h) The proposed Kshs.391.117 billion as county equitable share represents 24.9% of total sharable revenue thus above the prescribed threshold of 15%.
- i) Some Members of the Committee proposed an allocation of Kshs.400 billion as county equitable share.
- j) The proposed additional conditional allocation to county governments for Health Facility Improvement and Equipping amounting to Kshs.4 billion that was approved in the 2024 BPS by the National Assembly may be transferred to counties as part of equitable share. The adjustment would increase county equitable share to **Kshs.395 billion** and could form as a basis of discussion in the subsequent meeting.

Following deliberations-

- a) It was agreed that the county equitable share is Kshs. **400.1 billion**. Conditional Grants of 4 Billion forming part of the shareable revenue and 5 Billion to be sourced.

MIN/NA/SEN/DORB/11/2024

ADJOURNMENT AND DATE OF NEXT  
MEETING

The meeting adjourned at 4:12 p.m. The next meeting to be held on Tuesday, 27<sup>th</sup> May, 2024 at 5:00 p.m.

Signed.....  
Sen. Kathuri Murungi, MGH, MP  
Co-Chairperson

Date..... 27.05.2024

Signed.....  
Hon. Ndindi Nyoro, CBS, MP  
Co-Chairperson

Date..... 27.05.2024







**REPUBLIC OF KENYA**

**13<sup>TH</sup> PARLIAMENT – (THIRD SESSION)**

**MINUTES OF THE THIRD (3<sup>RD</sup>) SITTING OF THE MEDIATION COMMITTEE  
ON THE DIVISION OF REVENUE BILL, 2024 (NATIONAL ASSEMBLY BILL  
NO.14 OF 2024) HELD ON MONDAY, 27<sup>TH</sup> MAY, 2024 IN THE MINI CHAMBER  
AT COUNTY HALL, PARLIAMENT BUILDINGS FROM 5:30 P.M.**

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**MEMBERS PRESENT**

1. Sen. Kathuri Murungi, MGH, MP	-	Co-Chairperson
2. Hon. Ndindi Nyoro, CBS, MP	-	Co-Chairperson
3. Hon. Otucho, Mary Emaase, MP	-	Member
4. Sen. (Dr.) Boni Khalwale, CBS, MP	-	Member
5. Sen. Fatuma Dullo, CBS, MP	-	Member
6. Hon. Chumel, Samwel Moroto, CBS, MP	-	Member
7. Sen. Mohamed Faki Mwinyihaji, CBS, MP	-	Member
8. Sen. Moses Kajwang, MP	-	Member
9. Hon. (Dr.) Mulu Makali, MP	-	Member
10. Sen. Agnes Muthama, MP	-	Member
11. Hon. Ochieng, David Ouma, MP	-	Member
12. Hon. Atandi, Samuel Onunga, MP	-	Member
13. Hon. Lesuuda, J. Naisula, OGW, MP	-	Member
14. Sen. Mohamed Chute, MP	-	Member
15. Hon. Guyo, Ali Wario, MP	-	Member
16. Hon. Mokaya, Nyakundi Japheth, MP	-	Member
17. Sen. Eddy Gicheru Oketch, MP	-	Member

**ABSENT WITH APOLOGY**

1. Sen. Jackson Mandago, EGH, MP	-	Member
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**IN ATTENDANCE**

1. Sen. Samson Cherargey, MP	-	Friend to the Committee
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**SECRETARIAT**

1. FA. Dr. Martin Masinde	-	Director, PBO
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|----------------------------|---|---------------------------------|
| 2. Mr. Fredrick Muthengi   | - | Deputy Director, PBO            |
| 3. Ms. Lucy Makara         | - | Deputy Director, PBO            |
| 4. Mr. Christopher Gitonga | - | Clerk Assistant                 |
| 5. Mr. Danson Kachumbo     | - | Fiscal Analyst/ Clerk Assistant |
| 6. Ms. Beverlyne Chivadika | - | Clerk Assistant                 |
| 7. Ms. Sylvia Ocharo       | - | Clerk Assistant                 |
| 8. Ms. Lucy Radoli         | - | Legal Counsel                   |
| 9. Mr. Moses Mwariri       | - | Legal Counsel                   |
| 10. Ms. Millicent Makina   | - | Fiscal Analyst                  |
| 11. Mr. Gorod Abdirahman   | - | Fiscal Analyst                  |
| 12. Mr. Julie Mwithiga     | - | Fiscal Analyst                  |
| 13. Mr. Godana Mamo        | - | Seargent-At-Arms                |
| 14. Ms. Shirley Milimu     | - | Audio Officer                   |

**MIN/NA/SEN/DORB/12/2024**

**PRELIMINARIES**

The meeting was called to order at 5:35 p.m. This was followed by a word of prayer.

**MIN/NA/SEN/DORB/13/2024**

**ADPOTION OF THE AGENDA**

The agenda was adopted after it was proposed by Hon. Lesuuda, J. Naisula, OGW, MP, and seconded by Sen. Mohamed Chute, MP, as listed below-

1. Prayer;
2. Adoption of the Agenda;
3. Confirmation of Minutes of the 2<sup>nd</sup> Sitting;
4. Consideration and adoption of the draft report on the Division of Revenue Bill, 2024, (National Assembly Bills No. 14 of 2024) (*Committee Paper No.03*);
5. Any Other Business; and
6. Adjournment.

**MIN/NA/SEN/DORB/14/2024**

**CONFIRMATION OF MINUTES OF THE SECOND MEETING**

The Minutes of the Second (2<sup>nd</sup>) sitting held on Monday, 27<sup>th</sup> May, 2024 at 2:00 p.m. were confirmed as a true record of the proceedings of the Mediation Committee having been proposed by Sen. Agnes Muthama, MP, and seconded by Hon. Guyo, Ali Wario, MP.

**MIN/NA/SEN/DORB/15/2024**

**CONSIDERATION OF THE DRAFT REPORT ON THE DIVISION OF**

**REVENUE BILL, 2024 (NATIONAL  
ASSEMBLY BILL NO.14 OF 2024)**

The Mediation Committee considered the draft report on the report on the Division of Revenue Bill, 2024, (National Assembly Bills No. 14 of 2024). The report contained the recommendations on the national and county levels equitable Share for the Financial Year 2024/2025.

The recommendation was as follows-

- a) The national level of Government be allocated Kshs. 2,540,153,902,710 for the Financial Year 2024/25; and
- b) The county level of government be allocated Kshs. 400,116,788,147 for the Financial Year 2024/25.

**MIN/NA/SEN/DORB/16/2024**

**ADOPTION OF THE REPORT ON THE  
DIVISION OF REVENUE BILL, 2024,  
(NATIONAL ASSEMBLY BILLS NO. 14 OF  
2024)**

Having considered the Report, the Mediation Committee unanimously adopted the report having been proposed by Sen. Mohamed Chute, MP, and seconded by Hon. Mokaya, Nyakundi Japheth, MP.

**MIN/NA/SEN/DORB/17/2024**

**ADJOURNMENT AND DATE OF NEXT  
MEETING**

There being no other business, the meeting adjourned at 6:10 p.m.

Signed.....

Sen. Kathuri Murungi, MGH, MP  
Co-Chairperson

Date.....27.05.2024

Signed.....

Hon. Ndindi Nyoro, CBS, MP  
Co-Chairperson

Date.....27.05.2024



