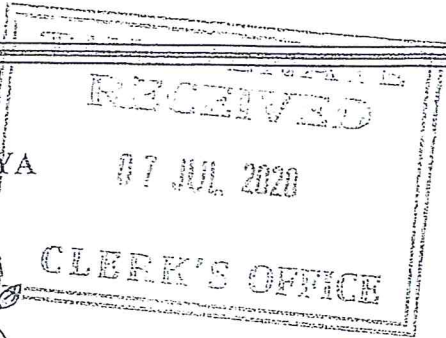


① DC

Recommendation forwarded
07/07/2020



REPUBLIC OF KENYA



PARLIAMENT

THE SENATE

TWELFTH PARLIAMENT

② The Clerk
for your approval
MURR
JH/p

Rt-Hon. Speaker
You may approve
for tabling.
0000
07/07/20

REPORT OF THE STANDING COMMITTEE ON FINANCE AND BUDGET

ON

Approved
[Signature] 7/7/20

THE THIRD BASIS FOR ALLOCATING AMONG THE COUNTIES THE SHARE OF
NATIONAL REVENUE

CLERK'S CHAMBER
THE SENATE
PARLIAMENT OF KENYA
NAIROBI

JULY 2020

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PREFACE

Mandate and Functions of the Committee

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

The Standing Committee on Finance and Budget is established pursuant to standing order 212(3) of the Senate Standing Order and is mandated –

- a) *To investigate, inquire into and report on all matters relating to coordination, control and monitoring of the county budgets and to examine –*
 - i) *the Budget Policy Statement presented to the Senate;*
 - ii) *report on the Budget allocated to Constitutional Commissions and independent offices;*
 - iii) *the Division of Revenue Bill, County Allocation of Revenue Bill, and cash disbursement schedule for county governments.*
 - iv) *To consider all matters related to resolutions and Bills for appropriations, share of national revenue amongst the counties and all matters concerning the National Budget, including public finance and monetary policies and public debt, planning and development policy, and*
- b) *To pursuant to Article 228 (6) of the Constitution, to examine the report of the Controller of Budget on the implementation of the budgets of county governments.*

Section 8 of the Public Finance Management Act, 2012 further mandates the Committee to, among other functions, “*present to the Senate, subject to the exceptions in the Constitution, the proposal for the basis of allocating revenue among the Counties and consider any bill dealing with county financial matters*”.

Membership of the Committee

The Standing Committee on Finance and Budget was constituted by the House on Thursday 14th December, 2017 during the First Session of the Twelfth Parliament. The Committee was later reconstituted on Wednesday, 24th June, 2020, during the Fourth Session of the Twelfth (12th) Parliament. The Committee as currently constituted, comprises the following Members-

- | | |
|--|--------------------|
| 1. Sen. Charles Kibiru, MP | - Chairperson |
| 2. Sen. (Dr.) Ochillo Ayacko, MP, | - Vice Chairperson |
| 3. Sen. Wetang'ula Moses Masika, EGH, MP | - Member |
| 4. Sen. Kimani Wamatangi, MP | - Member |
| 5. Sen. Mutula Kilonzo Junior, MP | - Member |
| 6. Sen. Aaron Cheruiyot, MP | - Member |
| 7. Sen. Rose Nyamunga, MP | - Member |
| 8. Sen. CPA Farhiya Haji, MP | - Member |
| 9. Sen. Milicent Omanga, MP ^c | - Member |

EXECUTIVE SUMMARY

Article 217 (1) of the Constitution of Kenya provides that once every five years, the Senate shall, by resolution, determine the basis for allocating among the counties the share of national revenue that is annually allocated to the county level of government. Paragraph 16 of the Sixth Schedule to the Constitution further provides that despite the provisions of Article 217(1) of the Constitution, the first and second determinations of the basis of the division of revenue among the counties shall be made at three year intervals, rather than every five years as provided in Article 217(1).

Article 216 (1) of the Constitution provides that the principal function of the Commission on Revenue Allocation (CRA) is to make recommendations concerning the basis for equitable sharing of revenue raised by the national government between the national and county governments, and among the county governments. The recommendations are then forwarded to Parliament for consideration and approval. Pursuant to this Article, the CRA submitted their recommendations on the third basis to the Senate for consideration. The proposed criteria was tabled in the Senate on 30th April, 2019 and was committed to the Standing Committee on Finance and Budget.

The first basis was approved by the 10th Parliament in November 2012 and was used to share revenue for financial years 2013/14; 2014/15 and 2015/16, 2016/17. The second basis was approved by 11th Parliament in 2016 and was used to share revenue for financial years 2017/18 and 2018/2019, 2019/20. The two basis have been in existence cumulatively for seven years.

Article 217 (2) provides that in determining the basis of revenue sharing the Senate shall-

- a) take the criteria in Article 203 (1) into account;
- b) request and consider recommendations from the Commission on Revenue Allocation;
- c) consult the county governors, the Cabinet Secretary responsible for finance and any organization of county governments; and

- d) invite the public, including professional bodies, to make submissions to it on the matter.

Pursuant to Article 217 (2), the Committee in reviewing the third basis for equitable sharing of revenue among the county governments, held numerous consultative meetings and hearings with the Commission on Revenue Allocation (CRA), Council of Governors (CoG), National Treasury, County Governments, Institute of Certified Public Accountants of Kenya (ICPAK), International Budget Partnership (IBP) – Kenyan Chapter, The Institute of Social Accountability (TISA), Institute of Economic Affairs (IEA) and the general public who were all invited to give their views on the basis for revenue sharing among the county governments.

The Committee considered the views submitted by stakeholders and recommends that the Senate approves the third basis for sharing national revenue among the county governments as follows-

Parameter	Weights (%)
Other County Services	16%
Basic Equal Share	20%
Agriculture	12%
Health	20%
Roads	7%
Urban Services	4%
Poverty	14%
Land Area	5%
Fiscal Effort	1%
Fiscal Prudence	1%
TOTAL	100

Acknowledgement

The Committee acknowledges and appreciates the cooperation shown by all stakeholders who made submissions or appeared before the Committee to deliberate on the matter. In addition, the Committee appreciates the Offices of the Speaker and Clerk of the Senate for the support extended to the Committee in execution of its mandate.

This report is hereby submitted to the Senate for its consideration and adoption pursuant to standing order 213 of the Senate Standing Orders.

It is now my pleasant duty and privilege, on behalf of the Standing Committee on Finance and Budget, to present to the Senate, the Report of the Committee on the Third Basis for Allocating among the Counties the Share of National Revenue.

SIGNED:



SEN. CHARLES KIBIRU, M.P.

(CHAIRPERSON, STANDING COMMITTEE ON FINANCE AND BUDGET)

DATE:

07/07/2020

ADOPTION OF REPORT

Pursuant to standing order 213 (2) of the Senate Standing Orders the Finance and Budget Committee at its sitting held on 7th July, 2020 considered the report on the Third Basis for allocating among the Counties the Share of National Revenue and adopted it as follows-

NAME	SIGNATURE
1. Sen. Charles Kibiru, MP -Chairperson	
2. Sen. (Dr.) Ochillo Ayacko, MP, - Vice Chairperson	
3. Sen. Wetang'ula Moses Masika, EGH, MP	
4. Sen. Kimani Wamatangi, MP	
5. Sen. Mutula Kilonzo Junior, MP
6. Sen. Aaron Cheruiyot, MP	
7. Sen. Rose Nyamunga, MP	
8. Sen. CPA Farhiya Haji, MP
9. Sen. Milicent Omanga, MP

Introduction

- 1) The Constitution of Kenya 2010 establishes counties which by law are entitled to receive an allocation from revenues raised nationally for the execution of their functions. These revenues should be shared equitably among county governments through some approved criteria.
- 2) Article 215 of the Constitution establishes the Commission on Revenue Allocation (CRA) and obligates it under Article 216 (1) to make recommendations concerning the basis for the equitable sharing of revenue raised by the national government between the national and county governments and among the county government. Pursuant to this, CRA submitted to the Senate their recommendation for the third basis for sharing national revenue among county governments. The proposal was tabled in the Senate on 30th April, 2019, and stood committed to the Committee on Finance and Budget for consideration.
- 3) Article 217(1) of the Constitution provides that the Senate shall by resolution every five years determine the basis for allocating among the counties from the share of national revenue that is annually allocated to the County level of Government. Article 217 (2) provides that in determining the basis of revenue sharing the Senate shall take the criteria in Article 203 (1) into account.
- 4) Article 203 (1) (d) to (k) provides for criteria to be taken into account in determining the equitable shares between the national and county governments. Sub-Article (1)(d) to (k) may apply when considering the basis for sharing national revenue among county governments.
- 5) Paragraph 16 of the Sixth Schedule to the Constitution provides that the first and second determination of the basis of division of revenue among the counties would be applicable at three-year intervals and the subsequent formulae would be applicable for five years.

The First Basis for Sharing Revenue

- 6) The first basis for revenue sharing was approved by the 10th Parliament in November 2012. This basis was based on five parameters, namely: Population, Poverty, Land Area, Basic Equal Share and Fiscal Responsibility with different weights as shown in the table below.

Parameter	Weights (%)
Population	45
Equal Share	25
Poverty Gap	20
Land Area	8
Fiscal Responsibility	2
Total	100

- 7) The formula sought to achieve two main objectives: service delivery and redistribution of resources.
- 8) To achieve the service delivery objective, the parameters used were population, equal share, land area, and fiscal responsibility parameters.
- 9) To achieve redistribution objective, the poverty gap parameter was used.

The Second Basis Sharing Revenue

- 10) The second basis for sharing revenue was approved by the 11th Parliament in 2016 and was based on six parameters. These were- Basic Equal Share, Population, Land Area, Poverty, Fiscal Effort and Development Factor.
- 11) The basis was meant to achieve the following objectives-
- a) provide adequate funding to enable county governments to undertake functions assigned to them,
 - b) correct economic disparities and minimize the development gap,
 - c) stimulate economic optimisation and incentivise counties to optimise capacity to raise revenue.

10. The basis was as follows-

Parameter	Weights (%)
Population	45
Basic Equal Share	26
Poverty	18
Land Area	8
Fiscal Effort	2
Development Factor	1
TOTAL	100

CRA Proposal on Third Basis for Sharing Revenue

11. Pursuant to Article 216(2) of the Constitution, the CRA submitted its proposal of the third basis for sharing revenue among counties which was based on the following objectives-

- a) to enhance service delivery,
- b) to promote balanced development,
- c) to incentivise counties to optimise capacity to raise revenue, and
- d) to incentivise prudent use of public resources.

The Commission made recommendation as follows based on the above objectives-

Objective	Parameter	Indicator of Expenditure Need	Assigned Weight
To enhance service delivery	Health services	Health index	17%
	Agriculture services	Agricultural index	10 %
	Other county services	Population index	18 %
	Minimum share	Basic share index	20%
To promote balanced development	Land	Land area index	8 %
	Roads	Rural Access index	4 %
	Poverty level	Poverty head count index	14 %

	Urban service	Urban index	5%
Incentivize fiscal effort	Fiscal effort	Fiscal effort index	2 %
Incentivize fiscal prudence	Fiscal prudence	Fiscal prudence index	2 %

12. The health expenditure need would be determined by 3 measures namely-
- a) health facility gap at 20%,
 - b) three years average number of primary health care visits to levels 2 and 3 health facilities at 60%, and
 - c) three years average in-patient in levels 4 and 5 hospitals at 20%.
13. The agriculture expenditure need would be determined through county's proportion of rural households as provided in the 2019 Kenya Population and Housing Census (KPHC). However, zero point five percent of the allocation to the parameter would be shared equally.
14. Other county services expenditure measure would be determined by county's proportion of population based on the 2019 KPHC.
15. The basic share index which is assigned a total weight of 20 per cent in the sharing framework would be distributed such that 19 per cent is shared equally among all counties and 1 per cent is shared based on the inverse of a county's population.
16. The land area parameter would be measured using the county's proportion of the land area. The Commission recommended that though the parameter is assigned a weight of eight per cent, the allocation be capped at seven per cent and the rest redistributed.
17. The roads access index would be determined by the county's Rural Access Index (RAI). This is the proportion of a county's population who have access to a motorable road within two kilometers based on data from the Kenya Roads Board. The

parameter is to use the population who cannot access a motorable road within two kilometers.

18. The poverty level parameter would use the proportion of poverty head count in a county in relation to the country's poverty head count. It would be defined as a county's proportion of poor people as provided in 2015/2016 Kenya Integrated Household Budget Survey (KIHBS).
19. The Urban services are household-based, thus it would be defined by a county's proportion of urban households as provided in the 2019 KPHC.
20. The Fiscal effort index would be defined by the ratio of a county's actual own Source revenue (OSR) to the Gross County product (GCP) based on data from the Controller of Budget and Kenya National Bureau of Statistics (KNBS).
21. The fiscal prudence parameter would be a measure of composite index that considers; the Auditor General's opinion of a county's expenditures, usage of at least 30% of the budget on development, establishments of internal audit committee and the County Budget Economic Forum (CBEF).

Stakeholders' Submissions

22. Pursuant to Article 217(2)(c) & (d) The Committee invited stakeholders to submit their views on the CRA's proposal on the third basis for sharing revenue among counties. The stakeholders who submitted the views are as outlined below-
 - a) Council of County Governors
 - b) Senator Charles R. Kibiru – Senator for Kirinyaga County
 - c) International Budget partnership (IBP)– Kenya Chapter
 - d) Institute of Certified Public Accountants of Kenya (ICPAK)
 - e) The Institute of Social Accountability (TISA)
 - f) The National Treasury and Planning
 - g) Open Governance Institute (OGI) - Kenya
 - h) Mandera County Executive
 - i) Mandera County Assembly

- j) Embu County Executive
- k) Nyeri County Executive
- l) Nyeri County Assembly
- m) Kirinyaga County Assembly
- n) Nyandarua County Assembly
- o) Murang'a County Assembly
- p) Tharaka Nithi County Government
- q) Nandi County Assembly
- r) Makueni County Assembly
- s) Elgeyo Marakwet County Assembly
- t) Baringo County Executive
- u) Samburu County Executive
- v) Laikipia County Assembly
- w) Kiambu County Executive
- x) Kiambu County Assembly
- y) Nakuru County Assembly
- z) Nakuru County Executive
- aa) Nairobi City County Executive
- bb) Mr. Mutegi, a Resident of Tharaka Nithi County
- cc) Mr. Wanderi, a Resident of Nyandarua County
- dd) Mr. Irungi, a Resident of Meru County
- ee) Sen. Mithika Linturi- Senator for Meru County
- ff) Mr. Ruku, a Resident of Embu County
- gg) Mr. Irungu, a Resident of Kirinyaga County

The submissions are annexed to this report.

23. In endeavour to learn how other jurisdictions deal with matters of revenue sharing, the Committee undertook a study visit to the Republic of South Africa.
24. The Committee considered all the submissions from stakeholders and notes that the parameters used in revenue sharing basis are an allocation framework tool and not an indicative budgets nor guidelines as to how county assemblies should draw the county government budgets.
25. The Committee noted the given the impact of COVID-19 on the county governments, it would be necessary to take into account the provisions of Article 203(1)(k) of the

Constitution which provides that in considering the Basis for revenue sharing there was need for flexibility in responding to emergencies and other temporary needs, based on similar objective criteria. The Committee further noted that the financial year in which the Third Basis of revenue sharing is to apply has already commenced.

Committee Recommendation

26. The Committee recommends that the Senate adopts the Third Basis for sharing revenue among counties as follows-

Parameter	Weight	Measure of Expenditure Need
To Enhance Service Delivery		
Health services	20%	a) Health facility gap at 20%, b) Three years average outpatient visits to levels 2 and 3 health facilities at 60%, and c) Three years average in-patient in levels 4 and 5 hospitals at 20%. <i>Data as published in 2018 by Ministry of Health</i>
Agriculture services	12 %	0.5% of the allocation shared equally among all the counties, Rest shared depending on Rural Households based on 2019 Kenya Population and Housing Census (KPHC).
Other county services	16 %	Population/ head count, 2019 KPHC
Minimum share	20%	19% Equally and 1% based on inverse of Population; 2019 KPHC
To promote balanced development		
Land	5 %	County proportional distances (square root of the county Land area) from headquarter to the furthest point
Roads	7 %	Rural Access index as published in 2018 by Kenya Roads Board
Poverty	14 %	Poverty head count; Data as provided by Kenya Integrated Household Budget Survey (KIHBS) 2015/16
Urban service	4%	Urban Households based on 2019 KPHC
To Incentivize Revenue Raising and Prudence		
Fiscal Effort	1 %	Ratio of a county's three years average actual OSR to the Gross County product (GCP) based on data from the Controller of Budget and KNBS.
Fiscal Prudence	1 %	- Auditor General's opinion (unqualified only) -

		<ul style="list-style-type: none"> • Weight- assembly 10% • Weight- executive 90% - County Budget and Economic Forum(CBEF) - At least 30% of actual county expenditure on development - Establishment of Internal Audit Committee <ul style="list-style-type: none"> • Weight -assembly 10% • weight- executive 90% <p><i>The four sub-parameters are equally weighted</i></p>
Commencement		Financial year 2021/2022

Proposed Allocation of Each County Governments' Equitable Share of Revenue Raised Nationally in the Financial Year 2020/21 (Figures are in Kenya Shillings) using Second Basis for Sharing Revenue

No	County	2019/2020		2020/21	
		Allocation Ratio	Equitable Share	Allocation Ratio	Equitable Share
		Column A	Column B	Column C	Column D
1	Baringo	1.61	5,095,650,000	1.62	5,127,300,000
2	Bomet	1.74	5,507,100,000	1.74	5,507,100,000
3	Bungoma	2.81	8,893,650,000	2.83	8,956,950,000
4	Busia	1.9	6,013,500,000	1.93	6,108,450,000
5	Elgeyo Marakwet	1.22	3,861,300,000	1.22	3,861,300,000
6	Embu	1.36	4,304,400,000	1.44	4,557,600,000
7	Garissa	2.22	7,026,300,000	2.22	7,026,300,000
8	Homa bay	2.13	6,741,450,000	2.13	6,741,450,000
9	Isiolo	1.34	4,241,100,000	1.32	4,177,800,000
10	Kajiado	2.03	6,424,950,000	2.02	6,393,300,000
11	Kakamega	3.29	10,412,850,000	3.34	10,571,100,000
12	Kericho	1.7	5,380,500,000	1.72	5,443,800,000
13	Kiambu	2.98	9,431,700,000	3.11	9,843,150,000
14	Kilifi	3.3	10,444,500,000	3.35	10,602,750,000
15	Kirinyaga	1.34	4,241,100,000	1.35	4,272,750,000
16	Kisii	2.46	7,785,900,000	2.47	7,817,550,000
17	Kisumu	2.16	6,836,400,000	2.16	6,836,400,000
18	Kitui	2.79	8,830,350,000	2.8	8,862,000,000
19	Kwale	2.46	7,785,900,000	2.42	7,659,300,000
20	Laikipia	1.32	4,177,800,000	1.52	4,810,800,000
21	Lamu	0.82	2,595,300,000	0.87	2,753,550,000
22	Machakos	2.45	7,754,250,000	2.54	8,039,100,000
23	Makueni	2.34	7,406,100,000	2.3	7,279,500,000
24	Mandera	3.23	10,222,950,000	3.23	10,222,950,000
25	Marsabit	2.14	6,773,100,000	2.17	6,868,050,000
26	Meru	2.54	8,039,100,000	2.56	8,102,400,000
27	Migori	2.14	6,773,100,000	2.17	6,868,050,000
28	Mombasa	2.23	7,057,950,000	2.35	7,437,750,000

29	Murang'a	1.99	6,298,350,000	2.04	6,456,600,000
30	Nairobi	5.03	15,919,950,000	5.04	15,951,600,000
31	Nakuru	3.31	10,476,150,000	3.08	9,748,200,000
32	Nandi	1.69	5,348,850,000	1.7	5,380,500,000
33	Narok	2.54	8,039,100,000	2.25	7,121,250,000
34	Nyamira	1.52	4,810,800,000	1.55	4,905,750,000
35	Nyandarua	1.54	4,874,100,000	1.55	4,905,750,000
36	Nyeri	1.71	5,412,150,000	1.61	5,095,650,000
37	Samburu	1.46	4,620,900,000	1.26	3,987,900,000
38	Siaya	1.83	5,791,950,000	1.85	5,855,250,000
39	Taita taveta	1.34	4,241,100,000	1.39	4,399,350,000
40	Tana River	1.85	5,855,250,000	1.77	5,602,050,000
41	Tharaka Nithi	1.24	3,924,600,000	1.22	3,861,300,000
42	Trans Nzoia	1.82	5,760,300,000	1.83	5,791,950,000
43	Turkana	3.33	10,539,450,000	3.34	10,571,100,000
44	Uasin Gishu	2	6,330,000,000	1.91	6,045,150,000
45	Vihiga	1.47	4,652,550,000	1.43	4,525,950,000
46	Wajir	2.7	8,545,500,000	2.7	8,545,500,000
47	West Pokot	1.58	5,000,700,000	1.58	5,000,700,000
	Total	100	316,500,000,000	100	316,500,000,000

Allocation Using the Proposed Third Basis for Revenue Sharing

No	County	Population 2019	Actual Allocations 2019/20	Health	Agriculture	Other County Services	Basic Share	Poverty	Land Area	Urban	Roads	Fiscal Effort	Prudence	Total Allocation
1	Baringo	666,763	5,096	20%	1,068	710	1,349	753	386	61	661	69	81	5,760
2	Bomet	875,689	5,507	1,458	905	932	1,333	1,208	194	26	113	24	44	6,237
3	Bungoma	1,670,570	8,894	2,706	1,536	1,779	1,307	1,498	202	137	505	68	83	9,820
4	Busia	893,681	6,014	1,348	853	951	1,332	1,573	151	83	180	58	44	6,573
5	Elgeyo-Marakwet	454,480	3,861	724	495	484	1,382	550	202	17	281	20	24	4,180
6	Embu	608,599	4,304	1,020	791	648	1,356	426	195	76	149	90	58	4,809
7	Garissa	841,353	7,026	527	544	896	1,335	764	773	101	365	35	39	5,379
8	Homa-Bay	1,131,950	6,741	1,252	1,157	1,205	1,321	972	207	86	599	15	58	6,872
9	Isiolo	268,002	4,241	206	180	285	1,454	219	585	79	158	131	75	3,371
10	Kajiado	1,117,840	6,425	666	567	1,190	1,321	958	544	558	554	123	83	6,564
11	Kakamega	1,867,579	10,413	3,319	1,877	1,988	1,304	1,817	202	147	575	71	135	11,436
12	Kericho	901,777	5,381	1,471	891	960	1,331	773	171	83	176	49	41	5,947
13	Kiambu	2,417,735	9,432	2,348	1,049	2,574	1,299	1,176	185	1,579	108	91	83	10,492
14	Kilifi	1,453,787	10,445	1,849	942	1,548	1,312	1,756	413	303	1,240	90	133	9,585
15	Kirinyaga	610,411	4,241	1,473	791	650	1,356	329	141	133	26	61	44	5,003
16	Kisii	1,266,860	7,786	1,986	1,312	1,349	1,316	1,518	133	124	106	33	39	7,917
17	Kisumu	1,155,574	6,836	2,023	861	1,230	1,320	1,037	168	354	142	55	37	7,227
18	Kitui	1,136,187	8,830	1,524	1,223	1,210	1,321	1,409	642	52	816	63	137	8,398
19	Kwale	866,820	7,786	1,735	701	923	1,333	1,050	334	99	450	51	96	6,774
20	Laikipia	518,560	4,178	692	548	552	1,369	629	358	120	231	158	44	4,701
21	Lamu	143,920	2,595	173	175	153	1,604	98	291	27	162	44	58	2,786
22	Machakos	1,421,932	7,754	2,387	1,300	1,514	1,312	750	290	384	201	87	81	8,306
23	Makueni	987,653	7,406	1,516	1,097	1,052	1,327	902	329	73	449	72	158	6,974

19 | Report of the Finance and Budget Committee on the Third Basis for Allocating Share of National Revenue annually allocated to county level of government

24	Mandera	867,457	10,223	1,156	455	924	1,333	1,491	593	108	2,116	34	96	8,307
25	Marsabit	459,785	6,773	365	317	490	1,381	544	979	55	569	51	96	4,846
26	Meru	1,545,714	8,039	1,936	1,863	1,646	1,310	770	306	137	467	39	39	8,513
27	Migori	1,116,436	6,773	1,815	998	1,189	1,321	1,254	187	115	299	54	115	7,348
28	Mombasa	1,208,333	7,058	1,268	40	1,286	1,318	867	54	1,017	9	135	37	6,032
29	Murang'a	1,056,640	6,298	1,430	1,383	1,125	1,324	740	186	112	52	62	59	6,472
30	Nairobi City	4,397,073	15,920	3,727	40	4,681	1,290	2,013	97	4,049	7	77	63	16,044
31	Nakuru	2,162,202	10,476	2,546	1,382	2,302	1,301	1,598	318	913	1,154	98	20	11,631
32	Nandi	885,711	5,349	1,498	918	943	1,332	927	197	50	775	26	44	6,711
33	Narok	1,157,873	8,039	636	1,056	1,233	1,320	657	492	86	1,241	296	39	7,057
34	Nyamira	605,576	4,811	756	709	645	1,357	618	110	35	52	25	83	4,388
35	Nyandarua	638,289	4,874	1,131	800	680	1,353	645	209	62	176	37	101	5,194
36	Nyeri	759,164	5,412	1,575	964	808	1,341	415	212	155	84	77	24	5,656
37	Samburu	310,327	4,621	347	298	330	1,430	582	533	34	480	141	42	4,217
38	Siaya	993,183	5,792	1,229	1,133	1,057	1,326	900	185	69	407	32	39	6,379
39	Taita- Taveta	340,671	4,241	477	365	363	1,416	312	481	79	230	96	21	3,841
40	Tana-River	315,943	5,855	426	275	336	1,427	510	721	53	416	26	78	4,269
41	Tharaka- Nithi	393,177	3,925	502	516	419	1,398	253	189	32	187	53	37	3,587
42	Trans- Nzoia	990,341	5,760	1,485	886	1,054	1,327	953	184	133	593	44	96	6,755
43	Turkana	926,976	10,539	1,726	690	987	1,330	2,324	964	82	1,763	30	96	9,992
44	Uasin- Gishu	1,163,186	6,330	1,592	737	1,238	1,320	1,256	213	434	598	76	59	7,522
45	Vihiga	590,013	4,653	770	659	628	1,359	732	87	43	13	42	81	4,414
46	Wajir	781,263	8,546	484	513	832	1,339	777	875	82	1,519	22	78	6,521
47	West Pokot	621,241	5,001	953	563	661	1,355	1,006	352	23	701	35	44	5,693
	Total	47564296	316,500	63,300	37,980	50,640	63,300	44,310	15,825	12,660	22,155	3,165	3,165	316,500

20 | Report of the Finance and Budget Committee on the Third Basis for Allocating Share of National Revenue annually allocated to county level of government

MINUTES OF THE 152ND MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON TUESDAY, 7TH JULY, 2020, AT 9:00 AM VIA ONLINE ZOOM PLATFORM.

PRESENT

- | | |
|--|---------------------|
| 1. Sen. Charles Kibiru, MP | - Chairperson |
| 2. Sen. (Dr.) Ochillo Ayacko, MP | - Vice- Chairperson |
| 3. Sen. Wetang'ula Moses Masika, EGH, MP | - Member |
| 4. Sen. Kimani Wamatangi, MP | - Member |
| 5. Sen. Aaron Cheruiyot, MP | - Member |
| 6. Sen. Rose Nyamunga, MP | - Member |
| 7. Sen. CPA Farhiya Haji, MP | - Member |
| 8. Sen. Milicent Omanga, MP | - Member |

ABSENT WITH APOLOGY

- | | |
|-----------------------------------|----------|
| 9. Sen. Mutula Kilonzo Junior, MP | - Member |
|-----------------------------------|----------|

SECRETARIAT

- | | |
|----------------------------|----------------------------|
| 1. Dr. Johnson Okello | - Director, Legal Services |
| 2. Mr. Christopher Gitonga | - Clerk Assistant |
| 3. Ms. Lucy Radoli | - Legal Counsel |
| 4. Ms. Amran Yunis | - Fiscal Analyst |
| 5. Mr. Ian Otieno | - Audi Office |

MIN. NO. 731/07/2020: PRELIMINARIES

The Chairperson called the meeting to order at 9.16 am and thereafter followed a word of prayer.

MIN.NO. 732/07/2020: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. Kimani Wamatangi, MP, and seconded by Sen. CPA Farhiya Haji, MP.

MIN.NO. 733/07/2020: CONSIDERATION AND ADOPTION OF A CLAUSE TO THE ADOPTED THIRD BASIS TO INCLUDE A TRANSITION PROVISION

The Chairperson informed the Committee that a lot of consultation has been ongoing concerning the application of Third Basis of sharing of revenue among counties. The

Committee was required to deliberate on the matter and provide a way forward on operationalization of the Third Basis.

Upon invitation, Dr. Okello, Director, Legal Services, advised that there was no constitutional/ legal provision that provides for suspension of the Basis for revenue sharing once approved. He further advised that Article 217 of the Constitution requires the Senate to determine the Basis for revenue sharing and that in doing so, the Senate may take into account the criteria provided in Article 203(1) of the Constitution.

The Committee deliberated on the matter and resolved that the date of commencement of the Third Basis of revenue sharing may be determined by the House.

The Committee further noted the given the impact of COVID-19 on the county governments, it would be necessary to take into account the provisions of Article 203(1)(k) of the Constitution which provides that in considering the Basis for revenue sharing there was *need for flexibility in responding to emergencies and other temporary needs, based on similar objective criteria*. Secondly, the financial year in which the Third Basis of revenue sharing is to apply has already commenced.

The Committee was also informed that the Senate had sought an advisory opinion from the Attorney General. The Committee considered response by the Attorney General and noted its contents.

The Committee resolved to adopt its report with a recommendation to the House that the Third Basis for revenue sharing be approved and that its application shall commence in the financial year 2021/22. This was proposed by Sen. Aaron Cheruiyot, MP and seconded by Sen. Millicent Omanga, MP.

Sen. CPA Farhiya Haji, MP agreed with the recommendations that the Third Basis comes into force from FY 2021/22 but further proposed that the approval of the Basis be pended for some time.

MIN.NO. 734/07/2020

ANY OTHER BUSINESS AND ADJOURNMENT

There being no other business the meeting was adjourned at 10:35 am.

SIGNATURE: _____

(CHAIRPERSON: SEN. CHARLES KIBIRU, MP.)

DATE: _____

07/07/2020

MINUTES OF THE 151ST MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON MONDAY, 29TH JUNE, 2020, AT 12 NOON IN THE NATIONAL ASSEMBLY RESTAURANT, MAIN PARLIAMENT BUILDING.

PRESENT

- | | |
|--|---------------------|
| 1. Sen. Charles Kibiru, MP | - Chairperson |
| 2. Sen. (Dr.) Ochillo Ayacko, MP | - Vice- Chairperson |
| 3. Sen. Wetang'ula Moses Masika, EGH, MP | - Member |
| 4. Sen. Kimani Wamatangi, MP | - Member |
| 5. Sen. Mutula Kilonzo Junior, MP | - Member |
| 6. Sen. Aaron Cheruiyot, MP | - Member |
| 7. Sen. Rose Nyamunga, MP | - Member |
| 8. Sen. CPA Farhiya Haji, MP | - Member |
| 9. Sen. Milicent Omanga, MP | - Member |

SECRETARIAT

- | | |
|----------------------------|--|
| 1. Mr. Boniface Lenairoshi | - Deputy Director, Directorate of Committee Services |
| 2. Ms. Phyllis Makau | - Director, PBO |
| 3. Mr. Martin Masinde | - Snr. Deputy Director, PBO |
| 4. Ms. Lucy Makara | - Deputy Director, PBO |
| 5. Mr. Christopher Gitonga | - Clerk Assistant |
| 6. Ms. Lucy Radoli | - Legal Counsel |
| 7. Ms. Amran Yunis | - Fiscal Analyst |
| 8. Mr. Simon Muinde | - Audi Office |

MIN. NO. 727/06/2020:

PRELIMINARIES

The Chairperson called the meeting to order at 12.28 pm and thereafter followed a word of prayer.

MIN.NO. 728/06/2020:

ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. Mutula Kilonzo Junior, MP, and seconded by Sen. CPA Farhiya Haji, MP.

MIN.NO. 729/06/2020: DETERMINATION OF THE THIRD BASIS FOR SHARING NATIONAL REVENUE AMONG COUNTY GOVERNMENTS

The Chairperson welcomed the Parliamentary Budget Office to take the Committee through the proposals which had been availed for consideration.

Upon invitation, the Director, PBO informed the Committee that PBO had developed a proposal for consideration. The Director took the Members through the presentation and further, noted that there were other proposals which had been availed to the Committee for consideration.

The Committee was informed that pursuant to the *Kamkunji* that was held on 25th June, 2020, the Committee received a further proposal for consideration. Thus, it was noted that there were four proposals which the Committee would consider as tabulated below-

	Parameter	Proposed weights			
		Proposal A	Proposal B	Proposal C	Proposal D
1.	Basic Equal Share	20%	20%	20%	Proposal B but 2.5% of equitable share adjustment factor to cushion the counties with reductions
2.	Health	17%	17%	20%	
3.	Agriculture	10%	10%	12%	
4.	Other county services	18%	18%	16%	
5.	Poverty	14%	14%	14%	
6.	Urban Services	5%	5%	4%	
7.	Land	8% Capped	8% Capped	5% square root of land area	
8.	Roads	4%	6%	7%	
9.	Fiscal Effort	2%	1%	1%	
10.	Fiscal Prudence	2%	1%	1%	
	Total	100%	100%	100%	
	No. of Counties gaining	28	27	29	22
	No. of Counties losing	19	20	18	25

After deliberation, the Committee resolved to take a vote on the Proposals. The votes were cast as follows

Proposal	No. of Votes
A	1 (one)
B	1 (one)
C	7 (seven)
D	0 (zero)

Thereafter, the Committee resolved to adopt its report on the Third Basis for sharing national revenue among counties with parameters and weights as follows-

	Parameter	Assigned Weights
1.	Basic Equal Share	20%
2.	Health	20%
3.	Agriculture	12%
4.	Other county services	16%
5.	Poverty	14%
6.	Urban Services	4%
7.	Land	5% square root of land area
8.	Roads	7%
9.	Fiscal Effort	1%
10.	Fiscal Prudence	1%
	Total	100%

MIN.NO. 730/06/2020

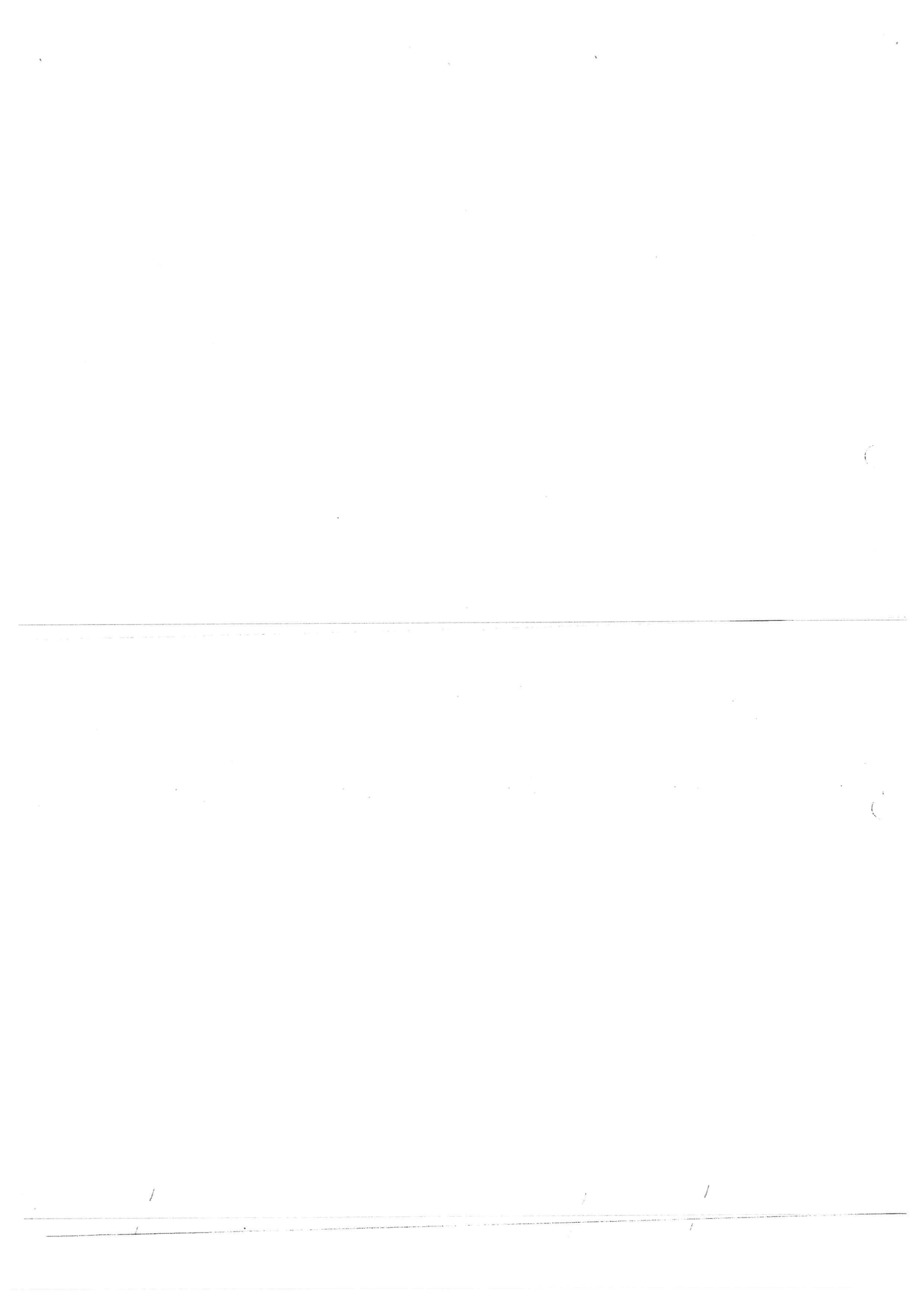
ANY OTHER BUSINESS AND ADJOURNMENT

There being no other business the meeting was adjourned at 1:32 pm.

SIGNATURE: _____

(CHAIRPERSON: SEN. CHARLES KIBIRU, MP.)

DATE: _____



MINUTES OF THE 114TH MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON MONDAY, 18TH NOVEMBER, 2019 AT COUNTY HALL, MINI CHAMBER, PARLIAMENT BUILDINGS AT 9:00 AM.

PRESENT

1. Sen. (Eng) Mohamed M. Mahamud, CBS, MP - Chairperson
2. Sen. CPA Farhiya Haji, MP - Member
3. Sen. Aaron Cheruiyot, MP - Member
4. Sen. (Dr) Ali Abdullahi Ibrahim, CBS, MP - Member
5. Sen. Moses Wetangula, MP - Member

ABSENT WITH APOLOGY

6. Sen. Mutula Kilonzo Junior, MP - Member
7. Sen. (Dr) Rose Nyamunga, MP - Member
8. Sen. (Dr) Isaac Mwaura, CBS, MP - Vice Chairperson
9. Sen. Bonifac Mutinda Kabaka, MP - Member

SECRETARIAT

1. Mr. Christopher Gitonga - Clerk Assistant
2. Mr. Stephen Nyakuti - Audio Officer

IN ATTENDANCE – KILIFI COUNTY ASSEMBLY

1. Hon. Jimmy Kahindi - Speaker
2. Mr. Philip Kimeu - PA to the Speaker

MIN. NO. 559/011/2019: PRELIMINARIES

The Chairperson called the meeting to order at 9.20 am and followed a word of prayer.

MIN.NO. 560/011/2019: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. Aaron Cheruiyot, MP and seconded by Sen. CPA Farhiya Haji, MP.

MIN.NO. 561/011/2019: HEARINGS AND SUBMISSION OF MEMORANDA ON THE PROPOSED 3RD BASIS FOR REVENUE SHARING AMONG COUNTY GOVERNMENTS

After introductions, the Chairperson made a brief on the 3rd criteria/ basis for revenue sharing among the counties. Thereafter he welcome Speaker, Kilifi County Assembly to make his remarks.

The Speaker, County Assembly of Kilifi informed the Committee that though he had received the invitation, the notice was short. he sought for another opportunity to appear and make submission.

After deliberations, it was resolve that the Speaker submits a written memorandum to the Committee by Wednesday, 27th November, 2019.

MIN.NO. 562/011/2019: ANY OTHER BUSINESS AND ADJOURNMENT

The Committee noted the next county which had confirmed attendance was to appear at 12 noon. Thus. it resolved to adjourn till 12 noon.

SIGNATURE.....

(CHAIRPERSON: SEN. (ENG) MOHAMED MAALIM MAHAMUD)

DATE.....

MINUTES OF THE 115TH MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON MONDAY, 18TH NOVEMBER, 2019 AT COUNTY HALL, MINI CHAMBER, PARLIAMENT BUILDINGS AT 12:00 NOON.

PRESENT

1. Sen. (Eng) Mohamed M. Mahamud, CBS, MP - Chairperson
2. Sen. CPA Farhiya Haji, MP - Member
3. Sen. Aaron Cheruiyot, MP - Member
4. Sen. (Dr) Ali Abdullahi Ibrahim, CBS, MP - Member

ABSENT WITH APOLOGY

5. Sen. Mutula Kilonzo Junior, MP - Member
6. Sen. Moscs Wctangula, MP - Member
7. Sen. (Dr) Rose Nyamunga, MP - Member
8. Sen. (Dr) Isaac Mwaura, CBS, MP - Vice Chairperson
9. Sen. Boniface Mutinda Kabaka, MP - Member

SECRETARIAT

1. Mr. Christopher Gitonga - Clerk Assistant
2. Mr. Stephen Nyakuti - Audio Officer

IN ATTENDANCE – MANDERA COUNTY

1. Hon. (Capt.) Ali Ibrahim Roba – Governor
2. Hon. Ahmed Rashid – Chair, Assembly Committee on Budget
3. Mr. Abdullah Hussein – Clerk to the Assembly

MIN. NO. 563/011/2019:

PRELIMINARIES

The Chairperson called the meeting to order at 12.10 pm and followed a word of prayer.

MIN.NO. 564/011/2019:

ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. Aaron Cheruiyot, MP and seconded by Sen. (Dr) Ali Abdullahi Ibrahim, MP.

MIN.NO. 565/011/2019: HEARINGS AND SUBMISSION OF MEMORANDA ON
THE PROPOSED 3RD BASIS FOR REVENUE SHARING AMONG
COUNTY GOVERNMENTS

After introduction, the Chairperson made a brief on the 3rd criteria/ basis for revenue sharing among the counties. Thereafter, he welcomed the delegation from Mandera County to make the presentation.

Governor, Mandera County- Hon. (Capt.) Roba

Upon invitation, the Governor informed the Committee as follows-

- a) The proposed 3rd generation formula is a total departure from the 1st and 2nd sharing formula and is contrary to international practices.
- b) It undermines principle of self-governance and creates an obstacle to service delivery; as it undermines economic growth of the disadvantaged counties and favours urban and developed counties.
- c) Its based on devolved functions and fails to take into account economic, infrastructural and social disparities amongst counties. It ought to have examined infrastructural gaps between the counties.
- d) Health index – it fails to consider the disparity in infrastructural needs, availability of medical equipment, health personnel and access to health services. The proposal appears to be geared towards improving the lives of Kenyans who already have real and documented access to health with best health facilities and in most populated areas.
- e) He proposed that there should be affirmative action for disadvantaged counties to remedy the lack of health infrastructure, access to health facilities and capacity of health workers.
- f) Agricultural services – the fails to appreciate disparities among counties with regard to agricultural production such as irrigation infrastructure, agricultural mechanisation and farming inputs. Secondly, there is no reliable data on pastoralists communities as they are hardly ever stationed at one place at any given time.
- g) Water provision – the proposed formula has lumped this critical devolved function together with other county services and proposed an allocation of 18%. This would compromise desire to achieve the SDG number 6 of clean water and sanitation.
- h) Urban services – the formula fails to appreciate the urbanisation and developmental differences between urban areas in the counties. The proposal appears to penalise counties for being in rural state.
- i) Other services – the formula fails to consider the infrastructural disparities among counties to deliver required services. The formula should address disparities among counties in terms of service delivery.

- j) Roads index – the formula does not take into account the need to develop county roads as well as maintaining existing ones. It appears to propose that where there is no road network, there is no allocation of resources since the parameter is based on existing roads.
- k) Revenue responsibility principle – the formula fails to consider factors such as urbanisation, capacity and revenue streams. Further it does not take into account local dynamics such as insecurity, terrorism, closure of international customs border for counties like Mandera.
- l) The proposed formula would not address the aspirations of the devolution and equally fails to allow flexibility required by the county governments to allocate resources to where they are required most. They proposed-
 - i) Entrench a fair and acceptable revenue sharing formula; and
 - ii) Consider affirmative action on equalisation fund.
- m) Recommended that proposed formula be amended as follows
 - i) Population – 45%
 - ii) Equal share 25%
 - iii) Poverty gap – 15%
 - iv) Land area - 8%
 - v) Fiscal responsibility – 3%
 - vi) Development disparity factor – 4%.

The Governor also informed that the above highlighted issues are similar in the 10 frontier counties. As the Chairperson for Frontier Counties Development Council he would ensure the counties submit a common memorandum.

There were other issues which were affecting counties such as pending bills and incomplete projects and such required urgent attention.

Mandera County Assembly - Chair, Assembly Committee on Budget representing the Speaker.

Upon invitation, the Committee was informed that-

- a) The proposed formula is departure from the trend of the previous formulae.
- b) The assembly recommended the formula to be amended as follows-

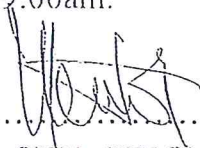
- i) Health services assign weight of 13% with indicators of expenditure need as follows-
 - ✓ Health facility gap 70%
 - ✓ 3 years average primary care visits to level 2 and 3 health facilities 20%
 - ✓ 3 years average in-patient days in level 4 and 5 hospitals 20%
- ii) Agriculture Services assign weight of 8% with indicators of expenditure need as follows-
 - ✓ Food insecurity 60%
 - ✓ Agricultural services index 40%
- iii) Other county population services assign 18%.
- iv) Land assign 10 % with indicators of expenditure need as follows-
 - ✓ Furthest location from the headquarter 30%
 - ✓ Land size of the county at 70%
- v) Roads assign 4%
- vi) Poverty level assign 18%
- vii) Fiscal effort 2%
- viii) Fiscal prudencce 2%

MIN.NO. 566/011/2019: ANY OTHER BUSINESS

The Committee noted the need to conduct several study visits to understand how various jurisdictions share equitable share among the devolved units. The Committee resolved to undertake a study visit to the Federal Republic of Nigeria.

MIN.NO. 567/011/2019: ADJOURNMENT AND DATE OF NEXT MEETING

The time been 2:30 pm, the Chair adjourned the meeting. Next meeting Tuesday, 19th November, 2019 at 9:00am.

SIGNATURE.....
 (CHAIRPERSON: SEN. (ENG) MOHAMED MAALIM MAHAMUD)

DATE.....

PRESENT

1. Sen. CPA Farhiya Haji, MP - Member (Chairing)
2. Sen. Moses Wctangula, MP - Member
3. Sen. (Dr) Ali Abdullahi Ibrahim, CBS, MP - Member
4. Sen. Boniface Mutinda Kabaka, MP - Member

ABSENT WITH APOLOGY

1. Sen. (Eng) Mohamed M. Mahamud, CBS, MP - Chairperson
2. Sen. (Dr) Isaac Mwaura, CBS, MP - Vice Chairperson
3. Sen. Mutula Kilonzo Junior, MP - Member
4. Sen. Aaron Cheruiyot, MP - Member
5. Sen. (Dr) Rose Nyamunga, MP - Member

SECRETARIAT

1. Mr. Christopher Gitonga - Clerk Assistant
2. Mr. Stephen Nyakuti - Audio Officer

IN ATTENDANCE

See the list of attendance attached

MIN. NO. 568/011/2019:

PRELIMINARIES

The Chairperson called the meeting to order at 9.25 am and followed a word of prayer.

MIN. NO. 569/011/2019:

ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. (Dr) Ali Abdullahi Ibrahim, MP and seconded by Sen. Moses Wctangula, MP.

MIN. NO. 570/011/2019: HEARINGS AND SUBMISSION OF MEMORANDA ON THE PROPOSED 3RD BASIS FOR REVENUE SHARING AMONG COUNTY GOVERNMENTS

After introduction, the Acting Chairperson made a brief on the 3rd criteria/ basis for revenue sharing among the counties. Thereafter, the representatives from county governments and members of public present were welcomed to make their submissions.

1. Embu County Executive - CEC Member for Finance, Mr. Njagi

The CEC Member informed the Committee that the proposed formulae addresses the principle of equity and fairness. However, there was need for improvement for some parameters are quite discriminative.

- a) The agriculture index should be reconsidered since in some counties like Nairobi City County there was very little agriculture activities.
- b) The health index should also consider the Level 5 Hospitals. Since these hospitals serve residents from the neighbouring counties.
- c) The land index should not focus on the land mass since it would discriminate the small counties; it should focus on the expansive roads.
- d) It was important to note that most level 5 hospitals offer services to residents of the neighbouring counties.

2. Nyeri County Executive – Deputy Governor, Hon. Karugu

- a) The new formula distributes the revenue based purely on population, this increases the risk for the counties that have low population.
- b) The reduction of the weighted basic share contribution places the county at a disadvantage and should be reviewed upwards to facilitate equal distribution of resources.
- c) The component on land should not focus on land mass but on service delivery. That is the distance from the resident to the county headquarter.
- d) The parameter on basic share should be considered and increased.

3. Nyeri County Assembly – Speaker Hon. Kaguchia

- a) There was need to delink the county assemblies from the executive especially on the matter of requisition of funds.
- b) On the formula, there was need to reconsider some parameters to ensure that most counties were not disadvantages. Some of the parameters to be reconsidered were-
 - i) Land parameter- the index should not focus on land mass as it would disadvantage small counties but with high population density. The index should focus on the distance from headquarter to the last point in the county. This would ensure the parameter is service delivery oriented.
 - ii) Agriculture parameter- the country's GDP mainly depends on agricultural activities. Thus the parameter should be reviewed and increased to 22%.
 - iii) Health parameter- the index should focus on number of patients attended. Secondly, there was need to consider public health as it is noble to prevent sicknesses and diseases.

4. Kirinyaga County Assembly – Speaker Hon. Wagura

The formula was good as it had parameters directly related to county functions such as health and agriculture. Further, per capital gap that existed would be narrowed with the adoption of the new formula.

However, the formula should be reconsidered as follows-

- a) Increase the parameter on agriculture to 22%.
- b) Increase the parameter on Health to 22%
- c) Provide a parameter on legislative services and civic education. This would ensure county assemblies have funds set aside for legislative purposes and oversight.

- d) The parameter on prudence should be reviewed since innocent citizens are punished because of the failures of the county administration.
- e) Resources should not be allocated based on land mass since they are meant for service delivery to the people and not geographical features.
- f) The formula should focus on allocation of resources to the people and to delivery of services.

5. Nyandarua County Assembly – Speaker Hon. Wahome

The proposed formula is better than the existing. However, there was need to reconsider some parameters as follows-

- a) Health Services- should consider the health facility standards rather than numbers. The index should be amended such that the facility gap accounts for 30% level 2 and level 3 facility outpatient accounts for 50% while Level 4 and 5 facility inpatient accounts for 20%. The facility gap should be defined as quality of facility service as reflected by relevant staff and equipment. Further, the health parameter should be revised downwards to 15%.
- b) Agriculture – the parameter should be revised downwards to 6%. Since unless the national government agrees to release 10% of the total budget to the counties for agricultural purposes, the Maputo Declaration of 2003 may not be achieved. Subjecting the county allocation to the declaration may not achieve the expected targets.
- c) Other services- this parameter should be merged with the parameter on urban services. Further, it should be revised to 26%. Secondly, the parameter should only use population.
- d) The basic share should be retained at 20%.
- e) Land area index – the parameter should be amended by substituting it with population density and allocated a weight of 5%. This is because it is settlement patterns that determines the provision of a government service rather than land area.
- f) Poverty index- it's a good parameter but should be revised upwards.
- g) Road index- it should be revised upwards to 6%. However, on allocation, it should be based on the inverse to ensure more funds flows to disadvantaged counties.
- h) Fiscal prudence- should be retained.
- i) In summary the proposed formula should be revised as shown in table below-

Parameter	As submitted by CRA	Proposed weight
Health index	17%	15%
Agriculture Index	10%	6%
Population	18%	26%
Urban index	5%	
Basic share	20%	20%
Rural Access Index	4%	6%

Poverty	14%	18%
Land Area	8%	0%
Population density	0%	5%
Fiscal prudence	2%	2%
Fiscal effort	2%	2%

6. Murang'a County Assembly

The proposed formula is better than the existing. However, there was need to reconsider some parameters as follows-

- a) Health parameter- the formula should consider inclusion of community health centres in the expenditure indicator.
- b) The parameter on the agriculture should be increased.
- c) The population parameter should be introduced and given higher weight since the services are offered to the people.

7. Tharaka Nithi County Government – Speaker Hon. Mbaya

Both the Executive and Assembly had prepared a common memorandum. The Speaker welcomed Mr. Lawrence Micheni, from County Executive to make the presentation. He presented as follows-

The proposed formula was better than the existing. However, there was need to reconsider some parameters as follows-

- a) Increase equal share to 40%, this would relatively better the allocation factor for small counties. It's important to note that there are minimum costs of running counties.
- b) There was need to introduce a special allocation to counties with least allocation, through the introduction of minimum quota below which no county should receive. This would ensure that all counties receive at least minimum allocation worth of running the county.
- c) The road parameter takes into account of existing roads disregarding the need to build/ construct new roads.
- d) The formula failed to consider the number of health facilities already existing in the county. Secondly, the facilities require basic equipment, supply of commodities, supporting infrastructure and personnel which are key cost drivers in provision of health.
- e) Basic administrative infrastructure for some counties like Tharaka Nithi needs to be considered. They may be non-core functions but their poor and non-existence negatively affect delivery of core functions.
- f) If the formula is adopted as at is, the County should be included among the counties to be cushioned due to revenue drop.

8. Mr. Mutegi, a resident from Tharaka Nithi County

Mr. Mutegi informed the Committee that the proposed formula was better than the existing. However, it required review as follows-

- a) Agriculture parameter should be increased to 22%.
- b) Health parameter should be increased to 22%
- c) The formula does not consider accessibility to services and cost of services which are critical to delivery of services.
- d) The parameter on fiscal performance should consider encouraging innovations which would increase revenue streams.

9. Mr. Wanderi, a resident from Nyandarua County

Mr. Wanderi informed the Committee that he agrees with the proposed formula for it was fairer. The formula-

- a) The new parameter were directly related to the devolved functions;
- b) The per capita gap would be narrowed;
- c) The formula would address inequality since population accounted for 47 % of the allocations.
- d) The formula focussed on roads, distance to be covered and not land mass.
- e) The weight assigned to equal share and poverty should be reduced and the reduced weight added to agriculture parameter.
- f) Land area parameter should strictly focus on distances and not land mass.

10. Mr. Irungi, a resident from Meru County

Mr. Irungi informed the Committee that the formula was good but more can be done to ensure it promotes equity. The formula should be reviewed to ensure fairness in resource allocation, closing disparity gaps. It should be reviewed as follows-

- a) The land area parameter should be decreased and also should focus on distance travelled to access the services offered by county government.
- b) Increase the assigned weight on health and agriculture.
- c) Reduce the weight on equal share, poverty and land to accommodate the increase on health and agriculture.
- d) Health should be increased because of the piling pressure on health facilities especially because of non-communicable diseases.

11. Mr. Ruku, a resident from Embu County

Mr. Ruku informed the Committee that the formula was an improvement from the previous formula. He however highlighted the need to review-

- a) Health parameter since health takes huge chunks of the county budgets especially human resources and procurement of hospital commodities.

- b) The Counties which host the former provincial hospitals should be given special consideration because of the number of patients they offer services to from other counties.
- c) The weight for agriculture parameter should be increased to 22%. This would help increase food production, alleviate poverty, increase job creation in rural areas, and improve primary health care.

12. Mr. Irungu, a resident from Kirinyaga County

Mr. Irungu informed the Committee that the formula was good. Secondly, he supported the presentation made by Kirinyaga County Assembly.

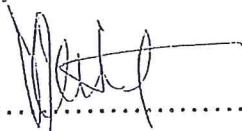
The formula should be reviewed as follows-

- a) Agriculture parameter- the allocation should be based on population and capacity to produce.
- b) Health Parameter- allocation should be based on patients and population density.
- c) The health and Agriculture are 100% devolved thus, the two parameters should have a maximum weight.

MIN.NO. 571/011/2019: ADJOURNMENT

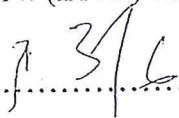
There being no other business the Chairperson adjourned the meeting at 12:05 pm. Date of next meeting Wednesday, 20th November, 2019 at 9 am.

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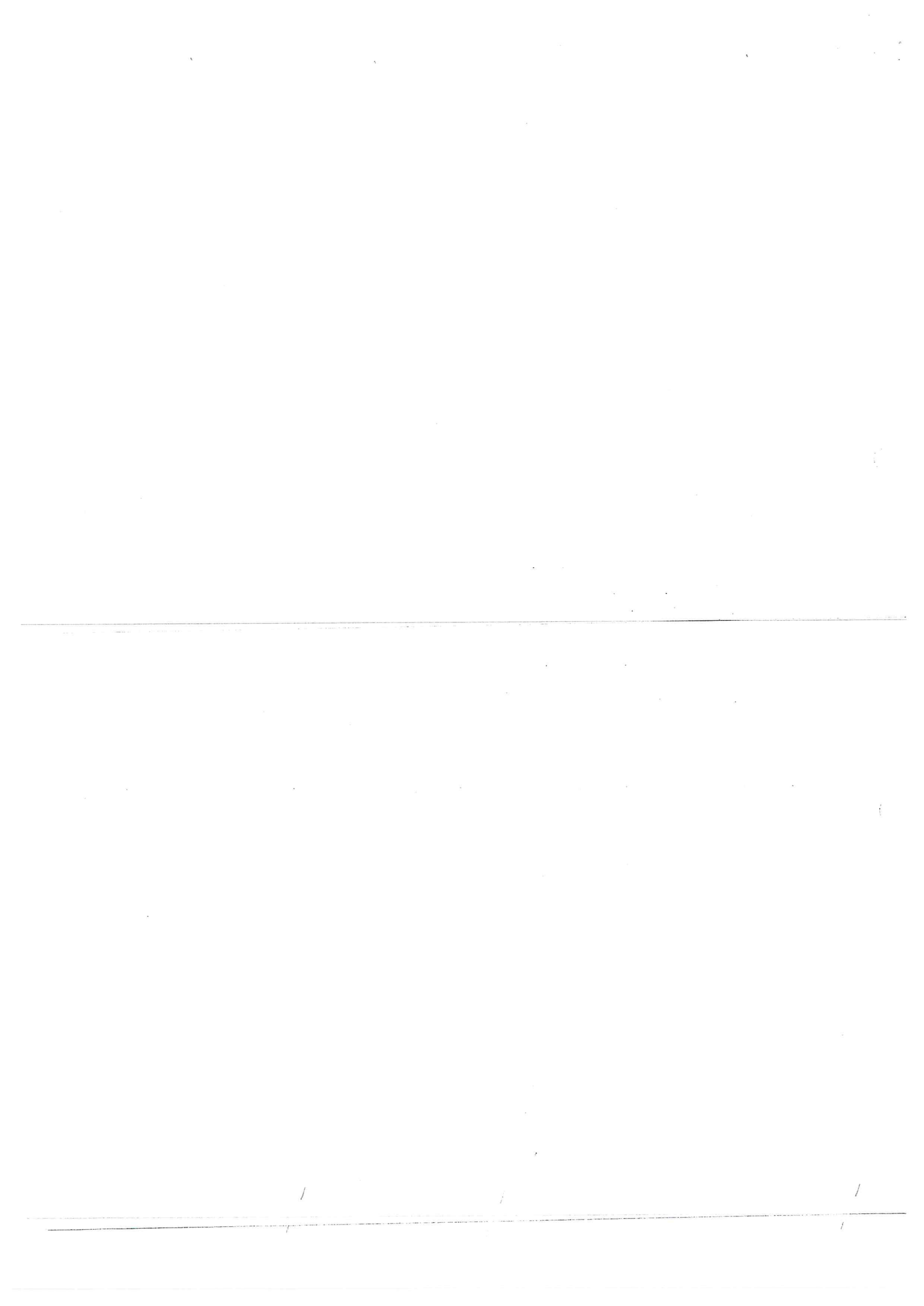
(CHAIRPERSON: SEN. (ENG) MOHAMED MAALIM MAALIMUD)

DATE.....



LIST OF ATTENDANCE

<p>Kirinyaga County Assembly</p> <ol style="list-style-type: none"> Hon. Joel Wagura - Speaker Hon. David Mathenge - Budget Committee Chairperson Ms. Lilian Gitari - Deputy Majority Leader Ms. Agnes W. Githinji Ms. Mary Mulinge 	<p>Kiambu County Government</p> <ol style="list-style-type: none"> Mr. Macharia Taki - County Assembly Ms. Peris Nyambura - Resident, Kiambu County Mr. John Burugu - Chief of Staff, Ag. Governor's Office Mr. Eric Kiriko - Executive Mr. Hoswell Kinuthia
<p>Meru County Government</p> <ol style="list-style-type: none"> Mr. Charles Mwenda - Director Budget Mr. Simon Mwili - Budget Officer Mr. Jacob Kirari - County Assembly Ms. Beatrice Karwitha - Meru 	<p>Murang'a County Government</p> <ol style="list-style-type: none"> Hon. Nduati - Speaker Hon. Pauline Maina - MCA Hon. Lilian Kabaya - MCA Mr. Francis Kimemia - Snr. Clerk Assistant
<p>Tharaka Nithi County Government</p> <ol style="list-style-type: none"> Hon. David Mbaya - Assembly, Speaker Mr. Amos Kiangwe - Clerk Mr. Lawrence Micheni - Director, Budget Mr. Pius Nyaga - Accountant Ms. Mary Kendi - Clerk Assistant Mr. Betty Kagcni 	<p>Nyeri County Government</p> <ol style="list-style-type: none"> Hon. Caroline Karugu - Deputy Governor Hon. John Kaguchia - Assembly Speaker Hon. Charles Gichu - MCA <p>Nyandarua County Government</p> <ol style="list-style-type: none"> Mr. Eugene Kenjuhu Mr. Simon Wanderi
<p>Members of Public</p>	
<ol style="list-style-type: none"> Mr. Marwa Samuel Ms. Siele Chepkocch Yvonne Mr. George Minenge - Advocate Mr. Victor Karigi - Businessman Mr. Daniel Mutegi - Professional Mr. Luke Kimutai - Nandi County Assembly Ms. Linet Oyugi - Director, CRA Mr. John Njagi - CEC Finance Embu County 	<ol style="list-style-type: none"> Mr. Douglas Kinoti - Lawyer Ms. Lynette Kinyua Mr. Paul Ogono Mr. John Irungi Ms. Peninah Njoroge Ms. Evalyne Kariuki Ms. Peris Nyambura - Resident, Kiambu County



MINUTES OF THE 117TH MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON WEDNESDAY, 20TH NOVEMBER, 2019 AT COUNTY HALL, MINI CHAMBER, PARLIAMENT BUILDINGS AT 9:00 AM.

PRESENT

1. Sen. (Eng) Mohamed M. Mahamud, CBS, MP - Chairperson
2. Sen. CPA Farhiya Haji, MP - Member
3. Sen. Moses Wetangula, MP - Member
4. Sen. (Dr) Ali Abdullahi Ibrahim, CBS, MP - Member
5. Sen. Boniface Mutinda Kabaka, MP - Member

ABSENT WITH APOLOGY

1. Sen. (Dr) Isaac Mwaura, CBS, MP - Vice Chairperson
2. Sen. Mutula Kilonzo Junior, MP - Member
3. Sen. Aaron Cheruiyot, MP - Member
4. Sen. (Dr) Rose Nyamunga, MP - Member

SECRETARIAT

1. Mr. Christopher Gitonga - Clerk Assistant
2. Mr. Stephen Nyakuti - Audio Officer

IN ATTENDANCE

See the list of attendance attached

MIN. NO. 572/011/2019:

PRELIMINARIES

The Chairperson called the meeting to order at 9.30 am and followed a word of prayer.

MIN.NO. 573/011/2019:

ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. Boniface Mutinda Kabaka, MP and seconded by Sen. CPA Farhiya Haji, MP.

MIN.NO. 574/011/2019: HEARINGS ON THE PROPOSED 3RD BASIS FOR

REVENUE SHARING AMONG COUNTY GOVERNMENTS

After introduction, the Chairperson made a brief on the 3rd criteria/ basis for revenue sharing among the counties. Thereafter, welcomed the stakeholders to present their submissions.

1. Nandi County Assembly -- Speaker, Hon. Kiptoo

He made presentation as follows-

- a) The proposed formulae is based on provisions of Article 187 of the Constitution. It addresses the principle of 'money should follow functions'.
- b) However, there are a few areas which need to be reconsidered for improvements. For instance-
 - i) Agriculture parameter which is only 10% whereas some counties like Nandi is 80% agriculture. Its economy depends solely on agricultural activities. The allocation may not be adequate. Equally, there are some counties in which agriculture is barely practised. Such counties may be disadvantaged when the parameter is used.
 - ii) Health index- there is need to base the index on the number of patients other than number of infrastructure. There is need to consider human resource capacity both for curative & preventive services, supplies for drugs, equipment and machines.
 - c) There was need to introduce a parameter which would-
 - i) facilitate public participation and civic education;
 - ii) Support public administration focusing more to strengthen county assembly oversight role rather than merely governance.

On other remarks, he indicated that

- a) in case there would be a constitutional amendments, the provisions on vertical share of government national revenue should be amended for county governments to be allocated at least 45% of the national revenue.
- b) To ensure financial accountability budgets should be programme based.
- c) The Office of Auditor General should be strengthened and properly resourced to ensure quality of audit reports and ensure timely production of those reports.

2. Makueni County Assembly -- Speaker, Hon. Douglas

He made presentation as follows-

- a) The proposed formulae fails to respect the principles of devolution. It curtails/interferes with the role of county assemblies in budget making;
- b) The formulae pre-determines the resources to be spent/ budgeted for devolved functions;
- c) It hinders the role of members of public on public participation in giving views on areas that need prioritisation on resources allocation;
- d) It also hinders/ prevents the counties ability to prioritise their needs/ programmes and future of the counties;
- e) The international best practice on revenue sharing/ allocation between governments is based on per capita.
- f) The sudden change in formulae leads to shock in revenue/ resources, this eventually affects the development trajectory of a county;

- g) The formula should respect the independence of the county assemblies.
- h) The availability and credibility of the data to be used was critical to effectiveness of the formulae. The statistics available should be updated.
- i) Devolution involves devolution of decision making function. The formula tends to take away this principle and subject counties to the role of implementing programmes which have been conceived at national level.
- j) The 2nd formula had emphasis on population (at 45%) which is the best criteria for allocating resources. The proposed formula should be reconsidered to ensure the largest share of resources is based on population.

On other remarks, he indicated that-

- a) The 2019 census results are official and should be used in allocation;
- b) There was need for the formula to incentivise the counties to create employment through industrialisation;
- c) There was need to have higher qualifications for MCA. Secondly, improve on the infrastructure to ensure the position attracts the right and qualified persons to run the counties.
- d) The formula should be revised to ensure it is not similar to national programmes been implemented at the counties; as it used to be pre-Constitution 2010.
- e) Fiscal prudence- it was not wise to penalise citizens when the leadership fails to be accountable.

3. Elgeyo Marakwet County Assembly -- MCA, Hon. Cheboi

He made presentation as follows-

The 2nd formula disadvantaged the County. However, the proposed formulae is better. However, there are few areas that need reconsideration as follows-

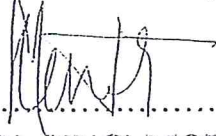
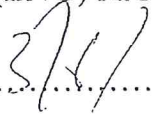
- a) Basic/ equal share should be increased to 50%;
- b) The poverty parameter should not be used in the formulae. It encourages the counties to thrive to be poor so that they can benefit the allocation;
- c) The land index should consider the topography; since the terrain causes the differences in maintenance and construction of roads;
- d) The formula allocates 17% health yet the County spends 40% on health docket.

On other remarks he indicated that-

- a) There was need to reconsider the equalisation fund allocation since there was disparity on the allocation. Some counties with similar environmental conditions were not been treated equally.
- b) Use of audit reports may not be appropriate especially when there is a delay in release of reports.

MIN.NO. 575/011/2019: ADJOURNMENT

There being no other business the Chairperson adjourned the meeting at 12:02 pm. Date of next meeting Thursday, 21st November, 2019 at 10 am.

SIGNATURE.....
(CHAIRPERSON: SEN. (ENG) MOHAMED MAALIM MAALAMUD)
DATE.....

List of Attendance

- | | |
|-------------------------|---|
| 1. Hon. Joshua Kiptoo | - Speaker Nandi County |
| 2. Hon. Douglas Mbilu | - Speaker Makueni County |
| 3. Hon. Tich Cheboi | - MCA, Elgeyo Marakwet |
| 4. Mr. Griffins Mutovu | - Fiscal Analyst, Makueni County Assembly |
| 5. Mr. Luke Kimutai | - Budget Officer, Nandi County Assembly |
| 6. Ms. Lucy Akorista | - SOCATT(K) |
| 7. Ms. Linct Oyugi | - Director, CRA |
| 8. Mr. Brian Hawa | - KBC |
| 9. Mr. Allan Kisic | -Radio Africa |
| 10. Mr. Jonathan Ngetch | -Uasin Gishu County Assembly |

MINUTES OF THE 118TH MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON THURSDAY, 21ST NOVEMBER, 2019 AT COUNTY HALL, MINI CHAMBER, PARLIAMENT BUILDINGS AT 10:00 AM.

PRESENT

1. Sen. (Eng) Mohamed M. Mahamud, CBS, MP - Chairperson
2. Sen. CPA Farhiya Haji, MP - Member
3. Sen. Moses Wetangula, MP - Member
4. Sen. (Dr) Ali Abdullahi Ibrahim, CBS, MP - Member
5. Sen. Boniface Mutinda Kabaka, MP - Member

ABSENT WITH APOLOGY

1. Sen. (Dr) Isaac Mwaura, CBS, MP - Vice Chairperson
2. Sen. Mutula Kilonzo Junior, MP - Member
3. Sen. Aaron Cheruiyot, MP - Member
4. Sen. (Dr) Rose Nyamunga, MP - Member

SECRETARIAT

1. Mr. Christopher Gitonga - Clerk Assistant
2. Mr. Stephen Nyakuti - Audio Officer

IN ATTENDANCE

See the list of attendance attached

MIN. NO. 576/011/2019: PRELIMINARIES

The Chairperson called the meeting to order at 10.03 am and followed a word of prayer.

MIN.NO. 577/011/2019: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. Moses Wetangula, MP and seconded by Sen. CPA Farhiya Haji, MP.

MIN.NO. 578/011/2019: HEARINGS AND SUBMISSION OF MEMORANDA ON THE PROPOSED 3RD BASIS FOR REVENUE SHARING AMONG COUNTY GOVERNMENTS

After introduction, the Chairperson made a brief on the 3rd criteria/ basis for revenue sharing among the counties. Thereafter, welcomed the stakeholders present to make their submissions.

1. Baringo County Executive – Deputy Governor, Hon. Chepkwony

The Deputy Governor made presentation as follows-

- a) The County covers an area of 11,015.32 km² with a population of 666,763 (KNBS 2019).
- b) The proposed formulae is better than the 2nd criteria for it applies the devolved functions.
- c) The criteria should however be reviewed as follows-
 - i) Health services – should be increased to 18%. Secondly, the index should focus on building blocks of the health systems. These blocks include health resources for health, health care financing, service delivery, health information systems, medical products & technologies, leadership management and governance.
 - ii) Water services- water is critical for any county development. It would be important to introduce a new parameter on water services. This would be assigned a weight of 6%. The index should focus on proportion of population accessing clean and safe water in counties.
 - iii) Other county services parameter should be revised to 11%.
 - iv) Other parameters on Land, roads, poverty level, urban services, fiscal effort and fiscal prudence should remain as proposed.
 - v) It may be necessary to allocate additional resources to cushion county specific response and mitigation to disaster related emergencies like drought, hunger and community conflicts.
- d) The Senate should approve the third basis with latest updated statistics.

2. Samburu County Executive – Acting Governor, Hon. Leseeto

The Acting Governor made presentation as follows-

The County was one of the ASALs counties. It covers about 21,000 sq. km with a population of 310,000 (KNBS 2019). The county has three political units. The live-hoods of the residents depends on pastoralism and few on crop farming.

The proposed formula is fairer, however, there was need to review it as follows-

- a) Introduce a new parameter to cater for unemployment, industrialisation and climate vulnerability.
- b) The rural access roads should be reviewed since the cost of road maintenance in some counties is very high because of the rough terrain.
- c) There was need to consider individual counties contribution to regional blocks; to ensure there was synergy especially on infrastructure development.
- d) The parameter on health should be increased to 20%. This would ensure universal Health Care was achieved.
- e) Introduce a new parameter on water.
- f) The index on fiscal prudence and effort should remain as proposed.

On other remarks, he indicated that-

- a) Equalisation fund was not fully implemented, yet the fund had a sunset clause. The target counties were still in the same state for failure to utilize the fund.

3. Laikipia County Assembly – Mr. Kihanda

Mr. Kihanda made presentation as follows-

- a) Laikipia County was one of the ASAL counties covering approximately 94,000 sq. Km with population of 518,560. It's the 15th largest county in the country.
- b) The proposed formula is better than the 2nd formula. However, there was need to review it as follows-
 - i) Introduce a parameter on water; since water scarcity is an issue in ASAL counties.
 - ii) Increase the weight on health services parameter. This is to enhance delivery of health services. For instance Laikipia County has 2 major hospitals (Nanyuki and Nyahururu) but these hospitals serve residents of the neighbouring counties since they are situated at the extreme borders of the counties. This poses a big burden to the county especially on wage bill on health services, whose budget is close to Ksh. 1.3 B.
 - iii) The parameter on roads should be increased. The number of roads in rural counties are more than roads in urban roads.

4. Kiambu County Executive – Acting Governor, Hon. Nyoro

The Acting Governor made presentation as follows-

- a) The County had a population of 2.4 million (KNBS 2019) and covers about 2,500 sq. km. The county suffers from a huge poverty gap. The County is close to Nairobi County such that most people working in Nairobi reside in the County. The County incurs high recurrent expenditure especially because of the health sectors.
- b) There are 3 level 5 hospitals (Kiambu, Gatundu and Thika). About 30% of patients served in Kiambu hospital comes from Nairobi County. About 50% served in Thika Hospital are from Machakos and Murang'a counties.
- c) The county had experienced rapid residential and commercial growth. About 60% of the population live in rural while 40% live in urban centres.
- d) The formula was better for it was quite simple, enhances service delivery, promotes balanced development and offers incentives to counties to optimize capacity to raise revenue and use public resources prudently. However, it could be reviewed as follows-
 - i) Increase the weight on health services parameter to 25%
 - ii) Since agriculture was largely devolved and there was need to resolve the problem of food insecurity, the weight on parameter should be increased to 25%. Further, it's good to recognise that agriculture was also practised in urban areas.
 - iii) The parameter on land disadvantages the small counties and the weight should be reviewed.

- iv) There was need to reconsider the formula to ensure the per capita allocation disparity was not very large.
- v) The urban services parameter should be increased to 10%.

5. Kiambu County Assembly – Deputy Speaker, Hon. Mubea

The Deputy Speaker made presentation as follows-

- a) The Assembly was in agreement with the presentation by the County Executive.
- b) However, there was need to introduce a parameter on oversight to ensure counties have funds to enable them oversight the county executives.
- c) It was important to ensure land mapping was done in every county; this would be important to ensure agricultural land was not converted into urban centres.

6. Nakuru County Assembly – Ms. Wanjiku

Ms. Wanjiku made presentation as follows-

- a) The county's population is about 2.1 million
- b) The formula was better but required further consideration.
- c) Land mass would not be an effective criteria for sharing revenue for it discriminates counties with small land mass.
- d) There was need to introduce a parameter to determine the allocation for county assemblies.
- e) Some levels of education are devolved yet the formula did not provide a parameter on education.

7. Nakuru County Executive – Head of Budget, Mr. Lwanga

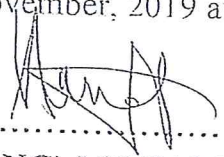
Mr. Lwanga made presentation as follows-

- a) Counties spend more than 17% of their budgets on health, thus, it would be important to increase the index on health parameter to 20%. Counties that inherited level 5 hospitals should be given special consideration.
- b) On agriculture, the parameter should make use of the county statistics in allocation of funds to counties and comparative advantages in agriculture productivity for efficiency purposes.
- c) The allocation criteria does not give due allocation to urban entities established under Urban and Cities Act.
- d) There was need to establish a ward development allocation at the national level.
- e) The allocation to the two specific sectors (Agriculture and roads) may pose a challenge to changing dynamics which may result in rigidity in reallocation of funds.
- f) Consideration should be given to urban population especially with counties that offer services to transient urban population from neighbouring counties.
- g) The use of Auditor General's report may in future cause report preparation be subjective or manipulative.

MIN.NO. 579/011/2019: ADJOURNMENT

There being no other business the Chairperson adjourned the meeting at 12:30 pm. Date of next meeting Friday, 22nd November, 2019 at 10.30 am.

SIGNATURE.....



(CHAIRPERSON: SEN. (ENG) MOHAMED MAALIM MAHAMUD)

DATE.....

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List of Attendance - Stakeholders

Kiambu County

- | | |
|--|---|
| 1. Hon. James Nyoro – Ag. Governor, | 8. Mr. William Kimani – Kiambu County |
| 2. Hon. Philip Mubca – Deputy Speaker | 9. Mr. John Bungo – Kiambu County |
| 3. Hon. Yvone Waweru – County Assembly | 10. Ms. Peris Wangesi- Kiambu County |
| 4. Mr. John Mugwe – DGs Office Kiambu. | 11. Ms. Martha Mwangi - Kiambu County |
| 5. Mr. Eric Kiriko – Legal Advisor | 12. Mr. Simon Karema - Kiambu County |
| 6. Hon. Sophia Mutuge – MCA. | 13. Mr. Benjamin Ecchie - Kiambu County |
| 7. Ms. Anne W. Kariuki – County Assembly | |

Baringo County

- | | |
|---|---|
| 1. Mr. David Cherop – Baringo County | 6. Mr. Stanely Kipchumba – Research Officer,
County Assembly |
| 2. Hon. Kibarar Paul – MCA | 7. County Assembly. |
| 3. Hon. John Tarus Lagac – MCA | 8. CPA Kendagor Jacob – Clerk Assistant |
| 4. Mr. Ronald Cherutich – Principal Budget | |
| 5. Mr. Kitumo Jonathan – Clerk Assistant
Finance | |

Nakuru County

- | | |
|--|--|
| 1. Hon. Samuel Tonui – D/Speaker | 10. Mr. Trevor Mbutha – Nakuru County |
| 2. Hon. Wahome Jambo Kenya – MCA | 11. Mr. Antony K. Rotich – Nakuru County |
| 3. Hon. Melvin Kutol – MCA County Assembly | 12. Mr. Emmanuel Njuguna – PA Nakuru County |
| 4. Hon. Peter Palungla – MCA County Assembly | 13. Mr. Tume Adewa- CEC Nakuru County |
| 5. Hon. Michael Mchemba - MCA | 14. Mr. Charles Iwanga – Head of Budget, County
Executive |
| 6. Hon. Gerge Kiere – MCA County Assembly | 15. Mr. Momanyi Ombazi – Chief officer, Economic
Planning |
| 7. Hon. Moses M. Kamba – MCA | 16. Ms. Doricas Nyabei – Nakuru County |
| 8. Hon. Joel Karuru – MCA County Assembly | |
| 9. Ms. Wanjiku Muturi – Nakuru County | |

Laikipia County

- | | |
|--|---------------------------------------|
| 1. Mr. David Muriuki – County Assembly | 2. Mr. John Kihanda – County Assembly |
|--|---------------------------------------|

Samburu County

- | |
|--------------------------------------|
| 1. H.E Julius Lesseto - Ag. Governor |
|--------------------------------------|

MINUTES OF THE 124th MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON WEDNESDAY, 11th DECEMBER, 2019 IN COUNTY HALL, MINI CHAMBER, PARLIAMENT BUILDINGS AT 11:00 AM.

PRESENT

1. Sen. CPA Farhiya Haji, MP - Member (Chairing)
2. Sen. Moses Wetangula, EGH, MP - Member
3. Sen. Boniface Mutinda Kabaka, MP - Member

ABSENT WITH APOLOGY

1. Sen. (Eng) Mohamed M. Mahamud, CBS, MP - Chairperson
2. Sen. (Dr) Isaac Mwaura, CBS, MP - Vice Chairperson
3. Sen. Mutula Kilonzo Junior, MP - Member
4. Sen. (Dr) Rose Nyamunga, MP - Member
5. Sen. (Dr) Ali Abdullahi Ibrahim, CBS, MP - Member
6. Sen. Aaron Cheruiyot, MP - Member

SECRETARIAT

1. Ms. Emmy Chepkwony - Principal Clerk Assistant
2. Mr. Christopher Gitonga - Clerk Assistant
3. Mr. Stephen Nyakuti - Audio Officer

IN ATTENDANCE

1. Dr. Abraham Rugo - International Budget Partnership - IBP Kenya
2. Mr. Hillary Onami - Institute of Certified Public Accountants of Kenya (ICPAK)
2. Mr. Elias Wakhisi - ICPAK
3. Ms. Fvince Juma - ICPAK
4. Ms. Nancy Moraa - ICPAK
5. Ms. Daisy Webala - ICPAK
6. Ms. Wanjiru Gikonyo - The Institute of Social Accountability (TISA)
7. Ms. Linth Oyugi - Commission on Revenue Allocation (CRA)

MIN. NO. 605/12/2019:

PRELIMINARIES

The Chairperson called the meeting to order at 11.04 am and followed a word of prayer.

MIN.NO. 606//12/2019:

ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. Moses Wetangula, EGH, MP and seconded by Sen. Boniface Mutinda Kabaka, MP

MIN.NO. 607/12/2019: MEETING WITH STAKEHOLDERS TO DELIBERATE ON
THE PROPOSED CRITERIA FOR ALLOCATING AMONG COUNTIES
THE SHARE OF NATIONAL REVENUE

After introductions, the Chairperson welcomed the stakeholders to make their presentations of their submissions.

International Budget partnership (IBP)– Kenya Chapter

County Director, informed the Committee that the formula-

- a) Has clear objectives and is linked to service delivery;
- b) Makes use of more direct measures of need and performance across the objectives and ensures fairness.
- c) Has a structure which promotes principles of fairness and equity.

On each of the parameters the Committee was informed as follows-

- a) Health services – on average, counties have been spending about 25% of their budgets yet the weight assigned to the parameter was 17%. Secondly, the parameter does not consider preventive health care.
- b) Agriculture Services – the basic minimum is a good idea to cater for city counties in case of urban farming. Secondly, use of household is a better criterion than the population.
- c) Urban services - the parameter would take care of unique service needs in urban areas. However, there will be a challenge due to the upcoming urban centres.
- d) Water and sanitation services – the provision of service is heavily capital in nature. Counties have been spending over 7.4% of their budget in provision of water and sanitation services. There is need to consider time factor as consumed in accessing water. Secondly, the assigned weight should be reviewed upwards due to huge infrastructure- capital intensive requirement.
- e) Other county services – the parameter was good especially when applied using population.
- f) Minimum share – this parameter should focus on all spending lines beyond just basic administration services to support services.
- g) Land – while land is a key determinant of the need for infrastructure, some parts of the country are dependent on waterways for economic activities. Secondly, equal land areas may have different population depending on dispersion. Its recommendable to consider use of population density. The terrain is a great factor to be considered when discussing land area, for it significantly affects the costs of road construction.
- h) Revenue collections –
 - i. Fiscal effort – the parameter is good, however, the approach used may need review. The county's GDP is not always proportional to the OSR bearing in mind that counties have very limited revenue streams. There is need to differentiate between fiscal effort and fiscal capacity. To address the challenge of differentiating the two.

- the parameter should focus on changes in collections over time that allows to distinguish effort from capacity. Also notable is the erratic nature of OSR collection.
- ii. Fiscal prudence - budget transparency is a key element of effective public participation and the PFM Act and the Regulations provide strict timelins on when information should be availed to the public. Recommended a budget transparency variable be included.
 - i) There was need to consider how counties would provide services continuously bearing the sudden drop in allocations/ revenue due to new formula. Compensation over sudden shortfall should be phased over some years.
 - j) If water and sanitation would be introduced as a parameter, provision of the service would lead to improved preventive health care.

Institute of Certified Public Accountants of Kenya (ICPAK)

The representatives from ICPAK informed the Committee that the Institute supports the proposed formula. However, the institute proposed the following areas for review-

- a) Health Services- the weight should be reviewed to 20% since most counties spend about 25% of their budgets on the health services. Secondly, there is need to emphasis on achievement of Universal Health Care, which is a critical function under the Big Four Agenda, by assigning more weight to the parameter.
- b) Agricultural services – Nairobi and Mombasa lose out on this parameter. There is need for clarity on the gains that two would get to compensate for possible loss of revenue through this parameter.
- c) Fiscal effort – should be reviewed such that counties which realise at least 80% of their revenue projections should get 100% of the funds available for this parameter. Counties which achieve between 50% -80% of their projections should get 50% of the allocation under the parameter. Those which do not achieve at least 50% of the projections should get nil allocations.
- d) Fiscal prudence --- the parameter should focus on-
 - i. Effectiveness of audit committees and CBEL's.
 - ii. Counties with Qualified Opinion should be assigned zero scores.
 - iii. The PFM requirement of proportion of the direct personnel costs against total recurrent expenditure. Counties which are below the 40% threshold should get 100% of the allocation under this parameter. While those whose expenditure is above 50% should not be considered for any allocation under the parameter.
 - iv. Utilisation rather than budgeting of development funds.

The Institute of Social Accountability (TISA)

Upon invitation, the National Coordinator for TISA informed the Committee that the Institute supports the proposed formula.

- a) The proposed formula was an improvement since it considers devolved functions such as health and agriculture.
- b) The fiscal prudence criteria was important but there was need to include an indicator on publication of budget information and public participation in budget process.
- c) The current public participation was more tokenistic and views of the public were not taken up. There was need to incentivise counties to conduct more effective public participation.
- d) Counties like Makueni which had a public participation model were struggling to fund the function, yet it was critical and requirement by the constitution.
- e) Comparison with other jurisdiction indicated that Kenya had a fragmented allocation of funds which are never consolidated. These funds are equitable share, equalisation fund, conditional grant and constituency development fund (CDF). Thus, they do not contribute to service delivery in an organised manner.
- f) There was need to consider holistic approach to revenue sharing for its very crucial.
- g) Establishment of internal audit report and CBEFs was not enough, the formula should focus on accountability and enforcements.
- h) To promote public participation, there was need to assess the degree of decentralisation at the county level. How the counties make use of community groups?
- i) The PFM Act and the Constitution were not aligned. There was need to review the Act to ensure its in tandem with the spirit of the Constitution. Some of the areas that need review include-
 - i. The budget framework in terms of data, transparency and format.
 - ii. The mandate of National Treasury was in excess. It should be limited to safeguarding PFM principles but not national government finances.
 - iii. The 30-70% rule on development to recurrent expenditure should not be uniform across the sectors. Sectors such as health and agriculture have investment which are not necessary development.

The Chairperson thanked the stakeholders for attending and making fruitful contributing towards improving the proposed formula.

MIN.NO. 608/12/2019: ANY OTHER BUSINESS AND ADJOURNMENT

There been no other business the Chairperson adjourned the meeting at 12:53 pm.

SIGNATURE.....
 (CHAIRPERSON: SEN. (ENG) MOHAMMED MAALIM MAHAMUD)

DATE.....

MINUTES OF THE 139TH MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON WEDNESDAY, 22ND APRIL, 2020, IN COUNTY HALL, FIRST FLOOR, MINI CHAMBER, PARLIAMENT BUILDINGS AT 10:00 AM.

PRESENT

1. Sen. (Eng) Mohamed M. Mahamud, CBS, MP - Chairperson
2. Sen. (Dr) Isaac Mwaura, CBS, MP - Vice Chairperson
3. Sen. Moscs Wctangula, EGII, MP - Member
4. Sen. Mutula Kilonzo Junior, MP - Member
5. Sen. Aaron Cheruiyot, MP - Member
6. Sen. (Dr) Ali Abdullahi Ibrahim, CBS, MP - Member
7. Sen. CPA Farhiya Haji, MP - Member
8. Sen. Boniface Mutinda Kabaka, MP - Member

ABSENT WITH APOLOGY

9. Sen. (Dr) Rose Nyamunga, MP - Member

SECRETARIAT

1. Mr. Christopher Gitonga - Clerk Assistant
2. Ms. Lucy Radoli - Legal Counsel

IN ATTENDANCE – COMMISSION ON REVENUE ALLOCATION (CRA)

1. Dr. Jane Kiringai - Chairperson
2. Mr. Humphrey Wattanga - V. Chairperson
3. Ms. Linet Oyugi - Director

MIN. NO. 673/04/2020: PRELIMINARIES

The Chairperson called the meeting to order at 10.05 am and there followed a word of prayer.

MIN.NO. 674/04/2020: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. Sen. Mutula Kilonzo Junior, MP and seconded by Sen. Boniface Mutinda Kabaka, MP.

MIN.NO. 675/04/2020: MEETING WITH CRA TO DELIBERATE ON THE PROPOSED THIRD BASIS/ CRITERIA FOR SHARING REVENUE AMONG COUNTIES.

The Chairperson welcomed the Members and the representatives from Commission on Revenue Allocation (CRA). After introductions, the Chair invited the Commission's Chairperson to brief the Committee on the proposed formula.

Upon invitation, the Committee was informed as follows-

1. The First Basis was approved in 2012 and was used in Financial Years (FY) 2013/14; 2014/15; 2015/16; 2016/17. The Second Basis was approved in 2016 and had been used in FY2017/18; 18/19; 2019/20

2. The Constitution provides that the 1st and 2nd basis were meant to be used for 6 yrs. However, the 3rd Basis once approved would be used for five (5) FYs.
3. The Objectives of the past revenue Sharing Basis were, among others-
 - a) Provide adequate revenue to ensure counties are able to perform assigned functions;
 - b) Improve horizontal fiscal balance by compensating for economic inequalities;
 - c) Provide positive incentives for revenue optimization;
4. However, the revenue sharing framework did not take into account unique needs of urban areas; use of area was not a good proxy for county infrastructure needs; and allocation of one percent to development factor was insignificant.
5. The two basis faced criticism for the following reasons-
 - a) Disconnect between vertical and horizontal bases;
 - b) Poor measure of fiscal effort leading to annual volatile allocations; and
 - c) Inappropriate use of poverty measure leading to volatility in annual allocations.
6. Any change of data used in the formula leads to significant change in allocation, yet allocation needs to be predictable.
7. There was therefore need to-
 - a) ~~redefine the objectives of revenue sharing - aligning revenue sharing to functional assignment;~~
 - b) ~~apply new data in revenue sharing to ensure equity since data had changed overtime; and~~
 - c) ~~redefine the measures used in revenue sharing by ensuring allocation's predictability and stability.~~
8. In developing the third formula, the Commission did a wide consultation and the views of the public and other stakeholders were taken into consideration.
9. The objectives of the formula were-
 - a) Enhance service delivery;
 - b) Promote Balanced economic growth;
 - c) Incentivize revenue collection;
 - d) Encourage fiscal prudence
10. To enhance service delivery the parameters would be-
 - a) Health with assigned weight of 17%. The measure for expenditure needs would be-
 - i. Health facility gap;
 - ii. In-patient days equivalent; and
 - iii. Outpatient visits.
 - b) Agriculture with assigned weight of 10%. The measure for expenditure needs would be rural households.
 - c) Other county services assigned a weight of 18%. The measure for expenditure would be population.

- d) Urban Services assigned weight of 5%. The measure for expenditure needs would be urban households.
 - c) Basic share assigned 20%. But 1% would be shared based on inverse of population.
11. To promote balanced economic growth the parameters would be-
- a) Poverty with assigned weight of 14%. The expenditure measure would be number of poor people;
 - b) Land area with assigned weight of 8% but would be capped at 7%. The expenditure measure would be County's proportion of land area;
 - c) Roads with assigned weight of 4%. The measure of expenditure needs would be rural access index (population without access to a motorable road within 2 km).
12. To incentivize revenue collection the parameter would be fiscal effort assigned a weight of 2%. This would be measured as own source revenue as a proportion of gross county product (GCP).
13. To encourage fiscal prudence in use of public resources the parameter would be fiscal prudence assigned a weight of 2%. The measure for expenditure need would be-
- a) Auditor General's opinion;
 - b) Establishment of County Budget and Economic Forum (CBEF)
 - c) Percentage of resources spend on development spending; and
 - d) Establishment of Internal Audit Committee

During deliberation;

- a) it was observed that application of the new formula would render some counties suffer from huge reduction of allocation;
- b) the second formula if applied with new data, it would even lead to greater revenue sharing inequalities;

The Committee requested the Commission to submit the data applied in the proposed criteria.

MIN.NO. 676/04/2020 CONSIDERATION OF REQUEST FOR EXEMPTION FROM SENATE GUIDELINES ON THE COUNTY GOVERNMENTS' INFRASTRUCTURE PROJECTS.

The Committee was informed that several counties had requested for exemption from the set guidelines concerning construction of various county projects. The information provided concerning each of the project from respective county was as indicated in the table below.

County	Infrastructure Project	Contract sum	Completion	Amount Paid/ Certified
West Pokot County Assembly	Speaker's Residence	68 million	55%	32 million

Mandera County	Governor's Residence	258.051 million	70%	40.5 million
	Deputy Governor's Residence	78.784 million	40%	25.45 million
	Speaker's Residence	46.223 million	35%	9.667 million
Kwale	Governor's Residence	149.2 million	70%	81.337 million
Meru County	Governor's Residence	127.124 million	35%	Nil
	Deputy Governor's Residence	63.651 million	13.78%	Nil
Marsabit County Assembly	Assembly chambers			

The Committee considered the matter and resolved that it is upon the implementing agencies to ensure that they observe the national values and principles of governance especially on good governance, integrity, transparency, accountability and sustainable development in relation to this matter. The concern for the Senate is to ensure public resources entrusted to counties are used lawfully and in an effective way.

MIN.NO. 677/04/2020:

ANY OTHER BUSINESS AND ADJOURNMENT

There being no other business the meeting was adjourned at 1:35 pm.

SIGNATURE.....

(CHAIRPERSON: SEN. (ENG) MOHAMED MAALIM MAHAMUD)

DATE.....5/6

MINUTES OF THE 143RD MEETING OF THE SENATE STANDING COMMITTEE
ON FINANCE AND BUDGET HELD ON WEDNESDAY, 13TH MAY, 2020, AT 10:00
AM IN SENATE CHAMBER, MAIN PARLIAMENT BUILDING.

PRESENT

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

ABSENT WITH APOLOGY

9. Sen. Aaron Cheruiyot, MP - Member

SECRETARIAT

1. Mr. Christopher Gitonga - Clerk Assistant
2. Ms. Phyllis Makau - Director, PBO
3. Ms. Lucy Makara - Deputy Director, PBO
4. Ms. Lucy Radoli - Legal Counsel
5. Ms. Amran Yunis - Fiscal Analyst

MIN. NO. 693/05/2020:

PRELIMINARIES

The Chairperson called the meeting to order at 10.20 am and there followed a word of prayer.

MIN.NO. 694/05/2020:

ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. Mutula Kilonzo Junior, MP and seconded by Sen. CPA Farhiya Haji, MP.

MIN.NO. 695/05/2020: **CONSIDERATION OF THE THIRD CRITERIA/ BASIS
FOR ALLOCATING REVENUE AMONG COUNTIES**

The Chairperson made remarks that in the previous meeting the Committee had requested for a brief from the secretariat in regards to the proposed revenue sharing formulae. Further, that the purpose of the meeting was for briefing on the formulae and consideration of the way forward before the Committee meets all Senators in the meeting convened on 14th May, 2020.

Upon invitation, the Director, PBO informed the Committee as follows-

- a) Revenue sharing Formulae was important in-
 - i) Ensuring equity in sharing of resources;

- ii) Determination of size and character of the transfer; It goes beyond the numbers;
 - iii) Removal of ambiguity and complexity in sharing of resources;
 - iv) Nexus between political and Social economic dynamic;
- b) The 2nd formula that had been in use had the following weakness-
- i) The use of a single transfer to address three objectives, the transfer basis, however, did not define allocations for the respective objectives;
 - ii) The measure used in the second basis measured fiscal effort as actual annual revenue increment per capita; this however favored counties with fewer people. The measure was unstable due to the changes in revenue collections by counties;
 - iii) In the measure for infrastructure, it was presumed that large counties incur higher costs in providing comparable service to the population, the measure however, did not consider that small counties incur costs associated with terrain; and
 - iv) The allocation of one per cent in development factor in the second basis implied that the relative importance of development factor in sharing revenue among counties was too low compared to the other parameters.
- c) The proposed 3rd formula-
- i) The recommended parameters have been categorized under four (4) objectives namely:
 - ii) Enhancing equitable service delivery- Health, Agriculture, Other County services, and basic equal share.
 - iii) Promoting balanced development- Land area, Roads, Poverty and Urban Services.
 - iv) Incentivize counties to optimize capacity to raise revenue- Fiscal effort.
 - v) Incentivize counties to use public funds prudently- Fiscal Prudence.
- d) A comparison with other jurisdictions
- i) Two countries, India and South Africa have used 5 parameters and 6 parameters respectively unlike the proposed 3rd basis of revenue sharing in Kenya where 10 parameters have been proposed;
 - ii) There is modified use of population as a parameter in both India and South Africa. In India, the 1971 census forms the basis of population while in South Africa population has been used indirectly;
 - iii) The health parameter is used in South Africa on the basis of each province's risk profile and health system caseload.
 - iv) Income distance is used as a parameter in India while South Africa uses economic activity based on each of the provinces contribution to the economy. The 3rd basis proposes to use fiscal effort and prudence; and

- v) India has uniquely used forest cover to promote environmental conservation and to reward States for opportunity cost in terms of area not available for other economic activities

c) Key Observations

- i) The increase in parameters from 6 to the proposed 10 can create difficulties in monitoring and oversight.
- ii) There is no clear linkage between the parameters used to allocate funds and the way the counties formulate their budgets/spending.
- iii) There is no involvement of Senate in evaluating the indicators used in the implementation of the parameters set. Given the importance of indicators which is the measure of parameter, Senate should be involved on what indicators are selected.
- iv) Utilization of the development expenditure is key in determining the fiscal prudence, however emphasis should be made to actual development expenditure rather than allocation.
- v) The fiscal effort measure is defined as a ratio of a county's actual Own Source Revenue to the Gross County Product. The problem is that the Own source revenue is based on previous year performance. Fiscal effort can therefore be an incentive or a disincentive.
- vi) The CRA has indirectly utilized population measure multiple times to define the expenditure needs in various parameters such as health, agriculture, other county services and urban services. This indirect use of population has been used to replace population as a standalone parameter as was the case in the 1st and 2nd basis or revenue sharing.

f) Policy options

The following are some of the policy options-

- i) The use of functional parameters should be supported by the availability of credible and disaggregated data, hence in the absence of forward looking disaggregated data the formula should drop functions such as agricultural services;
- ii) Reduce the number of parameters from the proposed ten parameters to 8 parameters which are Health, Roads, Poverty, Land, Urban Services, Other County Services, Fiscal Prudence and Basic Equal Share. This is to ensure that the parameters are easy to communicate and monitor as well as ensure Counties do not reduce their allocations.

g) PBO proposed that the Committee to adopt a formula as below-

Parameter	Assigned weight
Population	43%
Equal Share	25%

Poverty	18%
Land	8%
Fiscal Effort	3%
Fiscal Prudence	3%

After deliberations it was resolved that-

- a) The parameters will be adopted as proposed by CRA.
- b) Secretariat to submit different simulations of the formula in the next meeting. The simulations should ensure reduction on counties' allocation are not huge.


MIN.NO. 696/05/2020 CONSIDERATION OF THE PROGRAMME FOR ALL SENATORS' CONSULTATIVE MEETING ON THIRD BASIS FOR SHARING REVENUE AMONG COUNTIES

The Committee considered and adopted the programme as follows-

TIME	ACTIVITY	FACILITATOR
9:30 – 10:00 am	Arrival and Registration	Secretariat
10:00 am – 10:10 am	Prayers and Introductions	Chairperson, Standing Committee on Finance and Budget
10:10 am – 10:15 am	Opening Remarks	Chairperson, Standing Committee on Finance and Budget
10:15 am – 11:20 am	Presentation	Commission on Revenue Allocation
11:20 am – 12:20 pm	Plenary	Sen. Mutula Kilonzo Junior, MP.
12:20 pm – 12:30 pm	Closing Remarks	Chairperson, Standing Committee on Finance and Budget

MIN.NO. 697/05/2020: ANY OTHER BUSINESS AND ADJOURNMENT

There being no other business the meeting was adjourned at 12:55 pm.

SIGNATURE: 
 (CHAIRPERSON: SEN. (ENG) MOHAMED MAALIM MAHAMUD)

DATE: _____

MINUTES OF THE 144TH MEETING OF THE SENATE STANDING COMMITTEE ON FINANCE AND BUDGET HELD ON THURSDAY, 21ST MAY, 2020, AT 10:00 AM IN SENATE CHAMBER, MAIN PARLIAMENT BUILDING.

PRESENT

1. Sen. (Eng) Mohamed M. Mahamud, CBS, MP - Chairperson
2. Sen. (Dr) Isaac Mwaura, CBS, MP - Vice Chairperson
3. Sen. Mutula Kilonzo Junior, MP - Member
4. Sen. (Dr) Ali Abdullahi Ibrahim, CBS, MP - Member
5. Sen. (Dr) Rose Nyamunga, MP - Member
6. Sen. CPA Farhiya Haji, MP - Member

ABSENT WITH APOLOGY

7. Sen. Moses Wetangula, EGII, MP - Member
8. Sen. Aaron Chcruiyot, MP - Member
9. Sen. Boniface Mutinda Kabaka, MP - Member

SECRETARIAT

1. Mr. Christopher Gitonga - Clerk Assistant
2. Mr. Martin Masinde - Senior Deputy Director, PBO
3. Ms. Lucy Makara - Deputy Director, PBO
4. Ms. Lucy Radoli - Legal Counsel
5. Ms. Amran Yunis - Fiscal Analyst

MIN. NO. 698/05/2020:

PRELIMINARIES

The Chairperson called the meeting to order at 10.15 am and there followed a word of prayer.

MIN.NO. 699/05/2020:

ADOPTION OF THE AGENDA

The agenda of the meeting was adopted after it was proposed by Sen. (Dr) Ali Abdullahi Ibrahim, MP and seconded by Sen. (Dr) Isaac Mwaura, MP.

MIN.NO. 700/05/2020: CONSIDERATION OF STAKEHOLDERS' SUBMISSIONS ON THE THIRD CRITERIA/ BASIS FOR ALLOCATING REVENUE AMONG COUNTIES.

The Committee considered the proposals from the stakeholders on the third basis for allocating revenue among counties. Further, the Committee noted all the concerns raised by the stakeholders which would be put into consideration when determining the basis for sharing revenue.

The Committee resolved to adopt the number parameters as proposed by Commission on Revenue Allocation (CRA).

Concerning the assigned weights and measure of expenditure needs, the Committee considered the following proposals

Parameter	Assigned Weight				
	CRA	Scenario Options			
		1	2	3	4
Population	18%	27%	17%	17%	12%
Health	17%	5%	17%	17%	15%
Agriculture	10%	5%	5%	10%	10%
Basic Equal Share	20%	25%	26%	20%	25%
Poverty	14%	16%	14%	14%	16%
Roads	4%	5%	6%	7%	6%
Land	8%	6% uncapp	6% uncapp	7% uncapp	7%
Urban Services	5%	5%	5%	5%	5%
Fiscal Effort	2%	3%	2%	1.5%	2%
Fiscal Prudence	2%	3%	2%	1.5%	2%

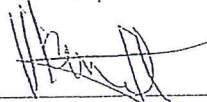
After deliberations the matter was deferred to the next meeting.

MIN.NO. 701/05/2020 ANY OTHER BUSINESS

- a) The Chairperson informed the meeting that following Committee's invitation by Building Bridges Initiative Taskforce, and after consultation which was done virtually he represented the Committee and made submissions on all issues that the Members had raised. The deliberations were very informative and successful.
- b) The Committee noted the directions issued by the Supreme Court in regard to Advisory Opinion No. 3 of 2019. Secondly, appreciated that most of the issues raised related to matters it had been contending with during the negotiation on Division of Revenue Bills.

MIN.NO. 702/05/2020: ADJOURNMENT

The meeting was adjourned at 12:55 pm. Next meeting Wednesday, 27th May, 2020.

SIGNATURE: 
 (CHAIRPERSON: SEN. (ENG) MOHAMED MAALIM MAHAMUD)

DATE: 