THE COUNTY ALLOCATION OF REVENUE BILL, 2016

ARRANGEMENT OF CLAUSES

Clause

THE COUNTY ALLOCATION OF REVENUE BILL, 2016

A Bill for

AN ACT of Parliament to provide for the equitable allocation of revenue raised nationally among the county governments for the 2016/2017 financial year and the responsibilities of national and county governments pursuant to such allocation and for connected purposes

ENACTED by the Parliament of Kenya, as follows—

PART I— PRELIMINARY

Short title.

1. This Act may be cited as the County Allocation of Revenue Act, 2016.

Interpretation.

2. In this Act, unless the context otherwise requires—

"Cabinet Secretary" means the Cabinet Secretary for the time being responsible for matters relating to finance;

"conditional allocations" for the purposes of this Act, means additional resources allocated to county governments from revenue raised nationally or in the form of loans and grants from development partners;

"revenue" has the meaning assigned to it under section 2 of the Commission on Revenue Allocation Act; No. 16 of 2011.

"State organ" has the meaning assigned to it under Article 260 of the Constitution; and

"wasteful expenditure" has the meaning assigned to it under section 2 of the Public Finance Management Act. No. 18 of 2012.

Object and purpose of the Act.

3. The object and purpose of this Act is to—

(a) provide, pursuant to Article 218(1)(b) of the Constitution, for the allocation of an equitable share of revenue raised nationally among the county governments, in accordance with the resolution approved by Parliament under Article 217 of the Constitution for the financial year 2016/2017;

(b) provide, pursuant to Article 187(2) and 202 (2) of the Constitution, for conditional allocations for the financial year 2016/2017; and

(c) facilitate the transfer of allocations made to counties under this Act from the Consolidated Fund to the respective County Revenue Funds.

Equitable allocation of county governments' share of revenue.

4. (1) Each county governments' equitable share of revenue raised nationally on the basis of the revenue sharing formula approved by Parliament in accordance with Article 217 of the Constitution in respect of the financial year 2016/2017 shall be as set out in Column D of the First Schedule.

(2) Each county government's allocation under subsection (1) shall be transferred to the respective County Revenue Fund, in accordance with a payment schedule approved by the Senate and published in the gazette by the Cabinet Secretary in accordance with section 17 of the Public Finance Management Act. No. 18 of 2012.

Conditional allocations to county governments.

5. (1) Conditional allocations from national government revenue to each county government for the financial year 2016/2017 shall be as set out in Column H of the Second Schedule, comprising —

(a) conditional grants for level 5 hospitals as set out in Column B of the Second Schedule;

(b) special purpose grants supporting emergency medical services as set out in Column C of the Second Schedule;

(c) conditional allocations for free maternal health care as set out in Column D of the Second Schedule;

(d) conditional allocations to compensate county health facilities for foregone user fees revenue as set out in Column E of the Second Schedule;

(e) conditional allocations for leasing of medical equipment as set out in Column F of the Second Schedule; and

(f) conditional allocations from the Road Maintenance Fuel Levy Fund for the repair and maintenance of county roads as set out in Column G of the Second Schedule.

(2) Conditional allocations financed by proceeds of loans or grants from development partners to each county

government for the financial year 2016/2017 shall be as set out in Column E of the Third Schedule, comprising —

(a) conditional allocations financed by a loan from the World Bank to supplement financing for county health facilities as set out in Column B of the Third Schedule;

(b) conditional allocations financed by a grant from the Government of Denmark to supplement financing for county health facilities as set out in Column C of the Third Schedule; and

(c) conditional allocations to ensure continuation of services financed by loans and grants from other development partners as set out in Column D of the Third Schedule.

(3) Each county government's allocation under subsection (1) (a), (b), (c), (d) and (f) shall be transferred to the respective County Revenue Fund in accordance with a payment schedule published in the Gazette by the Cabinet Secretary in accordance with section 17 of the Public Finance Management Act, but shall only be accessed by each county government after meeting conditions set by the Cabinet Secretary responsible for that function at the beginning of the financial year and such transfers shall be included in the budget estimates of the county government and submitted to the county assembly for approval.

No. 18 of 2012.

(4) The county governments' allocations under subsection (1) (e) shall be included in the budget estimates of the national government and shall be submitted to Parliament for approval provided that the national and county governments shall have an intergovernmental agreement in line with Article 187 of the Constitution.

(5) A county governments' allocation under sub-section (2) (a) and (b) shall be transferred to the respective County Revenue Fund, in accordance with a payment schedule published in the Gazette by the Cabinet Secretary in accordance with section 17 of the Public Finance Management Act, provided that the Cabinet Secretary and the responsible development partner have agreed in writing that the funds shall be transferred to the county governments and such transfers shall be included in the budget estimates of the respective county government and

No. 18 of 2012.

shall be submitted to the respective county assembly for approval.

(6) The county governments' allocations under subsection (2) (c) shall be included in the budget estimates of the national government and shall be submitted to Parliament for approval.

(7) Functions published in the gazette for transfer after Parliament has approved the national government budget for 2016/2017 shall take effect in the financial year, 2017/2018.

Transfers made in error or fraudulently.

6. (1)Despite the provisions of any other law, where it is determined that the transfer of funds to a county government was done in error or fraudulently, such a transfer shall be regarded as not legally due to that county government.

(2) An erroneous transfer contemplated in subsection (1) may be recovered immediately or set-off against future transfers to that county government which would otherwise become due in accordance with the payment schedule approved by the Senate and published in the Gazette by the Cabinet Secretary in accordance with section 17 of the Public Finance Management Act.

No. 18 of 2012.

Report on actual transfers.

7. The National Treasury shall publish a monthly report on actual transfers of all allocations to county governments.

Books of accounts to reflect national government transfers.

8. (1) Each county treasury shall reflect all transfers by the national government to the county governments in its books of accounts.

(2) The estimates of revenue of each county shall separately reflect the total equitable revenue share under section 4 of this Act and any other conditional allocations from the national government transferred to the County Revenue Fund.

(3)A county treasury shall as part of its consolidated quarterly and annual reports required under the Public Finance Management Act, report on actual transfers received by the county government from the national government up to the end of that quarter or year in the format prescribed by the Public Sector Accounting Standards Board or in the absence of a format prescribed by

No. 18 of 2012

the Board, in the format prescribed by the National Treasury.

Resolution of disputes and payment of wasteful expenditure.

9. (1)Any State organ involved in an intergovernmental dispute regarding any provision of this Act or any division of revenue matter or allocation shall, before approaching a court to resolve such dispute, make every effort to settle the dispute with the other state organ concerned, including exhausting all alternative mechanisms provided for resolving disputes in relevant legislation.

(2) If a court is satisfied that a State organ in an attempt to resolve a dispute has not exhausted all the mechanisms for alternative dispute resolutions as contemplated in section 35 of the Intergovernmental Relations Act and refers the dispute back for the reason that the State organ has not complied with subsection (1), the expenditure incurred by that State organ in approaching the court shall be regarded as wasteful expenditure.

No. 2 of 2012.

(3) The costs in respect of such wasteful expenditure referred to in subsection (2) shall, in accordance with a prescribed procedure, be recovered without delay from the person who caused the State organ not to comply with the requirements of subsection (1) in accordance with section 203 of the Public Finance Management Act.

No. 18 of 2012.

Financial Misconduct.

10. Despite the provisions of any other law, any serious or persistent non-compliance with provisions of this Act constitutes an offence under the Public Finance Management Act.

No. 18 of 2012.

Cabinet Secretary to make Regulations.

11. The Cabinet Secretary may, with the approval of Parliament make Regulations on—

(a) any matter in respect of which Regulations require to be made under this Act; and

(b) any subsidiary or incidental administrative or procedural matter necessary for the proper implementation or administration of this Act.

FIRST SCHEDULE **(s. 4(1))**

Allocation of Each County Governments' Equitable Share of Revenue Raised Nationally, Financial Year 2016/2017

		FY 2015/2016		FY 2016/2017	
No.	County	Allocation Ratio	KSh.	Allocation Ratio	KSh.
		Column A	Column B	Column C	Column D
1	Baringo	1.71%	4,440,576,026	1.71%	4,791,438,190
2	Bomet	1.81%	4,706,893,298	1.81%	5,078,797,925
3	Bungoma	2.95%	7,675,726,717	2.95%	8,282,207,063
4	Busia	2.09%	5,440,248,190	2.09%	5,870,097,209
5	Elgeyo/Marakwet	1.26%	3,270,440,729	1.26%	3,528,847,275
6	Embu	1.48%	3,837,939,840	1.48%	4,141,186,056
7	Garissa	2.22%	5,771,689,408	2.22%	6,227,726,513
8	Homa Bay	2.17%	5,634,960,034	2.17%	6,080,193,774
9	Isiolo	1.18%	3,056,565,534	1.18%	3,298,073,210
10	Kajiado	1.70%	4,412,625,800	1.70%	4,761,279,539
11	Kakamega	3.43%	8,908,229,519	3.43%	9,612,093,313
12	Kericho	1.73%	4,505,064,038	1.73%	4,861,021,577
13	Kiambu	2.87%	7,463,541,789	2.87%	8,053,256,819
14	Kilifi	2.86%	7,441,216,645	2.86%	8,029,167,703
15	Kirinyanga	1.36%	3,538,217,626	1.36%	3,817,781,963
16	Kisii	2.73%	7,093,627,514	2.73%	7,654,114,597
17	Kisumu	2.19%	5,681,265,569	2.19%	6,130,158,037
18	Kitui	2.80%	7,267,273,063	2.80%	7,841,480,359
19	Kwale	1.97%	5,125,697,562	1.97%	5,530,693,069
20	Laikipia	1.33%	3,449,548,893	1.33%	3,722,107,269
21	Lamu	0.79%	2,051,883,746	0.79%	2,214,008,743
22	Machakos	2.61%	6,768,653,467	2.61%	7,303,463,454
23	Makueni	2.30%	5,969,671,381	2.30%	6,441,351,588
24	Mandera	3.45%	8,955,703,809	3.45%	9,663,318,677
25	Marsabit	2.00%	5,189,461,933	2.00%	5,599,495,638
26	Meru	2.50%	6,493,602,784	2.50%	7,006,680,257
27	Migori	2.25%	5,836,852,127	2.25%	6,298,037,918
28	Mombasa	2.00%	5,197,893,978	2.00%	5,608,593,922
29	Muranga	2.06%	5,355,997,309	2.06%	5,779,189,434
30	Nairobi	5.00%	12,996,608,958	5.00%	14,023,506,892
31	Nakuru	3.12%	8,116,330,943	3.12%	8,757,624,645
32	Nandi	1.83%	4,755,105,868	1.83%	5,130,819,903
33	Narok	2.04%	5,287,901,138	2.04%	5,705,712,796
34	Nyamira	1.60%	4,154,538,019	1.60%	4,482,799,531
35	Nyandarua	1.66%	4,307,070,831	1.66%	4,647,384,382
36	Nyeri	1.71%	4,449,219,647	1.71%	4,800,764,767
37	Samburu	1.37%	3,552,281,938	1.37%	3,832,957,535
38	Siaya	1.92%	4,995,298,722	1.92%	5,389,991,057
39	Taita	1.27%	3,309,568,191	1.27%	3,571,066,305

		FY 2015/2016		FY 2016/2017	
No.	**County**	**Allocation Ratio**	**KSh.**	**Allocation Ratio**	**KSh.**
		Column A	**Column B**	**Column C**	**Column D**
40	Tana River	1.53%	3,984,569,971	1.53%	4,299,401,839
41	TharakaNithi	1.21%	3,137,566,667	1.21%	3,385,474,466
42	Trans Nzoia	1.96%	5,099,612,701	1.96%	5,502,547,171
43	Turkana	4.03%	10,479,033,426	4.03%	11,307,010,771
44	UasinGishu	2.00%	5,190,879,968	2.00%	5,601,025,717
45	Vihiga	1.49%	3,871,411,960	1.49%	4,177,302,901
46	Wajir	2.78%	7,232,740,318	2.78%	7,804,219,087
47	West Pokot	1.66%	4,313,692,404	1.66%	4,654,529,143
	GRAND TOTAL	**100.00%**	**259,774,500,000**	**100.00%**	**280,300,000,000**

THIRD SCHEDULE (s. 5(2))

Conditional Allocations to County Governments from Loans and Grants from Development Partners in Financial Year 2015/17 (Figures are in Kenya Shillings)

		FY 2015/2016	2016/2017			
	County	**Conditional Allocation-Loans and Grants**	**World Bank Loan to Supplement financing of County Health facilities**	**DANIDA Grant to supplement financing of County Health facilities**	**Conditional Allocation-Other Loans & Grants**	**Total Conditional Allocations from Loans & Grants from the National Government Revenue**
		Column A	**Column B**	**Column C**	**Column D**	**Column E (B+C+D)**
1	Baringo	43,194,300	77,761,278	12,985,000	—	90,746,278
2	Bomet	14,950,000	—	8,810,000	—	8,810,000
3	Bungoma	196,750,000	—	7,375,000	—	7,375,000
4	Busia	46,240,000	—	6,495,000	—	6,495,000
5	Elgeyo/Marakwet	40,979,116	56,932,570	10,400,000	—	67,332,570
6	Embu	113,750,000	—	6,875,000	—	6,875,000
7	Garissa	33,028,268	41,161,467	8,970,000	—	50,131,467
8	Homa Bay	24,770,000	—	12,385,000	—	12,385,000
9	Isiolo	16,698,052	22,247,373	3,985,000	—	26,232,373
10	Kajiado	89,533,654	100,581,341	8,945,000	40,000,000	149,526,341
11	Kakamega	278,500,000	—	11,750,000	—	11,750,000
12	Kericho	22,600,000	—	9,965,000	—	9,965,000
13	Kiambu	556,200,000	—	9,600,000	—	9,600,000
14	Kilifi	82,306,764	114,657,642	7,765,000	—	122,422,642
15	Kirinyanga	336,770,000	—	6,385,000	—	6,385,000
16	Kisii	22,950,000	—	11,475,000	—	11,475,000
17	Kisumu	64,580,000	—	8,290,000	30,000,000	38,290,000
18	Kitui	83,958,266	131,525,244	18,495,000	—	150,020,244
19	Kwale	59,379,322	82,166,289	6,810,000	—	88,976,289
20	Laikipia	236,375,096	60,049,676	5,765,000	—	65,814,676
21	Lamu	14,772,526	14,528,378	3,820,000	—	18,348,378
22	Machakos	206,700,000	—	13,350,000	—	13,350,000
23	Makueni	244,130,000	—	12,065,000	—	12,065,000
24	Mandera	28,306,168	42,477,798	7,310,000	—	49,787,798
25	Marsabit	25,436,676	34,627,134	7,675,000	—	42,302,134
26	Meru	220,590,000	—	10,295,000	1,700,000,000	1,710,295,000
27	Migori	87,452,156	138,220,725	10,220,000	—	148,440,725
28	Mombasa	22,300,000	—	3,150,000	16,000,000	19,150,000
29	Muranga	124,810,000	—	12,405,000	—	12,405,000
30	Nairobi	6,227,800,000	—	13,900,000	360,000,000	373,900,000
31	Nakuru	25,260,000	—	12,630,000	—	12,630,000
32	Nandi	18,310,000	—	9,155,000	—	9,155,000
33	Narok	56,027,350	81,201,403	8,945,000	—	90,146,403
34	Nyamira	23,920,000	—	11,960,000	—	11,960,000
35	Nyandarua	91,860,000	—	9,430,000	—	9,430,000
36	Nyeri	182,930,000	—	11,465,000	—	11,465,000
37	Samburu	19,659,898	29,848,554	5,495,000	—	35,343,554

		FY 2015/2016	2016/2017			
	County	Conditional Allocation- Loans and Grants	World Bank Loan to Supplement financing of County Health facilities	DANIDA Grant to supplement financing of County Health facilities	Conditional Allocation- Other Loans & Grants	Total Conditional Allocations from Loans & Grants from the National Government Revenue
		Column A	Column B	Column C	Column D	Column E (B+C+D)
38	Siaya	119,030,000	—	13,765,000	—	13,765,000
39	TaitaTaveta	32,052,898	36,034,216	7,405,000	—	43,439,216
40	Tana River	17,771,988	24,174,105	4,645,000	—	28,819,105
41	TharakaNithi	326,229,808	44,654,343	6,165,000	—	50,819,343
42	Trans Nzoia	11,330,000	—	5,665,000	—	5,665,000
43	Turkana	32,556,700	67,258,982	6,035,000	—	73,293,982
44	UasinGishu	17,320,000	—	8,660,000	—	8,660,000
45	Vihiga	66,670,000	—	7,085,000	—	7,085,000
46	Wajir	36,459,300	46,166,458	10,045,000	—	56,211,458
47	West Pokot	27,979,898	56,049,761	6,090,000	—	62,139,761
	GRAND TOTAL	10,671,178,204	1,302,324,737	422,355,000	2,146,000,000	3,870,679,737

MEMORANDUM OF OBJECTS AND REASONS

The principal object of this Bill is to make provision for the division of revenue raised nationally among the county governments for the financial year 2016/2017.

Section 1of the Billprovides for the short title while **Section 2** defines the various terms used in the Bill.

Section 3 of the Bill contains the objects and the purpose of the Bill which is toprovide for the allocation of revenue raised nationally and conditional allocations among county governments for the financial year 2016/17 as well as the transfer of the county allocations from the Consolidated Fund to the respective County Revenue Fund.

Section 4 of the Bill deals with the allocation of equitable share of revenue raised nationally to each county government.

Section 5 of the Bill provides for conditional allocations to be made to county governments.

Section6of the Bill sets out provisions affecting the transfers made in error or fraudulently.

Section7 of the Bill provides for the publishing of monthly report by the national government, on actual transfers of all allocations to county governments.

Section 8 of the Bill provides for a county treasury to reflect the total allocations from the national government separately in the County Finance Bill and reflect all transfers in the books of accounts.

Section9 of the Bill contains provisions for the mechanisms for resolution of disputes arising from the provisions of this Act or any issue on division or allocation of revenue to county governments.

Section 10 of the Bill deals with what constitutes a financial misconduct.

Section 11 of the Bill mandates the Cabinet Secretary to make regulations for proper implementation of the Act.

Section 12 of the Bill extends the validity of the first formula for sharing revenue among county governments approved in accordance with Article 217 of the Constitution in the event that Parliament has not approved another formula to replace the first one.

Dated the 14th April, 2016.

BILLOW KERROW,
Chairperson,
Committee on Finance, Commerce and Budget.

APPENDIX

EXPLANATORY MEMORANDUM TO THE COUNTY ALLOCATION OF REVENUE BILL, 2016

Background

1. This memorandum is prepared in fulfilment of the requirements of Article 218(2) of the Constitution and section 191 of the Public Finance Management Act, 2012, which require that the County Allocation of Revenue Bill tabled in Parliament be accompanied by a memorandum that:

(a) explains the revenue allocation as proposed by the Bill;

(b) evaluates the Bill against the criteria set out in Article 203(1) of the Constitution;

(c) provides a summary of significant deviations from the recommendations of the Commission on Revenue Allocation (CRA) together with the explanation for such deviations;

(d) explains the extent, if any, of deviation from the recommendations of the Intergovernmental Budget and Economic Council (IBEC); and

(e) explains any assumptions and formulae used in arriving at the respective shares under the County Allocation of Revenue Bill, 2016.

Explanation of Revenue Allocation as Proposed by the Bill

2. The County Allocation of Revenue Bill, 2016 proposes to allocate a total of KSh. 301.9 billion of resources raised nationally to county governments. This is equivalent to 32 percent of most recent audited revenues which have been approved by the National Assembly for the financial year 2013/14 (i.e. KSh. 935.7 billion). This comprises of an equitable share of Ksh. 280.3 billion or 30 percent of the most recent audited revenue and conditional allocations of KSh. 21.9 billion or 2 percent of the most recent audited revenue.

3. The county governments' equitable share of revenue was allocated among the county governments on the basis of the revenue allocation criteria approved by Parliament in accordance with Article 217 of the Constitution.

4. The Bill proposes to allocate county governments conditional allocations of KSh. 18 billion from the national government share of revenue raised nationally in line with Article 202(2) of the Constitution. This reflects an increase of KSh. 7.4 billion compared to2015/16 financial

year allocations. These allocations are intended to finance national strategic interventions to be implemented by the county governments. Out of the total conditional allocations from the revenue raised nationally, Ksh. 13.5 billion, will be transferred to the county governments and will be included in the budgets of county governments to be approved by the respective county assemblies. The balance of Ksh. 4.5 billion for the leasing of medical equipment will be included in the National Government budget and shall be managed by the National Government. The conditional allocations proposed in the Bill include:

- **Conditional Grant in support of Free Maternal Health Care of KSh 4.1 billion.** This grant is to be transferred to County Governments on a reimbursement basis, upon confirmation that the County Government provided maternal health care services in their health facilities in accordance with agreed specifications. This grant is intended to facilitate access to free maternal health care in order to reduce the high maternal and child mortality rates in Kenya. This conditional allocation will be distributed among County Governments on the basis of percentage contribution to total number of maternity deliveries during the financial year 2013/14. It should, however, be noted that the Ministry of Health is currently working on modalities of replacing this arrangement of 'cash transfers' to county health facilities with an insurance scheme that will guarantee all women of the reproductive age 15-45 access to free maternal health care in the county health facilities.

    - **Conditional allocation to facilitate the leasing of health care equipment of KSh 4.5 billion.** Started in the financial year 2015/16,this conditional allocation is intended to facilitate the purchase of modern specialised health care equipment in at least two health facilities in each County Government over the medium term. This will facilitate easy access to specialised health care services and significantly reduce the distance that Kenyans walk in search of such services today. This conditional allocation is to be allocated to County Governments equally.

    - **Conditional grant to supplement financing for level-5 hospitals of KSh. 4.0 billion.** Level-5 hospitals continue to play a significant role in providing specialised health care services to Kenyans. These hospitals provide specialised health care services to citizens residing outside their host County Governments, usually for specialized treatment referred from lower level health facilities. In order to compensate them for the costs incurred in rendering services to neighbouring County Governments, the national government proposes to allocate KSh. 4.0 billion, up from Ksh. 3.6 billion allocated during 2015/16 financial year, to be transferred to County Governments as a conditional grant. This conditional grant is to be shared among County Governments on the basis of percentage bed occupancy per hospital in 2015.

- **Conditional Grant of KSh. 900 million to compensate county health facilities for forgone user fees.** It is the intention of government to sustain the Government policy of not charging user fees in public health facilities. In this regard, the National Government has allocated KSh. 900 million to compensate county governments for revenue forgone by not charging user fees in the county health facilities. This grant is to be allocated among County Governments on the basis of the annual consolidated facility outpatient (OPD) attendance workload as reported in the Health Information System (DHIS).
- **Conditional Grant from the Road Maintenance Fuel Levy Fund of KSh. 4.3 billion.** In order to enhance and ensure continued County Governments capacity to repair and maintain county roads the National Government proposes to transfer 15 percent of the Road Maintenance Fuel Levy Fund to the County Governments based on revenue projections for 2016/17 financial year. This grant, which has increased from Ksh. 3.3 billion in the financial year 2015/16, will be shared among County Governments on the basis of the revenue sharing formula approved by Parliament in accordance with Article 217 of the Constitution.
- **Conditional Special-purpose grant supporting access to emergency medical services of KSh. 200 Million.** A Special Purpose Grant of Ksh.200 Million has been established to support strengthening of access to emergency medical services in Lamu and Tana River counties which -- because they border Somalia -- are vulnerable to terror attacks, security threats and humanitarian crises. The funds, to be shared equally by the two counties, comprise a conditional grant to reinforce the capacity of two major referral hospitals (Hola and Lamu) to provide emergency medical care to critically-injured patients. The support covers medical surgical equipment and infrastructure e.g. I.C.U, theatre, wards and rehabilitation facilities

5. The Bill proposes to allocate conditional allocations of KSh. 422.4 million from the proceeds of a grant from the Government of Denmark and a further Ksh. 1.3 billion from the proceeds of a loan from the World Bank. These conditional grants will be transferred directly to the County Revenue Fund of county governments upon confirmation that the county governments have met agreed conditions. These funds are intended to support the delivery of health services in county health facilities with a view to increase access to health care services by Kenyans and in particular the poor. The funds are to be allocated to County Governments on the basis of the criteria specified in the financing agreement between the Government of Kenya and the development partners.

6. The Bill also proposes conditional allocations amounting to Ksh. 3.87 billion from the proceeds of other loans and grants from development partners and the Government counterpart funding derived from the National Government's share. These conditional allocations from proceeds of loans and grants, however, will not be transferred to County Governments in the financial year 2016/17 because existing financing agreements with development partners as well as on-going contracts with suppliers may not allow. The National Treasury has therefore proposed that these funds be budgeted for and managed by the national government while ensuring full involvement of the county governments in their management through the Project Steering Committees and Project Implementation Units. It's worth noting that these grants have reduced significantly from an allocation of Ksh. 9.8 billion in financial year 2015/16 since most of the programs financed under agreements entered into prior to the roll out of devolution have wound up.

Evaluation of the Bill against Article 203(1) of the Constitution

7. **Developmental needs of county governments and their ability to perform the functions assigned to them:** The Bill proposes to allocate equitable share of revenue among county governments on the basis of the formula for sharing revenue approved by Parliament in accordance with Article 217 of the Constitution. This formula incorporates parameters that measure the expenditure needs of counties. Some of the parameters that measure expenditure needs of counties include: population (45%), land area (8%) and poverty (20%). The equitable share of revenue allocated to county governments is shared among county governments on the basis of this formula. Further, the conditional allocations from the Road Maintenance Fuel Levy Fund are also proposed for transfer to the county governments on the basis of the formula. It can therefore be argued that when county governments are allocated resources on the basis of this formula, the developmental needs of the county governments are taken care of to the extent possible given the available resources.

8. **Economic disparities among counties as well as disadvantaged areas and groups within counties:** The allocation of the sharable revenue among counties was based on the formula for sharing revenue among counties approved by Parliament in accordance with Article 217 of the Constitution, which takes into account disparities among counties and aims at equitable distribution of resources. It should also be noted that KSh. 6.0 billion has been set aside for the Equalization Fund in 2016/17. This fund will be used to finance development programmes that aim to reduce regional disparities among counties.

9. **Stability and Predictability of County Revenue Allocations:** The Division of Revenue Bill, 2016 has proposed that county governments' equitable share of revenue raised nationally be ring-fenced. Variance in revenue raised nationally from the expected revenue is not expected to affect the county governments' allocations of the equitable share of revenue raised nationally. This is because under Section 5 of the DoRB for FY 2016/17, it has been proposed that 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

10. **Fiscal capacity and efficiency:** Fiscal capacity for county governments, that is, the potential revenues that can be generated from the tax bases assigned to the counties when a standard average level of effort is applied to those tax bases, has not been assessed fully. It is also still early to measure county governments' fiscal efficiency. As a result, there is no official data on county fiscal capacity and efficiency and therefore this criterion has not been taken into account in the determination of the division of revenue between the national and county governments. However during the FY 206/17 there are plans to come up with a National Framework for enhancing county governments own source revenues.

Evaluation of Deviations from the recommendations of the Commission on Revenue Allocations

11. There are differences between the National Treasury's proposal on the revenue allocation among county governments and CRA's recommendations. The differences arise from a number of factors. First are the different approaches used in the computation of the county governments' equitable share. **Table 1** below analyses the differences between the CRA recommendations and the National Treasury proposal on the division of revenue between the national and county governments in 2016/17.

Table 1: Comparison of Recommendations of the Commission on Revenue Allocation and the National Treasury on the Division of Revenue in 2015/16

(Figures in KSh. Billions)

	2016/17		
Expenditure Item	**CRA (A)**	**National Treasury (B)**	**Variance C = (A-B)**
Equitable Revenue Share in FY 2015/16	259.8	259.8	0
Add			
Adjustment for revenue growth in FY 2016/17	39.2	20.5	18.7
Adjustment for County Roads	27.8	0	27.8
Adjustment for Public Participation	5.0	0	5.0
Total Equitable Share of Revenue	**331.8**	**280.3**	**51.5**

Source: National Treasury

12. The Commission on Revenue Allocation (CRA) recommends that KSh. 331.8 billion vertical allocation [This is approximately 36 percent of most recent audited revenue approved by Parliament for the financial year 2012/13 (i.e. KSh. 935.7 billion)] to county governments be shared among county governments on the basis of the revenue sharing formula approved by Parliament in accordance with Article 217 of the Constitution. On the other hand, the County Allocation of Revenue Bill, 2016 proposes an equitable share of KSh. 280.3 billion to be shared on the basis of the revenue sharing formula. The proposal on county equitable revenue share in the Bill differs from that of the CRA's due to the following reasons:

a. **Use of different revenue growth factor:** CRA grows the county equitable share revenue by 15.09 percent, which is the average growth rate of audited shareable revenue raised nationally over the past three years. The National Treasury on the other hand uses a revenue growth factor of 7.9 percent. This growth factor has taken into consideration revenue performance in past, which has not been on target.

b. **County equitable revenue share adjustment of KSh. 27.8 billion for additional county roads**: In anticipation of a decision by the Transition Authority (TA) to transfer additional county roads in FY 2016/17, the CRA proposed to gross up the county equitable share of revenue for 2016/17 by an allocation of KSh. 27.8 billion for construction and rehabilitation of county roads. It should be noted that at the time when CRA recommended the transfer of an additional KSh. 27.8 billion to County Governments, the TA had not gazetted the decision to transfer additional county roads to County Governments. The National Treasury view is that any additional resources to be transferred to County Governments in respect of county roads function should be supported by a gazette notice by the TA authorizing such transfer and a determination of resources, if any, to be transferred to County Governments. It should, however, be noted that as early as FY 2013/14, some resources relating to roads were transferred to County Governments and therefore the county equitable revenue share proposed by the National Treasury for FY 2016/17 already includes an allocation for county roads.

c. **County equitable revenue share adjustment of KSh. 5 billion to cater for public participation**: The CRA has proposed a further adjustment of the equitable revenue share to include an allocation of Ksh.5.0 billion to cater for public participation in FY 2016/17. The National Treasury view is that whilst public participation is a constitutional requirement for both levels of government in carrying out any development agenda, each level of government is required by law to set aside funds for the same function from its own resources.

13. Further the Commission on Revenue Allocation has in the financial 2016/17 proposed new conditional allocations amounting to KSh. 25.7 billion that the National Treasury has not included in the Division of Revenue Bill. These have resulted in a significant variance between the National Treasury and the CRA proposals on division of revenue for FY 2016/17. These include;

a. Allocation to cater for emoluments for Devolved staff of KSh. 5.196 billion:— CRA has proposed an additional KSh. 5.196 billion, to be shared proportionately among counties based on payroll of devolved staff. These allocations are intended to act as a short term stop gap measure to cushion counties that inherited a relatively higher number of employees, against expenses on salaries as they await conclusion of the staff rationalization programme. It should, however, be noted that in costing of devolved functions adequate provisions were made to cater for county personnel expenses. Indeed, additional allocations (KSh. 6.3 billion) to cater for county payroll were included in the equitable share of revenue for FY 2015/16. It should also be remembered that in FY 2013/14 amounts set aside to hold harmless county governments that inherited higher than average wage bills, were shared on the basis of the revenue sharing formula following an agreement among county governments. In the opinion of the National Treasury, at the current level of funding county governments have sufficient resources to cater for the cost of personnel emoluments.

b. **Conditional allocation for construction of County headquarters of KSh. 4.0 billion —** CRA proposes a conditional allocation of KSh. 4.0 billion to be shared equally for construction of county headquarters in Tharaka Nithi, Lamu, Nyandarua, Tana River and Isiolo counties. Whilst it is true that the above named counties did not inherit offices that could accommodate the county government, there is no evidence that these counties applied the funds transferred to them by the Transition Authority in FY 2013/14 for the refurbishment of identified headquarters offices. It is felt that the concerned counties should demonstrate commitment first by initiating the construction prior to seeking National Government support. Financing from National Government could then be provided once the financial position of Government improves. Currently, the National Government financial position may not allow for additional fiscal transfers to county governments as proposed by the CRA.

c. **Conditional allocations for Rehabilitation of Primary and Secondary school of KSh. 5.0 billion—** the proposed new conditional allocation by CRA of Ksh. 5.0 billion is meant for building of school infrastructure, a role they say has been left to parents despite the function being a national one. The view of the National Treasury is that these are National government functions and that such a conditional grant can only be initiated by the ministry responsible for primary and secondary education.

d. **Conditional allocation for the Establishment of County Emergency Fund of KSh. 5.2 billion: —** CRA has proposed new conditional allocation of Ksh. 5.2 billion as seed money towards establishment of County Emergency Funds in line with provisions of PFMA Section 110(1) to be shared proportionately among counties. The National Treasury holds contrary opinion on this proposal because the PFMA anticipates that all governments, both national and county, should set aside funds for the establishment of their respective Emergency Funds. More over a similar proposal was dropped on the above legal basis by the mediation committee of Parliament when making recommendations on the Division of Revenue Bill, 2015.

e. **Conditional allocation for the Rehabilitation of Village Polytechnics of KSh. 6.3 billion: —** the CRA has further proposed an conditional allocation of Ksh. 6.3 billion from the national government share of revenue to county governments so as to build, equip and renovate village polytechnics. The CRA further argue that these village polytechnics will go a long way to serve as centres of excellence to empower youth with the requisite skills to generate employment. The National Treasury acknowledges this is a devolved function and that the Village Polytechnics are essential in developing skills of the Youth who don't transit to institutions of higher learning. However, due to limitation in resources, the National Treasury recommends that this conditional allocation be done through donor financing within the provisions of the External Resources Policy of the National Treasury. As such, it is proposed that the decision to include it in the budget for FY 2016/17 be shelved until a potential donor is identified.

14. It's also worth noting that the CRA proposes an increase in the existing conditional additional allocations by a growth factor of 15.09 percent. The existing conditional allocations include allocations for; Level—5 hospitals, Free Maternal Health Care, Compensation for User fee forgone, leasing of medical equipment and county roads with funding from Roads Maintenance Fuel Levy It should be noted that allocations for the various conditional additional allocations are determined through the national MTEF budget process based on the weight attached to the national government policy objectives that the allocations are intended to support.

15. The differences between the proposals set out in the County Allocation of Revenue Bill, 2016 and the CRA's recommendations notwithstanding, the proposed county governments' equitable share of revenue in the Bill, stands at 30 percent of the most recent audited revenue, as approved by the National Assembly, is way above the minimum threshold required under Article 203(2) of the Constitution. In addition, the National Treasury proposes to provide conditional allocations of KSh. 21.9 billion which further increases the allocations to county governments to 32 percent of the most recent audited revenue.

16. In conclusion, it is important to point out that the resources raised nationally may not be sufficient to finance all the proposals made by the CRA. If, all the proposals made by the CRA were taken into account, the national government would be left with a huge financing gap, which can only be financed by additional borrowing. Such additional borrowing would push up interest rates and thereby slow the growth of the economy.

ANNEXES: FRAMEWORKS FOR MANAGING CONDITIONAL GRANTS

Conditional grants for the health sector 2016/17

1. Allocations for Free Maternal Health Care

1.Allocation for Free Maternity Health Care	
Ministry/State Department Responsible	Health (Vote 108)
Accounting officer of National Government Responsible	Principal Secretary, Ministry of Health.
Responsibilities of the National Government accounting officer	(a) Ensure that funds are provided for under the MOH budget (b) Operationalize programme implementation guidelines (c) Ensure payment arrangements that guarantee **timely** direct payment to providers for claims submitted. (d) Conduct periodical supplementary verification visits in form of sample based surveys and risk based audits. (e) Submit quarterly financial and technical reports in agreed formats to the National Treasury, Controller of Budget and Commission on Revenue Allocation
Conditions	(a) Funds are earmarked for **health facilities** providing maternal health care and meet the minimum standards set by MOH (b) Health facilities should be licensed to operate under the Laws of Kenya (c) Health facilities should have functional management boards (for hospitals) and facility management committees (for health centers and dispensaries)

	(d) Health facilities benefitting should have eliminated direct out of pocket payments for maternal care services in compliance with free maternal health care policy (e) Health facilities should have an approved workplan that incorporates all sources of funding, including conditional grants (f) Technical reporting should be through the Health Information System (DHIS) and financial reporting through IFMIS.
Accounting officer of the County Government responsible	Accounting officer responsible for health in the County government
Responsibilities of the County Government accounting officer	(a) Ensure benefitting health facilities have **integrated** annual workplans that incorporates incomes from all sources including Free maternity care programme with clear deliverables. (b) Ensure health facilities routinely report through Health Information System (DHIS).
Allocation: 2016/17	**KES 4,121,029,355**
Purpose of the grant	A financing mechanism in support of elimination of direct out of pocket payment for maternal care services, a priority component of the national government policy to implement a basic package of Universal Health Coverage
Allocation criteria	Re—imbursements to health facilities based on actual number of deliveries conducted. County projected income is based on the consolidated number of maternity deliveries during FY 2014/15

Projected receipts by health facilities at county level

County	Number of deliveries	Projected income
Baringo	11092	64,662,618
Bomet	10508	61,258,095
Bungoma	32519	189,574,801
Busia	15795	92,079,522
Elgeyo/Marakwet	8616	50,228,374
Embu	9432	54,985,378
Garissa	9224	53,772,809
Homa Bay	22083	128,736,441
Isiolo	3805	22,181,866
Kajiado	9393	54,758,022
Kakamega	37255	217,184,083
Kericho	15323	89,327,921
Kiambu	37999	221,521,352
Kilifi	31163	181,669,778
Kirinyaga	7786	45,389,754
Kisii	28841	168,133,301
Kisumu	20244	118,015,691
Kitui	9326	54,367,434
Kwale	20479	119,385,662
Laikipia	10534	61,409,667
Lamu	2637	15,372,820
Machakos	18093	105,476,087
Makueni	14357	83,696,467
Mandera	9492	55,335,158
Marsabit	4305	25,096,698
Meru	19676	114,704,443
Migori	29564	172,348,147
Mombasa	21566	125,722,505
Muranga	13522	78,828,699
Nairobi	34290	199,899,133
Nakuru	36929	215,283,613
Nandi	11698	68,195,394
Narok	12034	70,154,161
Nyamira	14096	82,174,925
Nyandarua	7979	46,514,879
Nyeri	11873	69,215,585
Samburu	2907	16,946,829
Siaya	19308	112,559,127

County	Number of deliveries	Projected income
TaitaTaveta	6460	37,659,621
Tana River	4328	25,230,780
Tharaka Nithi	5121	29,853,703
Trans Nzoia	13087	76,292,795
Turkana	5483	31,964,040
Uasin Gishu	6993	40,766,831
Vihiga	11402	66,469,814
Wajir	9533	55,574,174
West Pokot	8757	51,050,356
Total County	706907	4,121,029,356
Total County and National	**737607**	**4,121,029,355**

Source: Ministry of Health

2. Managed Equipment Service (MES) for public hospitals at County level and National Referral Hospitals

Note: —MES contracts have been signed centrally

—Servicing of contracts to be done centrally over contract period of seven years

—In-kind support to the County is equivalent of the MES services to be received (estimated Total KSh. 6.0 B per year over seven years.

2.Managed Equipment Service for public hospitals at County level and National Referral Hospitals

Ministry/State Department Responsible	Health (Vote 108)
Accounting officer of National Government Responsible	Principal Secretary, Ministry of Health.
Responsibilities of the National Government accounting officer	(a) Ensure budget is available under MOH. (b) Ensure compliance with contractual obligations binding all parties. (c) Ensure payments to equipment suppliers as per contract.
Conditions	As per contract agreement
Accounting officer of the County Government responsible	Accounting officer responsible for health in the County government.

Ministry/State Department Responsible	**Health (Vote 108)**
Responsibilities of the County Government accounting officer	As per contract agreement.
Allocation: 2016/17	**KES 4,500,000,000**
Purpose of the grant	To support provision of specialized medical services in referral hospitals at county level in an effort to improve geographical access to specialized medical services for all Kenyans, especially those living in rural areas.
Allocation criteria	Allocation to MOH based on annual MES Contract commitments.
Allocation by County government – This is a centralized service contract.	

3. Allocation to supplement financing for Level 5 hospitals

Ministry/State Department Responsible	**Health (Vote 108)**
Accounting officer of National Government Responsible	Principal Secretary, Ministry of Health
Responsibilities of the National Government accounting officer	(a) Set conditions for transfers and monitor compliance. (b) Initiate requests for disbursements to County Revenue Funds. (c) Submit quarterly financial and technical reports in agreed formats to the National Treasury, Controller of Budget and Commission on Revenue Allocation.
Conditions	(a) Funds are earmarked for the Level 5 hospital in the receiving County. (b) Hospital should meet and maintain the norms and standards for a Level 5 hospital as set by the Ministry of Health. (c) The level 5 hospital should meet the minimum standards set by Medical Practitioners' and Dentist Board (MPDB) as an internship center for medical doctors.

Ministry/State Department Responsible	**Health (Vote 108)**
	(d) Hospital should routinely report in the Health Information System (DHIS) as well as provide additional information **on referral from other counties** and **specialized medical services** (all disciplines) carried out.
Accounting officer of the County Government responsible	Accounting officer responsible for health in the County government
Responsibilities of the County Government accounting officer	(a) Ensure funds are included in the budget estimates of the department responsible for health for the FY 2016/17. (b) Ensure hospital prepares an **integrated** annual workplan that incorporates all income including conditional grants with clear deliverables (c) Supervise operations of the hospital. (d) Prepare and submit quarterly performance reports (activity reports and financial expenditure reports) to County treasury with copies to The national Treasury and Ministry of Health (e) Ensure the conditional allocations are applied towards level 5 hospitals and separate books of accounts maintained.
Allocation: 2015/16	**KES4,000,000,000**
Purpose of the grant	To support Counties to sustain the activities of designated Level 5 hospitals in the provision of medical training, specialized and inter—county referral services.
Allocation criteria	Bed occupancy rate 2015

Allocation by County

Hospital	**County**	**Occupancy 2015**	**Allocation**
Machakos	Machakos	79	365,317,919.08
Embu	Embu	62	286,705,202.31
Garissa	Garissa	71	328,323,699.42
Kakamega	Kakamega	88	406,936,416.18
Meru	Meru	77	356,069,364.16
Mombasa	Mombasa	80	369,942,196.53

Hospital	County	Occupancy 2015	Allocation
Nakuru	Nakuru	77	356,069,364.16
Nyeri	Nyeri	84	388,439,306.36
Kisumu	Kisumu	76	351,445,086.71
Thika	Kiambu	85	393,063,583.82
Kisii	Kisii	86	397,687,861.27
			4,000,000,000.00

Source: Ministry of Health

4. Allocation to support abolishment of user fees in health centers and dispensaries

Ministry/State Department Responsible	**Health (Vote 108)**
Accounting officer of National Government Responsible	Principal Secretary, Ministry of Health
Responsibilities of the National Government accounting officer	(a) Set conditions for transfers and monitor compliance. (b) Initiate requests for disbursement of funds to County Revenue Funds. (c) Submit quarterly financial and technical reports in agreed formats to the National Treasury, Controller of Budget and Commission on Revenue Allocation.
Conditions	(a) Funds are earmarked for health centers and dispensaries. (b) Health facilities must have a functional Health Management Committee. (c) Health facilities must be gazetted under Cap 253 and have MFL numbers. (d) Health facilities have approved integrated workplans that incorporate all sources of funds, including conditional grants. (f) Health facilities report timely in DHIS and financial transactions are captured in IFMIS
Accounting officer of the County Government responsible	Accounting officer responsible for health in the County government.
Responsibilities of the County Government accounting officer	(a) Ensure health centers and dispensaries prepare an **integrated** annual workplan that incorporates all sources of income. (c) Prepare quarterly financial statement of disbursements to recipient health centers

Ministry/State Department Responsible	**Health (Vote 108)**
	and dispensaries and submit to The National Treasury and MOH.
Allocation: 2015/16	**KES 900,000,000.00**
Purpose of the grant	To compensate public dispensaries and health centers for lost revenue on abolishment of user fees.
Allocation criteria	(a) Sharing among Counties based on population data from KNBS (2015 projections), and (b) Distribution to recipient health centers and dispensaries in a county based on outpatient attendance (OPD) workload for 2015 as reported routinely in DHIS.

Allocation by County

County	**Population 2015**	**Allocation**
Baringo	668534	13,370,516
Bomet	709597	14,191,766
Bungoma	1664166	33,282,912
Busia	865152	17,302,828
Elgeyo—Marakwet	447809	8,956,070
Embu	538837	10,776,608
Garissa	656354	13,126,919
Homa Bay	1130854	22,616,803
Isiolo	175726	3,514,477
Kajiado	815568	16,311,160
Kakamega	1930881	38,617,147
Kericho	915689	18,313,556
Kiambu	1788676	35,773,082
Kilifi	1319646	26,392,597
Kirinyaga	581261	11,625,078
Kisii	1347375	26,947,170
Kisumu	1092728	21,854,292
Kitui	1157264	23,144,997
Kwale	769890	15,397,611
Laikipia	493633	9,872,539
Lamu	124092	2,481,810

County	**Population 2015**	**Allocation**
Machakos	1238259	24,764,877
Makueni	972502	19,449,802
Mandera	776096	15,521,730
Marsabit	343636	6,872,636
Meru	1604831	32,096,227
Migori	1094132	21,882,372
Mombasa	1175730	23,514,312
Muranga	1037470	20,749,146
Nairobi	3994003	79,879,082
Nakuru	1960833	39,216,180
Nandi	902802	18,055,819
Narok	1005349	20,106,734
Nyamira	578930	11,578,458
Nyandarua	656120	13,122,239
Nyeri	717392	14,347,664
Samburu	266096	5,321,855
Siaya	952877	19,057,307
TaitaTaveta	331559	6,631,099
Tana River	284996	5,699,850
TharakaNithi	420965	8,419,197
Trans Nzoia	1010470	20,209,153
Turkana	1306152	26,122,720
UasinGishu	1109067	22,181,068
Vihiga	650146	1,300,2761
Wajir	800577	16,011,344
West Pokot	615829	12,316,429
Total	**45000551**	900,000,000

Source: Ministry of Health

5. Grants and loans from partners

5.1. IDA (World Bank) credit and grant

Ministry/State Department Responsible	**Health (Vote 108)**
Accounting officer of National Government Responsible	Principal Secretary, Ministry of Health
Responsibilities of the National Government accounting officer	(a) Provide Results Based Financing Operational manual. (b) Ensure ongoing capacity building for health centers, dispensaries and CHMTs participating in the programme. (c) Submit quarterly financial and technical reports in agreed formats to the National Treasury, Controller of Budget and World Bank.
Conditions	(a) Funds are earmarked for **health centers, dispensaries and CHMTs in twenty ASAL Counties and Migori County**. This includes FBO health facilities. (b) Public health centers and dispensaries in the programme should be gazetted, have a functional facility management committees and report routinely in DHIS.
Accounting officer of the County Government responsible	Accounting officer responsible for health in the County government
Responsibilities of the County Government accounting officer	(a) Ensure health facilities participating in the programme report timely in the DHIS. (b) Health facilities and CHMT must have integrated annual work plans and budgets that incorporate incomes from Results Based Financing. (c) Ensure verification of payment claims from health facilities participating in the programme. (d) Ensure County Health Management Teams (CHMTs) conduct continous supportive supervision visits to health facilities participating in the programme (e) Submit consolidated financial reports and requests for re—imbursements to Controller of Budget and MOH.
Allocation: 2016/17	**KES 1,302,324,737.00**
Purpose of the grant	To incentivize health workers to perform and

Ministry/State Department Responsible	**Health (Vote 108)**
	deliver results for realization of Sustainable Development Goals.
Allocation criteria	(a) Grants for one—off inputs for health facilities in the Counties at KShs 200,000.00 per health center and KShs 180,000.00 per dispensary; and (b) Output based grants estimated on the basis of actual total price of incentivized indicators for 2014/15 DHIS data.

Projected receipts by County	
County	**Total**
Baringo	77,761,278.00
ElgeyoMarakwet	56,932,570.00
Garissa	41,161,467.00
Isiolo	22,247,373.00
Kajiado	100,581,341.00
Kitui	114,657,642.00
Kilifi	131,525,244.00
Kwale	82,166,289.00
Laikipia	60,049,676.00
Lamu	14,528,378.00
Mandera	42,477,798.00
Marsabit	34,627,134.00
Narok	81,201,403.00
Samburu	29,848,554.00
TaitaTaveta	36,034,216.00
Tana River	24,174,105.00
TharakaNithi	44,654,343.00
Turkana	67,258,982.00
West Pokot	56,049,761.0
Wajir	46,166,458.00
Migori	138,220,725.00
Total	**1,302,324,737.00**

Source: Ministry of Health

5.2. DANIDA Health Sector Programme Support III (HSPS III) grant

Ministry/State Department Responsible	**Health (Vote 108)**
Accounting officer of National Government Responsible	Principal Secretary, Ministry of Health
Responsibilities of the National Government accounting officer	(a) Initiate disbursement to County Revenue Funds (b) Submit quarterly and annual financial and non—financial performance reports to the National Treasury. (c) Monitor and evaluate grant performance and report to the National Treasury
Conditions	(a) Funds must be earmarked for health centers, dispensaries and CHMTs agreed upon between DANIDA, MOH and County governments. (b) Health facilities and CHMTs should have approved integrated annual workplans and budgets (c) County Government must submit quarterly statement of disbursements to health centers and dispensaries.
Accounting officer of the County Government responsible	Accounting officer responsible for health in the County government
Responsibilities of the County Government accounting officer	(a) Ensure funds are included in the budget estimates of the department responsible for health for the FY 2016/17 as revenue. (b) Ensure health facilities participating in the programme report timely in the DHIS. (c) Ensure County Health Management Teams (CHMT) conduct supportive supervision visits to the health facilities. (d) Submit consolidated expenditure returns to Controller of Budget and MOH.
Allocation: 2016/17	**KES 422,355,000** (**Project closes 31st December 2016)

Ministry/State Department Responsible	**Health (Vote 108)**
Purpose of the grant	To provide additional support for operations and maintenance of public health centers and dispensaries.
Allocation criteria	As per agreement between DANIDA, MOH and County governments
Allocation by County	
Baringo	12,985,000
Bomet	7,475,000
Bungoma	7,375,000
Busia	6,495,000
Elgeyo/Marakwet	10,400,000
Embu	6,875,000
Garissa	8,970,000
Homa Bay	12,385,000
Isiolo	3,985,000
Kajiado	8,945,000
Kakamega	11,750,000
Kericho	11,300,000
Kiambu	9,600,000
Kilifi	7,765,000
Kirinyaga	6,385,000
Kisii	11,475,000
Kisumu	8,290,000
Kitui	18,495,000
Kwale	6,810,000
Laikipia	5,765,000
Lamu	3,820,000
Machakos	13,350,000
Makueni	12,065,000
Mandera	7,310,000
Marsabit	7,675,000
Meru	10,295,000
Migori	10,220,000
Mombasa	3,150,000
Muranga	12,405,000
Nairobi	13,900,000
Nakuru	12,630,000

Ministry/State Department Responsible	**Health (Vote 108)**
Nandi	9,155,000
Narok	8,945,000
Nyamira	11,960,000
Nyandarua	9,430,000
Nyeri	11,465,000
Samburu	5,495,000
Siaya	13,765,000
TaitaTaveta	7,405,000
Tana River	4,645,000
TharakaNithi	6,165,000
Trans Nzoia	5,665,000
Turkana	6,035,000
UasinGishu	8,660,000
Vihiga	7,085,000
Wajir	10,045,000
West Pokot	6,090,000
Total	**422,355,000**

Source: Ministry of Health