# PARLIAMENT OF KENYA

## THE NATIONAL ASSEMBLY

### THE HANSARD

**Wednesday, 2nd March 2022**

The House met at 2.30 p.m.

*[The Speaker (Hon. Justin Muturi) in the Chair]*

PRAYERS

**QUORUM**

**Hon. Speaker:** Obviously there is no quorum. Can you ring the Quorum Bell?

*(The Quorum Bell was rung)*

Hon. Members, we now have quorum.

**COMMUNICATION FROM THE CHAIR**

INAPPROPRIATE CONDUCT BY CERTAIN MEMBERS DURING THE AFTERNOON SITTING OF THE HOUSE ON THURSDAY, 24TH FEBRUARY, 2022

**Hon Speaker:** Hon. Members, I wish to make this Communication, which relates to certain inappropriate conduct by certain Members during the afternoon sitting of the House on Thursday, 24th February, 2022.

Hon. Members, recent incidences of Members behaving inappropriately have been brought to my attention and, indeed, to the attention of the House Business Committee (HBC). Particularly, it has been brought to my attention that during the sitting of the House on Thursday, 24th February, 2022, certain Members behaved in a manner that does not promote the dignity of Members and, indeed, of the House. I am informed that Members went to the extent of blatantly exhibiting defiance towards the authority of the presidium. Regrettably, the degrading conduct, inappropriate behaviour and altercations that were witnessed at that sitting, cast this august House in very bad light and dishonour.

In this regard, I take this opportunity to remind the House of the provisions of Article 75(1)(c) of the Constitution that require State officers, which Hon. Members are, to behave in manner that avoids demeaning the office of the office holder. Therefore, I would like to urge all Hon. Members to use parliamentary language and treat other Members with decorum and utmost respect, and to always show respect to the presidium.

Hon. Members, I also encourage the leadership of the Majority Party, the Minority Party and other parliamentary parties to explore the option of reaching to one another for wider consultations and consensus building on matters that attract divergent opinion, as opposed to taking antagonistic and sometimes angry stances in the House. In any case, a healthy democracy is one in which the majority will have their way and the minority will have their say. Therefore, either side is expected to respectably accept the outcome of a vote on any matter having been deliberated upon by the House.

Hon. Members, on another different incident, it was also reported to me that during the same sitting, a Member brought a firearm into the Chamber, contrary to Standing Order 100, which relates to firearms and other offensive weapons, and which unequivocally prohibits any Member from bringing a firearm or any other offensive weapon into the Chamber. Consequent to the aforesaid breach, let me caution Hon. Members that from now on, if any Member brings a firearm or any other offensive weapon into the Chamber, the firearm or weapon shall be confiscated forthwith and such shall be deposited with the police with instructions not to return the same to the Member until the term of this House expires.

*(Applause)*

The Clerk is directed to ensure that the Serjeant-At-Arms strictly enforces compliance with the provisions of Standing Order 100, and to take action as directed herein on any Member who contravenes the said Standing Order.

Finally, Hon. Members, I would like to assure the House that the presidium will continue to be firm and fair in enforcing the Rules of the House, but wish that Members, likewise, use temperate language when in the Chamber. The House is accordingly guided.

I thank you.

Next Order.

## MESSAGE

### PASSAGE OF SENATE BILLS

*(Several Hon. Members stood in their places)*

**Hon. Speaker**: Order, Hon. Members! Take your seats! Member for Mosop, why are you running so fast? Order, Members! Take your seats! There are Members who have completely finished their business for today. Member for Taita Taveta, you appear to be through with today's business. I wish to welcome Hon. John Mbadi, the Leader of the Minority Party back to the House. I have not seen him for some time in here. Welcome back, Hon. Mbadi!

Hon. Members, pursuant to the provisions of Standing Order 41, I wish to report to the House that I have received four Messages from the Senate regarding its passage of the following four Bills:

(1) The Heritage and Museums Bill (Senate Bill No. 22 of 2021);
(2) The County Oversight and Accountability Bill (Senate Bill No.17 of 2021);
(3) The County Governments (Amendment) Bill (Senate Bill No.38 of 2021); and,
(4) The Elections (Amendment) Bill (Senate Bill No.42 of 2021).

Hon. Members, the first Message relates to the passage of the Heritage and Museums Bill, published *vide Kenya Gazette* Supplement No.61 of 15th April, 2021. The Bill seeks to provide for the conservation, preservation, protection, research and management of cultural and natural heritage at national and county levels of government.

The second Message is in respect to the County Oversight and Accountability Bill, published *vide Kenya Gazette* Supplement No.17 of 22nd March, 2021, which seeks to give effect to Articles 96(1) and (3) of the Constitution of Kenya, 2010; to enhance public financial accountability by county governments; and to provide a mechanism on how oversight of the county budgets can be carried out.

The third Message relates to the County Governments (Amendment) Bill, which was published *vide Kenya Gazette* Supplement No.26 of 8th March, 2021. The Bill seeks to provide clarity in the operations of the County Assembly Service Board in instances where the office of the Speaker becomes vacant.

The fourth and last Message relates to the Elections (Amendment) Bill, published *vide Kenya Gazette* Supplement No.136 of 9th July, 2021, and which seeks to amend the Election Act to provide for inclusivity in election processes by enabling persons who can read and write to vie for election.

Hon. Members, having considered and passed the four Bills, the Senate now seeks the concurrence of the National Assembly on each of the Bills. The Standing Orders require the Speaker to cause a Bill received from the Senate to be read a First Time upon conveyance of its Message. In this regard, you will notice that the four Bills have been listed for First Reading in the Order Paper for this particular Sitting. After being Read a First Time, the Bills will stand committed to respective Committees as follows:

(i) The Heritage and Museums Bill (Senate Bill No.22 of 2021) will stand committed to the Departmental Committee on Sports, Culture and Tourism;

(ii) The County Governments (Amendment) Bill (Senate Bill No.38 of 2021) and the County Oversight and Accountability Bill (Senate Bill No.17 of 2021) will stand committed to the Departmental Committee on Administration and National Security; and,

(iii) The Elections (Amendment) Bill (Senate Bill No.42 of 2021) will stand committed to the Departmental Committee on Justice and Legal Affairs.

Hon. Members, the reports of the respective Committees shall guide the House with respect to the next stages and prioritisation of the said Bills. I, therefore, request the Committees to prioritise the four Senate Bills in their respective agenda.

Hon. Members, while still on those issues, this House passed the Bill dealing with the shareable revenue with amendments. Some five Members of this House were appointed to the Mediation Committee. About six meetings have been set, but the five Members from this House who were appointed to sit on the Mediation Committee have been blamed for not showing up through a letter that I have received. Please, if you have been nominated to the Mediation Committee, avail yourself because it is national duty.

**An Hon. Member:** Name them!

**Hon. Speaker:** Let me not name the Members. They know themselves. It is the Bill on shareable revenue. You know it and it includes the Chair of the Budget and Appropriations Committee.

## PAPERS LAID

**Hon. Speaker**: Leader of the Majority Party, Hon. Maore, please, proceed.

**Hon. Maoka Maore** (Igembe North, JP): Hon. Speaker, I beg to lay the following Papers on the Table of the House:

Reports of the Auditor-General and Financial Statements in respect of the following institutions for the year ended 30th June 2021, and the certificates therein:

1. GCF Project Preparation Facility: "Devolved Climate Change Governance to Strengthen Resilience of Communities in Targeted Counties";
2. Green Growth and Employment Thematic Programme;
3. Kenya Special Project for BRSM and SAICM;
4. Nairobi-Thika Highway Improvement Project Lot I and II;
5. Coastal Region Water Security and Climate Resilience Project;
6. United Nations Population Fund (UNFPA) 9th Country Programme for Kenya; and,
7. Kenya Gold Mercury Free ASGM Project Grant/Project No.GEF/UNDP/GOK-00108253.

Performance Report for the MSMEs Credit Guarantee Scheme for the period 8th December 2020 to 31st December 2021, by the National Treasury and Planning.

Report of the Auditor-General and Financial Statement on the Multinational Rural Livelihoods Adaptation to Climate Change in the Horn of Africa (ADB/ADF Grant No. 5550155001201) for the year ended 30th June, 2020.

**Hon. Speaker**: Next Order!

Hon. Shinali, if you want to lay a Paper, you do not just stand in your place. We shall go back to Order No. 5. Hon. Shinali, ordinarily, you rise when the Order is called.

**Hon. Benard Shinali** (Ikolomani, JP): Thank you, Hon. Speaker. On that item…

**Hon. Speaker:** Proceed

**Hon. Benard Shinali** (Ikolomani, JP): Hon. Speaker, I beg to lay the following Paper on the Table of the House:

Report of the Budget and Appropriations Committee on Consideration of the Division of Revenue Bill (National Assembly Bill No. 8 of 2022).

Thank you, Hon. Speaker.

**Hon. Speaker**: Very well. Next Order.

## QUESTIONS AND STATEMENTS

## ORDINARY QUESTIONS

**Hon. Speaker:** The first segment is on Questions, and the first one is by the Member for Nakuru Town East, Hon. David Gikaria.

**An Hon. Member:** He is not in.

**Hon. Speaker:** The next Question is by the County Woman Representative for Nyandarua County, Hon. Faith Gitau.

*Question No. 069/2022*

CUSHIONING FARMERS AGAINST HIGH COST OF FERTILISER

**Hon. (Ms.) Faith Gitau** (Nyandarua CWR, JP): Thank you, Hon. Speaker. I wish to ask Question No. 069 of 2022 to the Cabinet Secretary for Agriculture, Livestock and Fisheries:

(i) What measures is the Ministry putting in place to urgently address the high cost of fertiliser in the country?
(ii) Could the government consider protecting the farmers from the high cost of fertiliser by providing incentives to them with a view to making the commodity affordable?
(iii) Could the Government also consider putting into effect more permanent measures such as establishing fertiliser production units in the country with a view to making fertiliser affordable as well as put an end to the tedious process of importing the commodity?

Thank you, Hon. Speaker.

**Hon. Speaker**: The Question will be replied to before the Departmental Committee on Agriculture and Livestock.

The next Question is by the Member for Magarini, Hon. Michael Kingi.

*Question No.070/2022*

CONSTRUCTION STATUS OF SHAKAHOLA AND BOMBI BRIDGES IN MAGARINI

**Hon. Michael Kingi** (Magarini, ODM): Thank you, Hon. Speaker. I rise to ask Question No. 070 of 2022 to the Cabinet Secretary for Transport, Infrastructure, Housing and Urban Development:

(i) Could the Cabinet Secretary provide the status report regarding the construction of Shakahola and Bombi footbridges in Magarini Constituency?
(ii) Could the Cabinet Secretary also provide measures that the Ministry has put in place to ensure that building approaches and protection works are constructed along the two footbridges?
(iii) Could the Cabinet Secretary state the expected completion time for the two bridges and give assurance that the said bridges will be constructed in adherence to the set standards so that they are usable even during high tides?

Thank you, Hon. Speaker.

**Hon. Speaker**: The Question will be replied to before the Departmental Committee on Transport, Public Works and Housing.

The next Question is by the Member for Dagoretti South, Hon. Kiarie. Do you have a card?

**Hon. John Kiarie** (Dagoretti South, JP): Yes, I do.

**Hon. Speaker**: Then, press the intervention button.

*Question No. 071/2022*

DELAYED COMPLETION OF ROAD WORKS IN DAGORETTI SOUTH

**Hon. John Kiarie** (Dagoretti South, JP): Thank you, Hon. Speaker. I brought this matter up as a request for Statement, but you guided me to bring it back as a Question. So, I rise to ask Question No.071/2022 to the Cabinet Secretary for Transport, Infrastructure, Housing, Urban Development and Public Works:

(i) Could the Minister explain the delays in the construction and completion of roads in Dagoretti South Constituency, particularly in the Informal Settlements' Roads

Programme in Riruta, Waithaka and Ngando Wards despite funds for the same having been allocated?

(ii) What measures has the Ministry put in place to ensure speedy completion of the said roads and could the Cabinet Secretary state the expected new completion time as the stipulated completion time has since elapsed?

(iii) What measures has the Ministry put in place to ensure that the said roads are constructed as per the set standards?

Hon. Speaker, those are the three Questions to the Minister.

**Hon. Speaker**: Except of course, you know there was a proposal to rename the people called Cabinet Secretaries (CS) to Ministers. I have heard you talk about Minister. I think Hon. Kiarie may be campaigning for Building Bridges Initiative (BBI); now dead.

*(Laughter)*

I understand. It is the Cabinet Secretary. The Question will be replied to before the Departmental Committee on Transport, Housing and Public Works.

For the second time, Question No.061 by the Member for Nakuru Town East, Hon. David Gikaria. The Member is absent, not desiring to be present, the Question is dropped.

*Question No. 061/2022*

DISBURSEMENT OF UWEZO FUNDS TO GROUPS IN NAKURU TOWN EAST

*(Question dropped)*

Who is next? Sorry, there is a Question by the Member for Ndhiwa, Hon. Martin Owino. The Member is similarly absent and not desiring to be present; the Question is dropped.

*Question No. 072/2022*

OWNERSHIP STATUS OF LAND DONATED TO ICIPE BY KANYADOTO RESIDENTS

*(Question dropped)*

## REQUEST FOR STATEMENT

TAKE OVER AND HARASSMENT OF MIWANI SUGAR COMPANY STAFF BY AUCTIONEERS

**Hon. Speaker**: I have acceded to a request by the Member for Muhoroni to seek a Statement, although it had not been presented in the normal programme because of its urgency. I allow him to make the Statement.

**Hon. James Oyoo** (Muhoroni, ODM): Thank you, Hon. Speaker, for understanding my plight.

Pursuant to the provisions of Standing Order 44(2)(c), I wish to request for a Statement from the Chairperson of the Departmental Committee on Administration and National Security regarding take over and harassment of Miwani Sugar Company staff by persons purporting to be auctioneers.

Hon. Speaker, Miwani Sugar Company was established in 1970. However, due to financial constraints and poor management, the company was put under receivership in the year 2000 in order to protect the interests of the Government and the public. In 2008, an individual claimed to have acquired the Miwani Sugar Company though an auction. The matter has been protracted in court and is yet to be concluded.

On the morning of 2nd March, 2022, the workers of the company were confronted by persons alleging to be auctioneers. The said persons raised mayhem at the factory demanding to take over the establishment. It is a matter of concern that the management has not been served with eviction or auction notices or court orders.

It is against this background that I seek a Statement from the Chairperson of the Departmental Committee on Administration and National Security on the following:

(i) Could the Chairperson provide full disclosure on this matter, including details of the persons who instigated eviction and auction?
(ii) Could the Chairperson provide justification on why security personnel in Muhoroni Sub-County turned a blind eye to the actions of the said auctioneers who violated the rule of law and were torturing innocent workers?
(iii) What measures have been put in place to avert such losses following the destruction occasioned by said auctioneers?

Lastly, at the time of canvassing this on the Floor of the House, three people are believed to have died while cars belonging to the so-called auctioneers have been torched. I am afraid that is not the end. Things will escalate and we will have serious problems as a result. We want the Government to act decisively and fast.

Part of the estate under contest is in Tinderet Constituency and part of it is in Kisumu West Constituency. Hon. Speaker, I beg that you give Hon. Melly of Tinderet and Hon. Olago Aluoch some limited time to comment because their interests are also involved.

Thank you very much, Hon Speaker.

**Hon. Speaker**: What do you mean time to comment?

**Hon. Onyango Oyoo** (Muhoroni, ODM): To comment, Hon Speaker. I beg for the Speaker's discretion in accordance with Standing Order No.1. You are the first and the last.

**Hon. Speaker:** Let us have Hon. Melly.

**Hon. Julius Melly** (Tinderet, JP): Thank you, Hon Speaker. I want to thank you for accepting this request for a Statement by the Member for Muhoroni.

As you all know, Miwani Sugar Company is a Government-owned mill. When goons showed up this morning purporting to be auctioneers, they caused mayhem. A number of workers at Miwani Sugar Company are actually from Tinderet in Nandi County. This company sits astride Kisumu and Nandi counties.

The Government turned a blind eye. How could people who purport to be auctioneers enter a Government facility, raid people, send away workers and cause mayhem? There is a police station next to Miwani and the Deputy County Commissioner (DCC) is not very far from there, yet all the workers were chased away by goons. It is even said that three people have lost their lives.

Miwani Sugar Company has been assisting farmers from my constituency for many years. It is one of the oldest sugar companies. That one person or a group of individuals purport to take it over and turn it into a private entity is sad. The purported auctioneers walked in, in the full glare of policemen at Miwani. The police station is just next to the factory and nobody took action.

The Cabinet Secretary needs to come to the House to explain why the Government is allowing lawlessness to take place. People have lost their lives and yet that company is a Government investment. The residents of Kisumu and Nandi counties need to be consulted on that issue, if there is any need. We have been living in peace with our neighbours all this time. This is very urgent and action needs to be taken.

**Hon. Speaker**: Let us have Hon. Olago Aluoch

**Hon. Olago Aluoch** (Kisumu West, FORD-K): Hon. Speaker, I applaud you for exercising your discretion to allow us to comment. I am glad that the Chairman of the Departmental Committee on Administration and National Security is here to listen. If there is an example of impunity and abuse of the process of law, then it was on this occasion. I know for a fact that while mayhem was being meted out on the people of Miwani, there were Class Eight children at Miwani Estate Primary School who were preparing for prayers for the coming exams. They were beaten out of their classrooms together with their teachers, and had to run out of the school. This was not being done by just any policemen, but specifically those from Kibos Sugar Factory, which is a distance away. Policemen at Miwani Police Station were not even aware of this. It was misuse of our police force by people who think they have money and can manipulate our systems.

I am glad that Members of Parliament from Nandi and Kisumu counties agree that assets of Miwani Sugar Company belong to the Government. They are assets of the public, but when one or two individuals who appear to have money manipulate the system so that they can own the land that belongs to Miwani Sugar, then neighbouring communities will say no.

Hon. Speaker, I want to commend Hon. Onyango Oyoo for consistently standing with the people of Miwani despite the threats. I also want to congratulate Hon. Melly for standing with his colleagues on this issue.

Hon. Speaker, I would wish that as the CS for Interior and Coordination of National Government comes to address Parliament on this issue, the Chairman of the Departmental Committee, *Mheshimiwa*… He should ensure that this matter is treated with urgency.

**Hon. Peter Mwathi** (Limuru, JP): Hon. Mwathi.

**Hon. Olago Aluoch** (Kisumu West, FORD-K): Hon. Mwathi, you are right my friend. I am sorry, because I think I am getting emotional about this because of what has happened. I was saying that if this matter is not handled quickly, it is going to fully blow into a counter-aggression in which more lives and property may be lost.

Thank you, Hon. Speaker.

**Hon. Speaker**: Hon. Members, as I allow Hon. Mwathi to state when he thinks he can issue the Statement, I wish to draw your attention to the fact that it is never the Speaker's intention to embarrass any Member of this House. However, from now on, I will progressively embarrass and name those Members who come in, register and walk out. I have just seen the Member for Kigumo Constituency doing so. I will regularly be announcing you when I see you doing that.

Fortunately, as you all know, I know your faces. I even know you by your constituencies. So, when you come and find me here, do not play those games of coming in, registering and then turning back. It looks very irresponsible. It is not fair and you better communicate if you are too busy. If you have something else in the village that is holding you, you can just go and do it. It is not fair to just come in, place your finger and then turn back. It looks very irresponsible. Those are some of the things that make people complain about things like the standing allowance, sleeping allowance, among others. I mean when people see those kinds of things, it does not really speak very well of the rest of us here. So, when you want to come, just come and listen to one or two things and then you can leave. It is not right to just come, register and fly out. So, when you do that, do not get annoyed when the Speaker announces you to the public. Your constituents must know how you represent them in the Chamber; coming in, registering and then walking out.

Hon. Mwathi.

**Hon. Peter Mwathi** (Limuru, JP): Thank you, Hon. Speaker, I really sympathise with the situation, knowing how sensitive and urgent it is. Procedurally I would have expected the matter to have already been reported and an OB number issued. You did not mention that, but in case you have it, I would ask that you pass it over so that I can immediately take it up by way of a phone call.

Hon. Speaker, I will also try to get the CS to address the matter, knowing that the calendar says tomorrow we are supposed to go on recess. Hopefully, between now and tomorrow, I will be able to get the CS to come over. But just in case he is engaged elsewhere, maybe we can give it about a week and even engage him during recess. I will try as much as possible to get the CS by tomorrow, but I need those extra details so that I give the entire report.

Thank you.

**Hon. Speaker:** Very well. We do not have any other Statement. Let us move to the next Order.

## MOTION

### ADOPTION OF REPORT ON MEDIUM-TERM DEBT MANAGEMENT STRATEGY

THAT, this House adopts the Report of the Budget and Appropriations Committee on the Medium-Term Debt Management Strategy for the Financial Year 2022/2023 submitted by the Cabinet Secretary for the National Treasury pursuant to the provisions of section 33 of the Public Finance Management Act, 2012, and Standing Order 232(4), laid on the Table of the House on Tuesday, 15th February, 2022, and pursuant to the provisions of section 15(4) of the Public Finance Management Act, 2012, and Standing Order 232(9) and (10)-

(a) approves the Medium-Term Debt Management Strategy for the Financial Year 2022/2023;

(b) makes the policy resolutions contained in the Schedule to the Order Paper (Policy Resolutions relating to the Medium-Term Debt Management Strategy for the Financial Year 2022/23); and,

(c) deletes the words "This should be consistent with the fiscal deficit of Ksh.400 billion or 3 per cent of GDP whichever is lower" in paragraph 18 (Financial Recommendations) of the Report.

SCHEDULE

POLICY RESOLUTIONS RELATING TO THE MEDIUM-TERM DEBT MANAGEMENT STRATEGY FOR THE FINANCIAL YEAR 2022/23

Policy Resolutions

1) Given the high level of debt stock, enhancement of debt transparency and accountability initiatives be instituted in accordance with the provisions of Article 201 of the Constitution, including –

(i) THAT, a full quantification of Kenya's Public debt stock as defined under Article 214 of the Constitution be undertaken by the Cabinet Secretary for the National Treasury by the time of submitting the Budget Estimates for the year 2022/23 in April, 2022. The quantification is to include the amount of debt disbursed and debt commitments already incurred;

(ii) THAT, the Cabinet Secretary for the National Treasury submits a debt register on a quarterly basis to Parliament for scrutiny; and,

(iii)THAT, in order to enhance transparency and accountability, by the time of submitting the Budget Estimates for the year 2022/23 in April, 2022, the Cabinet Secretary for the National Treasury submits a progress report on all externally funded projects to the National Assembly.

*(Hon. Kanini Kega on 1.3.2022)*

*(Debate concluded on 1.3.2022)*

**Hon. Speaker**: Hon. Members, records show that debate on this Motion was concluded yesterday, and what remained is for the Question to be put, which I hereby do.

*(Question of the Motion as amended put and agreed to)*

*Resolved accordingly:*

THAT, this House adopts the Report of the Budget and Appropriations Committee on the Medium-Term Debt Management Strategy for the Financial Year 2022/2023 submitted by the Cabinet Secretary for the National Treasury pursuant to the provisions of section 33 of the Public Finance Management Act, 2012, and Standing Order 232(4), laid on the Table of the House on Tuesday, 15th February, 2022, and pursuant to the provisions of section 15(4) of the Public Finance Management Act, 2012, and Standing Order 232(9) and (10)-

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Next!

## BILLS

*First Readings*

THE NATIONAL COHESION AND INTEGRATION (AMENDMENT) BILL

THE COUNTY OVERSIGHT AND ACCOUNTABILITY BILL

THE HERITAGE AND MUSEUMS BILL

THE COUNTY GOVERNMENTS (AMENDMENT) BILL

THE ELECTIONS (AMENDMENT) BILL

*(Orders for First Readings read – Read the First Time and referred to the relevant Departmental Committees)*

*Second Reading*

THE DIVISION OF REVENUE BILL

**Hon. Speaker**: Before I give the Vice-Chair of the Budget and Appropriations Committee, now that the Leader of the Majority Party is in the House, I hope the Majority Whip is informing him that there is a complaint about the people who were appointed to the Mediation Committee. They have all absconded about six meetings, including the Chair of the Budget and Appropriations Committee, who is also a member of that Mediation Committee. This is beginning to show this House in very bad light. Our Members have always been the ones available for mediation. This is the first time I am hearing of this kind of situation. I think it is good for that matter to be sorted out.

Hon. Shinali, you are moving debate on the Division of Revenue Bill. Do you not have a card? Yes, proceed.

**Hon. Benard Shinali** (Ikolomani, JP): Hon. Speaker, the Division of Revenue Bill provides for equitable division of revenue.

**Hon. Speaker:** Are you moving the Bill or do you want to explain what it is? You are in your second term, Hon. Shinali.

**Hon. Benard Shinali** (Ikolomani, JP): Hon. Speaker, I beg to move that the Division of Revenue Bill 2022… I wish to move that… I beg to move…

**Hon. Speaker:** Hon. Shinali, you wish to move that the Division of Revenue Bill (National Assembly No.8 of 2022) be now read a Second Time. It is not fair for us to do this orientation at the tail-end of your second term.

**Hon. Benard Shinali** (Ikolomani, JP): Thank you, Hon. Speaker. You will bear with me, because I underwent surgery on my eyes over the weekend.

Hon. Speaker, I beg to move that the Division of Revenue Bill (National Assembly No.8 of 2022) be now read a Second Time.

The Division of Revenue Bill provides for the equitable division of revenue raised nationally among the national Government and county governments as required by Article 218 of the Constitution. The basis of the division of revenue is the Budget Policy Statement (BPS), which sets out the fiscal framework for the financial year and over the medium-term. The Division of Revenue Bill guides both levels of government as it sets aside funds to be appropriated by the national Government and the county governments.

Article 218(2) of the Constitution requires division of revenue between the two levels of government to take into account the criteria set out in Article 203(1) of the Constitution. The Bill has incorporated the requirements under Article 203(1) of the Constitution in estimating the division of revenue. In addition, the Bill is consistent with the resolution of the National Assembly on the Budget Policy Statement.

The total shareable revenue for the 2022/2023 Financial Year is estimated at Kshs.2 trillion. Out of this, the national Government has a proposed revenue allocation of Kshs.1.7 trillion, county equitable share of Kshs.370 billion and the Equalisation Fund of Kshs.7.068 billion.

Article 203(2) of the Constitution stipulates that the equitable share of the revenue raised nationally that is allocated to county governments shall not be less than 15 per cent of all revenue collected by the national Government, and shall be calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly.

Hon. Speaker, the proposed equitable share for FY 2022/2023 is Kshs370 billion, which is equivalent to 26.17 per cent of the last audited and approved accounts. As you can see, this is much more than the threshold provided in the Constitution. The Division of Revenue Bill proposes an additional Kshs.5.6 billion to be financed from the national Government's share of revenue to the county government comprising of Kshs.5.2 billion for leasing of medical equipment, and Kshs.454 million to supplement construction of county headquarters.

Hon. Speaker, the allocation to the counties has remained the same as at the last Financial Year of 2021/2022 due to the fact that the Budget is being prepared during a period when the economy is experiencing COVID-19, which has negatively affected revenue mobilisation and brings with it significant uncertainty in revenue projection. Allocations and transfers to county governments as equitable share are guaranteed under Article 219 of the Constitution and it is, therefore, difficult to increase the county equitable share revenue with the uncertainties in the revenue mobilisation.

Lastly, there is a push to increase the equitable share going to counties. The counties need to increase collection of own-source revenue to reduce the over-reliance on the nationally collected revenue. It is also important to note that counties continue to ignore the fiscal responsibility principles as provided for in the Public Finance Management (PFM) Act. For instance, the PFM Act's requirement of allocating a minimum of 30 per cent of their budget to Development Expenditure is only complied with during approval of budgets, but during budget implementation, actual expenditures are below 30 per cent. The wage bill in counties is also higher than the threshold of 35 per cent of total county revenues, as provided for in the PFM Regulations.

Hon. Speaker, in conclusion, I would like to thank Members of the Budget and Appropriations Committee for the prompt publishing and consideration of this Bill. As you may be aware, the counties have already started conducting public hearings of their Expenditure Estimates. It is important for this House to approve the Division of Revenue Bill so as to inform the counties of their equitable share.

Hon. Speaker, I beg to move and request the Leader of the Minority Party, Hon. Mbadi to second.

**Hon. Speaker**: Hon. Mbadi is not here.

**Hon. Benard Shinali** (Ikolomani, JP): I beg the Majority Whip to second.

**Hon. Speaker**: Very well. Hon. Wangwe?

**Hon. Emmanuel Wangwe** (Navakholo, JP): Thank you, Hon. Speaker. I wish to second the Division of Revenue Bill, 2022, as well elaborated by the Vice-Chair of the Budget and Appropriations Committee. I want to catch up with one or two issues which maybe were left out, and emphasise that this Bill has been brought to us courtesy of Article 203 of the Constitution, which lays down its criteria. This Bill divides revenue between the national Government and county governments.

In essence, this Bill has proposed allocation to the counties as laid out in the BPS that we have just passed. Kshs.370 billion has been captured, which is the amount that is now going to the county governments, and the balance in tabulation form of Kshs.1.764 trillion has gone to the national Government.

Hon. Speaker, I also wish to appreciate that the Bill has captured the Equalisation Fund to a value of Kshs.7 billion out of the total shareable revenue of Ksh2.1 trillion, which is a consideration of the last audited accounts of 2017/2018. I also wish to appreciate that this Bill has implemented a fiscal consolidation plan by the Government, and it is expecting the revenue to be shared between the two levels of Government, as the Government implements the consolidated plan of lowering the fiscal deficit and bringing down accumulation of the debt.

Hon. Speaker, the Bill has also recognised that the Consolidated Fund Services for the Budget 2022/2023 has been revised upwards to a tune of Kshs.46.9 billion and, therein, orders the deficit in the 2021 BPS level. It has also taken cognisant that the national Government ceiling has been revised downwards by Ksh15 billion while maintaining the county equitable share at all levels. This Division of Revenue Bill has been balanced so well such that at all times, the debt ceiling and the fiscal deficit have been taken care of.

Hon. Speaker, in addition is the fact that the approved third basis of allocation of the share of national revenue among the county governments is now effectively linked to the devolved functions. For example, the new parameters to be used in distributing equitable share of revenue for agriculture and health among county governments closely resemble those currently being used to distribute sectoral conditional allocations. Whereas various devolved functions, such as health and agriculture have been considered, they have been considered within the framework of allowable and shareable revenue to the county governments.

As per Article 123 of the Constitution, the Bill has a Schedule explaining ordinary revenue, public debt and how the balance to be shared by the two levels of government is being distributed. The Bill has itemised the categories very well and it has taken cognisance of all elements. Although they are a replica of the Budget Policy Statement for FY 2022/2023, the figures are itemised and one can follow and see what is being shared in compliance with Article 203 of the Constitution.

Hon. Speaker, with those few remarks, I beg to second.

*(Question proposed)*

**Hon. Speaker:** Hon. Wandayi.

**Hon. Opiyo Wandayi** (Ugunja, ODM): Hon. Speaker, thank you very much for according me this chance to make some comments on this very important Bill that, as we all know, comes only once every financial year. I have not had the benefit of reading the Bill, but I must admit that the snippets I have got from both Hon. Shinali and the Whip of the Majority Party are enough to give me a hint of what is contained in it.

First and foremost, it is important to appreciate that in line with Article 203 of the Constitution, the equitable share of revenue going to county governments is based on the total revenue realisable, in this case, as per the revenue from the 2017/2018 Financial Year. As you know, I Chair the Public Accounts Committee. That is the last financial year whose report we tabled in this House and was duly adopted. The reason I am saying this is the fact that, if it was in the previous dispensation, the equitable share of revenue would have been based, perhaps, on the FY 2015/2016. So members of my Committee need a pat on their back.

*(Applause)*

Secondly, it is important to note that the equitable share of revenue being sent to county governments continues to grow significantly. I am also pleased to note that in this financial year, we are talking about 26 per cent or thereabout of the shareable revenue going to county governments. That is no mean achievement, bearing in mind where we are coming from. Even though we know that the Constitution stipulates a minimum of 15 per cent, we have been told many times that nothing stops Parliament from enhancing the percentage to as high as imaginable levels without necessarily having to change the Constitution. That is the debate that ensued during consideration of the Building Bridges Initiative process. But that debate misses the point. The point it misses is that if you leave it to the whims of the Executive or the Legislature to determine how far they can go beyond 15 per cent, given the priorities that every government has and competition for the scarce resources that the country generates, there will always be a tendency to minimise how far to go above the 15 per cent. Therefore, it is critical even as we approach winding up this Parliament that we bear in mind that the long-term solution to this quagmire is to have the enhanced equitable share enshrined in the Constitution in the manner the BBI suggested.

Thirdly, I also note that there is an allocation of Ksh5 billion towards the medical equipment leasing scheme (MES). This MES, as it is commonly referred to, has had a very controversial history. As we speak, it is still shrouded in mystery. What I am not for is the most popular proposition that the county governments be left to decide what equipment to buy from wherever and at whatever cost. That is a route I would not want us to take as a country. Therefore, in short, I am in support of MES. But it must be made as transparent as possible, so that the county governments are involved from the word go. The idea of governors turning around and saying they did not know should not arise. How did they not know and they signed up? Let this Scheme be as transparent as possible so that taxpayers get to know what we are getting into and the benefits we stand to gain.

From where I sit, it is a very noble scheme. It cannot be left to county governments to manage individually. Our county governments have shown a propensity to misuse and abuse public funds. The national government can still guarantee this Scheme, but with active participation of county governments, in the spirit of openness and transparency. I still hold the view that the money we are being charged for the leases is too high. We need proper costing so that we know the much we should pay for whatever kind of equipment. In any case, do we really need these equipment? If we do, does every health facility really require all of them? That way we will optimise the use of the equipment and minimise the cost. That is really important.

All in all, this Bill sounds good and very progressive. It is a Bill I hope we can pass without much ado so that we allow the county governments to access funds to run their programmes.

Thank you, Hon. Speaker.

**Hon. Speaker:** Member for Tharaka.

**Hon. George Gitonga** (Tharaka, DP): Thank you very much, Hon. Speaker. Allow me to also comment on the Bill before us. It is a straightforward Bill that divides revenue between the national government and county governments after deducting the Equalisation Fund. My comments are based on the three items in the Bill. The first one is the national government, where we have the three arms of government—the Executive, the Legislature and the Judiciary. It is very common to find that once the national government receives its share, because it is under the control of the Executive, the lion’s share of the revenue actually goes to the Executive, with paltry amounts going to the Judiciary and the Legislature. I believe there is a lot of development to be done especially at the Judiciary, including capital development. It is high time that there is sufficient allocation to ensure that stalled projects in the Judicial Service Commission (JSC) are completed. The Equalisation Fund which is at Ksh 7 bllion is a high sum of money to go to those areas that are marginalised. Unfortunately, it has never been clear even under the Equalisation Fund how this money is distributed and the rationale that is used including equity in the Equalisation of that fund.

My constituency of Tharaka is rural and marginalised. It ought to largely benefit from this fund. However, as we speak today, only one sub-location has ever received a portion of the money to the disadvantage of such areas in Tharaka that are highly marginalised.

As regards the county funds, we propose to allocate 26.17 per cent, an equivalent of Ksh 370 billion. This money is not little. In as much as there has been a proposal to amend the Constitution to up the allocations to the counties at 35 per cent minimum, unfortunately, as we have always said, this was a gimmick to ensure that some unfavorable law was passed. Otherwise, today we should not be giving 26.17 per cent but, over 35 per cent. It was our argument and remains thus, that a figure of 35 per cent cannot be realised that easily. It is a figure that possibly is for a future date, but because we had to do that law known as the Building Bridges Initiative (BBI), may its soul rest in eternal peace, it should never be revived because it was not a good law for this country. It was a law that was purely partisan, meant for particular parties whose interests were never and have never been disclosed. We should now be seeing the genuineness of that law in this particular Act by giving the counties 35 per cent.

However, that is not possible and not practical. Therefore, we are at 26.17 per cent which is reasonable in the circumstances.

My desire to county governments is that this money should be used appropriately. We know very well that not many counties can speak favourably about how they have spent their monies. Counties have cases of corruption, where money is misapplied and put in the wrong projects or misused in dubious transactions that never escape the eyes of anti-corruption agencies. Therefore, when this money goes there, we want to see it being used purely not for employment and recurrent expenditure. We also want to see a lot of development going on through our counties. We know very well that we have a small portion being the NG-CDF at Ksh 2.5 per cent out of the national allocation. As we have always said, the NG-CDF is money where we can see its accountability. This is because most of the developments which this country boasts of come through the NG-CDF. Those of us who by God's grace shall come back, should increase the amount of the NG-CDF so that more development can be realised through the NG-CDF as before.

With those few remarks, I support the Division of Revenue Bill in the format that is proposed and hope we will raise the monies, including the Ksh 2.1 trillion which we are budgeting for. I know there is a huge deficit that is supposed to be funded through borrowing. The country is reeling under the pressure of debt. We have to be cautious of how much money or how much more we can borrow. We have always said time for borrowing is coming to an end. Let us work with the monies that we have. Monies available is what we will budget for and what we will use for both recurrent and development expenditure.

However, since we have to borrow as it is being said, let that borrowing be reasonable within the parameters of what we can repay. We do not wish to burden our citizens with heavy debts which is now about Kshs 185,000 per person in the country. It is going up to Ksh 250,000. All these debts are a burden to the citizens and we must look into this.

With those remarks, I support the Division of Revenue Bill.

**Hon. Speaker:** Member for Funyula.

**Hon. (Dr.) Wilberforce Oundo** (Funyula, ODM): Thank you Hon. Speaker, for this opportunity to contribute to the Division of Revenue Bill, 2022/2023. Hon. Speaker, this is the last Division of Revenue Bill for this Parliament. As my friend Sir. George has said, those whose hand of God is upon them will probably process the next one. However, we should not blame God for our failings and political miscalculations.

The Bill arises from the provisions of Article 2018 of the Constitution of Kenya that requires the Bill to be tabled in Parliament before the other appropriations Bill. It is also in compliance with Article 203 of the Constitution of Kenya, which require that, at least, a minimum of 15 per cent of the national revenue be shared with the county governments.

Hon. Speaker, it is gratifying to note that we have about 26.17 per cent that has gone to the county governments constituting 370 billion and a bit of conditional grants. Hon. Speaker, the father of devolution who is undoubtedly His Excellency the Right Hon. Raila Amollo Odinga had a very clear vision that counties or devolved units should be the engine of growth of this country. It is on this basis, therefore, that there has always been an attempt to increase the amount of money that goes to the county government, not at the whims of any person who sits at the National Treasury, but clearly stated in the Constitution and reinforced through the various laws and legislations.

*(Hon. George Aladwa logged in the system*
*then walked out of the Chamber)*

**Hon. Speaker:** Let me interrupt you to name and shame the Member for Makadara, Hon. Aladwa for behaving like somebody who does not know rules of the House. You do not just come, tick in and walk out comfortably. He just came in ticked and walked out. He is busy now talking out there in the pretext of passing the Division of Revenue Bill.

Proceed Hon. Oundo, I said I will be regularly naming and shaming those who have that behavior of ticking in and walking out.

**Hon. (Dr.) Wilberforce Oundo** (Funyula, ODM): Thank you, Hon. Speaker. I hope I will be added my minute that has been taken to name and shame.

**Hon. Speaker:** I will give you two.

**Hon. (Dr.) Wilberforce Oundo** (Funyula, ODM): I thank you Hon. Speaker.

As I was saying, the fathers of devolution in this country had a very clear vision and objective which was to make counties the engines of development. For many years when decisions were made at the center, the centre distributed resources without regard to the periphery. Therefore, the idea is not to depend on the centre to get development, but generally to let the counties themselves decide on how to proceed.

Hon. Speaker, down the memory lane, we had the District Focus for Rural Development that tried to get development to the district level. It failed because many at times all the decisions were being made by the national Government. It was therefore crucial that in 2010 devolution was entrenched in our Constitution to ensure that funds of the national revenue went to the county governments.

Hon. Speaker, the county governments should not be cost centres. They also need to be revenue centres. As much as we allocate this amount of revenue to the county governments, probably, time will come when we will have an open discussion on what happens to the revenue that is raised locally at the county government. What is its impact? Before devolution, we used to have local authorities which used to have Local Authorities Provident Fund (LAPFUND). They used to sustain their operations, pay their salaries and everything else that they did. What has gone wrong now? We keep on giving them money. The money increases in subsequent years, and yet allocation in other levels are reduced. As my colleagues have said, the law requires a minimum of 30 per cent to be devoted towards development.

The truth of the matter is that when you go to the ground, things are different. You do not see the money. That is the question that we keep on asking. There are village millionaires. There are people who are employed. This money should not be spent on recurrent expenditure. Therefore, this calls for the Senate and the county assemblies that oversee the county governments to start having a discourse. Do they have the capacity to oversee the county governments? Do they have the capacity to scrutinise budgets and oversee expenditure of county devolved funds or they simply wait for the weekend to get stipend from the governors to avoid raising impeachment procedures?

The Senate is an important organ in the constitutional structure of this country. It protects devolution. It not only protects devolution by passing the Division of Revenue Bill and County Allocation of Revenue Bill, but it also ensures that the funds which are devolved to the counties benefit the locals and they have higher multiplier effect than what we have at the national level.

We are going for watershed election. I want to appeal to all the voters in the various counties to vote wisely. For us to protect devolution, we must have county assemblies that have the ability to understand the budget-making process, scrutinise policy statements and have the mental capacity to oversee governors and Members of the County Executive Committee (CECs).

Unless we get to that point, it will be a charade. We will be giving counties money in each financial year.

Once Hon. Raila Amolo Odinga becomes the fifth President of Kenya and we pass the BBI by hook or crook, we will increase that money to 35 or 50 per cent. However, that will not be enough to spur economic development in this country, unless we institutionalise good governance in the management of those resources that go to the county governments.

As my colleagues say continually, the only visible development in many counties in this country is through the National Government-Constituencies Development Fund. If you go to all schools, the hallmark is NG-CDF. The county governments have neglected feeder roads. We use Kenya Rural Roads Authority (KeRRA) funds to construct those roads. The Members of Parliament through NG-CDF Committees and Constituency Roads Committees have taken over the work of the county governments. We keep on asking whether county governments are avenues to loot funds and benefit a few and make them village billionaires, so that they come and disturb people all over the place. It is a discourse that we must have with the Senate. They must continuously set rules and regulations to ensure that there is accountable use of the funds that we take to the counties.

Probably, it is also time to question the office of the Controller of Budget. They continuously approve disbursement of funds and yet they do not follow up to find out what that money does. By the time the Auditor-General comes, it is already late in the day. As it was said before, it is a mortician. What do you do with a dead horse? Even if you flog it, there is nothing that you can do. The only thing that you can do which is typical in Kenya is to set up a committee to investigate why the horse is dead and why it cannot revive when you flog it. In typical arrangement, funds should follow functions. Do we have a proper framework to cause the various functions to be undertaken at the county government so that when you allocate funds, they truly go for that particular purpose?

Providing healthcare in Busia County cannot be the same as doing it in Wajir County. Providing healthcare in Mandera cannot be the same as doing it here in Nairobi. What formula does the Commission on Revenue Allocation use? We need to have that discourse.

[*The Speaker (Hon. Justin Muturi) left the Chair]*

*[The Temporary Deputy Speaker*
*(Hon. Christopher Omulele) took the Chair]*

With those few remarks, I support the Bill. I can see that my time has been cut by interruption. We hope that we will expedite and ensure that there is value for money that goes to the county governments. Thank you, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Wachira Kabinga, Member for Mwea.

**Hon. Josphat Kabinga** (Mwea, JP): Thank you, Hon. Temporary Deputy Speaker. I stand to support the Division of Revenue Bill, 2022 and take note of the following: One, we commend the national Government for continuing to ensure that we have resources that trickle down to the counties, so that we can continue to strengthen devolution in this country. We believe that through devolution, we will achieve the much-required development in this country.

The Division of Revenue Bill, 2022 allocates Ksh370 billion to the counties which is about 27 per cent of the collectable revenue of our country. The Constitution recommends 15 per cent.

When we get 27 per cent, it is a trial by the Government. This percentage is high because there is goodwill from the present Government. If we have governments that are conservative in future, we may see a reduction of this allocation. Therefore, it is important that we anchor this percentage into our law. That is what BBI was basically trying to propose, so that we no longer rely on the goodwill of the government of the day. To that extent, I fully support the Bill.

At the same time, I take note that we have allocated nearly Ksh7 billion to the Equalisation Fund in this Division of Revenue Bill. I said this before and I want to say it again. I fully support this Fund. However, we need to re-look at the definition of the term “equalisation” so that we can fully understand or identify the actual beneficiaries of this particular Fund. We also need to look at the counties in totality, not just generalising to say that some counties are not marginalised. Within counties, we have sub-locations and sub-counties that are really marginalised. It is high time that we consider them for this particular Fund.

This House will pass this Bill and then take it to Senate, which will then to look at the actual allocation to the counties. It is my hope that they will re-look at the formula that is currently in place when sharing this money so that there can be fair sharing of this particular fund.

I also want to urge the counties to be much more innovative. It looks like most counties just sit and wait for the share from the national Government, yet some of these counties have immense opportunities that they can take advantage of and start generating revenue. It is high time our counties woke up and our county governors concentrated on innovative ideas so that in the future, this country can celebrate counties that will be generating even much more revenue than that which comes from the national Government. This is possible.

We are here complaining about high prices of things like fertiliser. We have not heard any county or county governor coming up with an idea of how they can develop small scale industries or production of fertiliser and start supplying to other counties, yet these things are doable. Therefore, it is high time our counties started focusing on the revenue that is coming from the national Government and started thinking of how they can generate revenue themselves. They can become lenders of revenue to other counties. That is possible.

At the same time, we know that there are very many donors in this country who are willing to come in and invest in various counties, but our counties lack the capacity to engage these donors because they do not come up with projects and programmes that can be supported by them. It is high time again that our counties started focusing on how to engage these donors for tangible and impactful development to their counties.

Hon. Temporary Deputy Speaker, I also take note that most of the counties as they allocate their revenue or as they come up with their development plans, they focus on what I would refer to as political development meant to only achieve political mileage. This will not have long term impact on their counties. It is high time our counties started putting lesser focus on politics and looked at midterm and long term development programmes and projects that will have impact on their counties. Again, this is something that they do through greater cooperation with national governments so that they can have a multiplier effect on what the national Government is doing.

Currently, it is unfortunate that if you go to most of our counties, most of the projects that are there are those that are initiated, supported and funded by the national Government. The national Government will to some extent upgrade rural roads that connect villages because most of our county governments have neglected their role. They are busy trying to look at towns putting in cabros and other things that can give them political mileage, but again not really having a long term effect on their counties.

Therefore, it is high time that we increased the level of understanding in our communities so that they can know what exactly is expected of county governments and the accountability in them as far as accounting for the monies that they are given is concerned as opposed to developments that are happening in their counties. The developments that we see are either coming from the national Government or donors and these are the projects that our governors are riding on instead of having their own. This has serious consequences because much of the revenue that is then left to county governments is being misused in some instances in organising political meetings and activities, instead of going to the development of those counties.

As I support, I insist that we need to relook at civic education to our communities to be cognisant and aware of the expected developments that come from the county governments directly and be able to discern them from the national Government's projects, as well as the donor projects which are all over. We have markets and cabro paved roads that are going on throughout the counties. They are all funded by donors and credit is taken by the county governments which then do not account for the money that is given to them through what we are doing here as the National Assembly on the Division of Revenue Bills that we pass every year.

Hon. Temporary Deputy Speaker, with those few remarks, I support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Leader of the Majority Party, are you ready?

**Hon. Amos Kimunya** (Kipipiri, JP): Thank you, Hon. Temporary Deputy Speaker. I rise to support this Division of Revenue Bill and to really thank the Budget and Appropriations Committee because it has been processed really fast on the understanding that Members had internally seen these issues during the BPS. I thank Members for even agreeing yesterday to shorten the publication period because that enabled us to discuss this. I can hear there is actually overwhelming support for it.

I know it has been mentioned that it is a very important, yet very short Bill. The important thing is that of the total revenue being allocated to the counties. We are basically talking of 26 per cent *vis-à-vis* the constitutional requirement of 15 per cent. As the revenue base increases, it represents quite a lot of money going to the counties. I echo what Members have said that we actually need to see value for that money when we visit our counties. NG-CDF only receives 2.5 per cent of the sharable revenue which is Ksh41 billion and yet we are talking of Ksh370 billion here. It is a fraction. It is almost nine times what NG-CDF is receiving, but you can see visible projects in about every constituency. It is a credit to the Committee. When you look at the amount of overheads attributable, it hardly goes beyond 5 per cent, but when you now look at what the counties – I have seen this in some of the counties that I will not mention here. You will find within the same primary school, they have done a classroom at a cost of between Ksh1.1 million to Ksh1.2 million. You will hear that the ECDE class that will be done by the county government has cost Ksh1.5 million. The most ridiculous thing is that on the day of commissioning that ECDE class, if you look at the budget for the commissioning from the tents, entertainment and the public mobilization it will be about Ksh2 million. It tells you where our money is disappearing to.

However, we do hope that our governors out there – that is why most of them have become unpopular both current and future. We will be able to look into the bigger interests of the country. We are not giving them Ksh370 billion just to show their power with big motorcades kicking out everyone on the road, but it is basically to deliver on the 14 functions that were devolved to the counties.

If you look at the explanations, there is a table that gives an explanation on how the entire Kshs 2.1 trillion has been allocated to specific functions and interests. The bottom line is that after taking into account issues to do with matters of national interest, which must be taken into account, matters of public debt must be given priority, other obligations like pensions and all that have to be met and allocation of money for emergencies and strategic grain reserves.

We are actually left with only Kshs 547 billion as the money available for distribution, of which the county governments take Kshs 370 and the national Government is left with only Ksh 172 billion to finance all these other expenditures. I know the governors would have wished to have about Kshs 500 billion given to them. Everyone wants more money.

However, the framers of our Constitution which some of us were part of when we were putting matters within Article 203, even in the distribution of money, had in mind that we must take into account the issues of national interest, public debt, other national obligations and those other needs like the marginalised areas and contingencies.

About two years back, the Senate had even refused to approve the Division of Revenue Bill on the understanding that they wanted more money. If we are just to think of the counties and give all the monies to them and sacrifice the national interest, then we will not give justice to the greater public interest.

I would therefore like to urge our Senators, that even as they look at this Bill, to also look at how this money has been distributed to the different interest groups so that they feel we are only committing ourselves to the Kshs 370 because it was an undertaking. However, at this point when the economy is not doing as well, we should have reduced the amount of money going to the counties so that we could address some of the national issues like the transition to Competency Based Curriculum (CBC) which will cost quite a bit of money in terms of infrastructure needs. It is a national thing; it cannot be devolved.

We just passed the National Health Insurance Fund (NHIF) which requires further investment in terms of taking care of the indigent and all those groups that cannot pay for their health care. That money is a national Government function, yet health is actually devolved. So, we will be helping county governments in terms of achieving their health needs, but with national Government's interventions in terms of paying for those who cannot pay for themselves.

I am aware that we cannot reverse that. If it was in my days, I would have provided for less, not because I do not like the county governments, but because I am also aware that Kenyans are getting over concerned about having to finance most of the national Government through borrowing.

Talking of borrowing, I tend to hear a lot of people talking about debt being bad. That we have over-borrowed. First of all, as a country, we are within the safe zones, if you look at it from a global perspective. Our total debt to Gross Domestic Product ratio is under 70 per cent. Countries like Japan talk of 261 per cent of the GDP. If you compare our national debt with the corporate world – IMF in one of their updates indicated that the total corporate debt owed by companies on a global basis represent 98 per cent of the global GDP. Even at the corporate world, because they know you do not need to use your money, if you can borrow somebody else's at a lower rate than your rate of return; you will make profits. So, do not commit your own money, borrow somebody's money. So long as the rate of interest that you are paying is less than the return you are getting, you are advised to borrow. Hence, the 98 per cent of the global GDP tells you that we are still far off, compared to the global markets. I could give you more statistics of other countries, but we do not need to do that now.

I have heard of statistics being peddled here that every person including a child being born into Kenya will find a debt of Kshs 250,000. That is the figure being said. Nobody is telling us that the same child being born in Kenya will find tarmac roads, will find hospitals, will be born safely in a hospital and not in a bush, will find a primary school and will find a safe country because of the investments that have taken place.

The other day, His Excellency the President mentioned that he took over an economy of Kshs 5 trillion. By the time he leaves, he will be leaving an economy of Kshs 13 trillion. It has grown by Kshs 8 trillion. It has not just grown from taxes, it includes the debt that we incurred. Every Member of Parliament here took a mortgage to buy a House when we came. If your family keeps telling you that you are going to leave us a debt and forget that you used that debt to buy that House, it is sad. Unfortunately, that is what we hear from people who are hired in Government. These people do not seem to remember that we have been very happy to say we have built this road, we have built so many technical institutions and we have powered electrical connections.

However, on the other hand they do not say they are overburdened by debt. We know that all those Kenya Power installations are debts from World Bank. We know all the roads that we have been doing are debts from the Chinese or African Development Bank. I want to encourage Members that even as we look at the issue of debt, let us also look at the other side which is, where are the assets that have been financed by that debt? Our worry should only be if you find that we have debts and we have no assets to show for it.

On the other hand, we also have to remember that we are not just talking of tangible assets: the roads, hospitals and buildings, there is investment in human beings. One of the things that happened in the Constitution of 2010 is, it made it mandatory to offer some certain human rights: the right to education, free and compulsory, the right to water and all those things. They had to be financed. Previously, they did not have to. Twenty-Seven per cent of our Budget is used for education. If we do not do that, we will have failed in our constitutional obligations because it is required of us to actually do it. There is no national revenue to cover that because as you can see, based on the allocation of the money, once you take Kshs 1 trillion to pay debts, you are only left with one trillion, then you give Kshs 370 to the counties, you are left with Kshs 600 billion. Other national obligations cost Kshs 560 billion. The only available way to even pay for education, medical and security is through debt. That will not necessarily show you a building. So, it is something that we need to start thinking of because we are bashing the Government until we all get there at some point then we realise that debt is not evil so long as you use it for purposes of doing the right things.

The other issues have been covered, I do not want to repeat. I just want to ask hon. Members to debate this Motion hopefully in the next few minutes or hours certainly today, so that we can at least open the door for the Senate to consider it. Hopefully the Senate will bring it back, having agreed with us and open the door for the Estimates to be printed and for the start of the County Allocation of Revenue Bill to be generated from the Senate based on these figures so that we can open up the avenue for the counties to start preparing their budgets for next year.

With those remarks, I beg to support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Well spoken, Hon. Kimunya, Leader of the Majority Party.

The Hon. Bunyasi, Member for Nambale.

**Hon. Sakwa Bunyasi** (Nambale, ANC): Thank you, Hon. Temporary Deputy Speaker. I stand to support the Division of Revenue Bill. It is an important process of what we need. But within that broad envelop of supporting the Division of Revenue Bill, let me comment a little bit what I see as a very paternalistic approach to this whole thing. That is not what was written in the Constitution. The Constitution realised that there are 47 county governments and the national Government and that is what constitutes the Republic of Kenya. These institutions have a role to play to endear or bring about growth in this country. There are many things that are not efficiently done at the national level following the principle of subsidiarity. Therefore, it was useful to have county governments to carry out some of these functions not as a favour, but as a strategy both of getting development in this country and holding this country together.

I hear about success in roads and as an economist I find that to be an attractive aggregate concept. But its distribution leaves a lot to be desired. There are children who will be born today and see 10 kilometres of tarmac in their constituencies, but will not divide them among the new borns. The distribution questions are very important and they are not happening well with national resources. For example, the expenditure in health, its physical distribution is highly concentrated around a part of this country, but many areas are still struggling with that. Of course the management of health services has been criticised in county governments, but anybody who is fair will recall not long ago when the Transition Authority was working out this the coefficient they used on the devolution of health services was the same that was used at the national level. You devolve the function, but you do not devolve the funds that go with it and the rate that should go with it. Not even counting the fact that there is going to be waste.

On the question of waste which comes out a lot each time we talk about allocation to counties, we talk as if corruption in this country is only at the counties. That is very sad. Indeed, the kind of things we know and hear for which there has been evidence produced many times occur a lot at the national level. In this same House, we have talked about the Standard Gauge Railway (SGR) and issues around it in terms of what it should have cost and what it actually cost. Even in our public private partnership (PPP), and I hope the Leader of the Majority Party next time will clarify the issues there, the expectation was that it was going to cost about Ksh27 billion, but it is Ksh 84 billion. On which component has it been rising? Has it been the foreign component, or the domestic component? We say the cost of moving services has gone up by what factor? So that even though we accumulate debt, for example, linking both debt and devolution, it means that a shilling left at the centre is not necessarily more efficiently used than the a shilling that goes to the county. We have to be realistic and do a good analysis and use it accurately when describing this situation. But if we relate this to debt, the amount of waste that goes into pampering up or having costs that are there to benefit people, they are high. The wastage, theft or bribery that goes with it or whatever case might be that the unit costs are much higher than they would have been elsewhere, it is sad. We have seen that. Things like roads have global comparisons and we are on the higher end on that.

On the SGR, Ethiopia did it at the same time and we were much higher than them. Just how much can be contested? The debt is also okay. The countries we talk about like Japan, you are not going to get debt and waste it, in the United States of America, you are not going to borrow and steal it. But we have big problems around that. These comparisons are not true and are not really comparable.

In Japan the Gross National Product (GNP) is 105 per cent of the GDP. It is twice the GDP, which means that they derive their income from essentially global trade and are deriving their income from the exchange with the rest of the world in ways that they derive earnings enough to pay it back. We are not there yet. We are struggling to get there. We are at a point, and as I always say, if you want to live in a country in which Ksh70 out of Ksh100 goes to paying debt as opposed to a country in which it is 30 per cent, there is a difference there. The stress levels are not equally absorbed. They are distributed unevenly because the income status already in the country is highly skewed. So when we do that, we minimise the pain that people at the bottom of our society are experiencing. Let us accept it that in a stable economy you do not have big budgets. You may have big budgets depending on what they do.

For example, the Hon. Leader of the Majority Party, on the positive side, I can refer to him now. During the Kibaki era, our debt level – there is a graph – came down, stayed down and only rose in 2013. But people think the best time in Kenya, for both the old and the recent ones, was during the time of Kibaki. There was calmness and growth. People felt it in many parts of the country. Then suddenly, while we were doing more all around, we were having less in many places. In Busia, for example, the number of new roads that have been done through the famous 10,000 or more are extremely limited.

In my constituency, 300 kilometres of road have been done. The road came from Bungoma, entered my constituency by 300 kilometres, but the rest of the 7.7 kilometres have not been done. So, there is a lot when this is said and praised. It reminds us of the inequality and inequity that we have in the system. We should address that. If we address that first, growth will be spurred faster and there is no corner in this country that has nothing it can do that adds to the economy of this country. But if we go on praising a few successful cases that are uniquely distributed, it does not help the rest of us, but demoralises us. Are we talking about the same in the country? That is something that must be addressed.

The Division of Revenue Bill is giving us funds that go to the counties. That is one salvation we have that guarantees us a minimum in these counties. Let me step back a bit on the allocation itself. The Ksh370 billion, at 26.5 per cent is well above 15 per cent. But Ksh370 billion a third year in a row, without cutting inflation is not really Ksh370 billion. In actual fact, it is less when we discount that by the amount of inflation. It is not a great idea that we have withheld the nominal figure. If we were holding up the effective figure, it means with inflation added or accounted for, it will be much greater. We will be still saying Ksh370 billion even though it should range to Ksh385 billion or something. In the Ksh370, it means it is going down.

Counties are also having a double warming. The figure we are using of the Financial Year 2017/2018 is three years behind. We have 2018/2019, 2019/2020 and 2020/2021 Financial Years. It would have been up to last June. Hon. Wandayi is not here and he praised himself being the Chair of the Public Accounts Committee, but we cannot praise ourselves when we are three years behind. We hold the figure constant at Ksh370 billion, three years behind, we would have benefited just by the virtue of updating the last audited figure. That one, we must work on, if we are serious about devolution.

Lastly, we talk as if money is coming from the national Government to the county governments as a favour. That is where we have our health expenditures; that is where we have the food security questions that should be taken care of; that is where we have the social protection. In fact, the social protection means the income that households can earn, not necessarily receive through government transfers. This is where 50 million of our people live, including in Nairobi. Nairobi is one place where 40 per cent, according to a survey by Kenya Bureau of Statistics, are unable to cope with rent. That means there is deep poverty as well. Funds that go to these geographic areas can in fact spur growth, can be used on poverty reducing programmes and it is not a favour. It is what the country needs to do and it decided to do so by having this division.

There is a lot to say about transfers to the counties. I hope going forward, if we seek to do the magic 35 per cent that was supposed to be arrived at, it will be better. We have done 26 per cent with three years behind without accounting for inflation. We still have a long way to go. We must commit ourselves. By so doing, we did not deny Kenya anything. We will be investing at levels at which the poor live, in the environments they live in. The human exchange across the

Republic is not that great. Many people live in areas where they were born. Only a small margin transfer, perhaps, 30 or 40 per cent move to urban areas for growth opportunities. If we are trying to grow this economy, we should use these devolved funds in a way that does not imply that we are doing anyone a favour. This should be part of our growth strategy.

If Kibaki succeeded to do this prior to devolution…

**The Temporary Deputy** (Hon. Christopher Omulele): Hon. Bunyasi, as I have always said, it is always a pleasure to listen to you. There was an argument that the counties are getting 27 per cent and it is nice that you said that the counties are not enjoying a double allocation. You have done well.

Let us now have Hon. Moses Lessonet, the Member for Eldama Ravine.

**Hon. Moses Lessonet** (Eldama Ravine, JP): Thank you, Hon. Temporary Speaker for the opportunity to contribute to this Division of Revenue Bill. This Bill seeks to share money between the two levels of government: the national Government and the county governments.

From the outset, I support this Bill and make the following observations: The first observation is the ambitious total shareable revenue of Ksh2.1 trillion. This Government anticipates to collect Ksh2.1 trillion. If you compare this to the collections from previous years, the imagination that we can collect Ksh2.1 trillion is impossible. Hence, the national Government in their attempt to collect Ksh.2.1 trillion will finance the shortfall through domestic and foreign borrowing. The only problem I have with public debt is when most of our revenue goes towards paying debt, servicing of interest and principal repayments. Despite what the Leader of Majority has said that we are on safe grounds in terms of borrowing and debt, year in, year out, the amount of money that goes to servicing of debt and interest keeps increasing. If we do not control this borrowing, we will get to a point where all our domestic revenue goes towards servicing of debt.

Hon. Temporary Speaker, normally when repaying foreign debt, we do not do it in Kenya Shillings. We do it in foreign currencies, most of the time in US Dollars. This means that if all the Dollars we are collecting go towards loan repayment, then this has an impact on the Kenyan Shilling and to some extent the Kenyan population. I am just here to caution that the national Government needs to look at what they can do to meet this Ksh.2.1 trillion target.

From this Bill, we may say that we have given the counties more than15 per cent and that we are not far from the 35 per cent that was anticipated in the BBI proposal. However, these are audited revenues as at 2017/2018. Whenever we speak to the Office of the Auditor-General, they have done their accounts past this period. Nevertheless, these reports may be stuck somewhere and some are in this House. We need to reflect on the correct position. If it were to be 26 per cent of last years' revenue, of course the amount which would have gone to counties would definitely be more than this Ksh.370 billion. Nonetheless, we want this Ksh370 billion to go into good use.

For us to get equity at county levels, the formula used to share revenue between counties needs to be relooked at. A county like Nairobi which collects so much money from all of us at any given day, does not need to get what they are getting now. For your information, Nairobi County could be getting more than Ksh.15 billion shillings of this Ksh370 billion. We need to relook at that formula so that the cities that can collect monies from land rates, licences and other avenues… We need to have more money go to other counties like the one I come from called Baringo.

As I talk about more money going into good use, the focus should shift to people. We should invest to improve livelihoods. We want to get involved with activities that can improve livelihoods. We might do as many roads… Where I come from, we have farms that are near the tarmac roads but the people are still poor. I live in a constituency where farmers have electricity connectivity, but they are still poor. We need to channel a part of this Ksh370 billion, to see to it that the lives of people change. We need to put in money to mitigate the cost of farm produce. We need to focus on what we can plant in these farms that can change the lives of these farmers. We need to seriously support agriculture.

Hon. Temporary Speaker, we need to support the capacity of farmers in Baringo to produce more honey. Through such allocation we need to distribute more beehives. If we were to distribute about 20,000 beehives n Baringo per year, this would definitely, change lives. We need to use part of this Ksh370 billion in such activities.

In Baringo, water is a problem. We need to think about what we can do for that person in Baringo to have water in their homes and therefore to better their life. For example, if we were to do 4,000 water pans per year in Baringo, this will not be too much to demand. Ksh200 million can construct 4,000 water pans and the lives of the residents of those dry parts of Baringo will change. Again, if we were to invest in the permanent crops, avocado, macadamia farming and if we were to distribute mango seedlings in that dry part of Baringo, from the third year of doing so, the lives of these people will change.

When I talk about shifting the focus to people, I am not lost to the fact that whenever we have the Kenya Certificate of Primary Education (KCPE) exams in this country, out of 700,000 candidates 431,000 get D plus and below. Nobody talks about such people. We need to focus on them. Four hundred and thirty one thousand students per year is a serious number that we need to make productive. We need to train them and we can only do that through application of these resources that go to the counties. This will also improve the bottom-line in terms of revenue collection. Whenever resources get to that farmer or that D plus student, you will spend that money. You will sell your honey and spend the money. You sell your avocado, macadamia and mangoes, and spend the money. For that youth with a D plus and below to get the relevant skills, you will have to spend money. It is only at that time when this country, through such expenditures by the residents of this wonderful country, can surpass the target of Ksh2.1 trillion. I am sure if you have been listening to me that is all about the bottom-up. We are saying that we want to focus on people; that we want to transform lives in this country. We shall achieve that through investing revenues that we will collect from our people.

Thank you.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Gichimu Githinji, Member for Gichugu.

**Hon. Gichimu Githinji** (Gichugu, JP): Thank you, Hon. Temporary Deputy Speaker, for the opportunity to support the Division of Revenue Bill. Kenyans gave themselves one of the best prizes in terms of creating devolved units called counties when they passed the Constitution of Kenya, 2010. The devolved units are important for the purpose of devolving resources to counties. It has been confirmed from the Members' contributions that these resources are sometimes not used appropriately to the benefit of the people who passed this Constitution.

One of the areas that is still a nag and a problem is the amounts that are collected by counties. I believe there has never been a proper audit of these amounts. As one of the Members has clearly stated – and I agree with him – when county governments were called county councils and municipal councils---

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Local Authorities.

**Hon. Gichimu Githinji** (Gichugu, JP): They were called local Authorities. Thank you, Hon. Temporary Deputy Speaker, for that reminder. They used to meet their expenses and pay their workers. Right now, a substantial amount of what is allocated from the national Government goes to recurrent expenditures. That is worrying. We expected that the amounts that they used to collect would have grown by now.

Another area that is of great concern is how the amounts are usually allocated to projects. Let me talk about the county where I come from. There has never been equitable allocation of resources at the constituencies' level. We expect that once this money hits the accounts of counties, counties will look at projects that ought to be done at various constituencies and allocate these resources equitably so that each constituency has a feel of the resources. What we normally do with the NG-CDF is that the NG-CDF board approves projects that are concentrated in a certain ward, if they have not been equitably distributed. So, that is an area that the county governments need to look at.

There has been a tendency by county governments to over concentrate resources in what I will call infrastructural developments and neglect economic development. People have not been properly empowered in most of the counties at the local level. One of the areas that is important in my county is agriculture. Agriculture, water and health functions are devolved, but you will see very little attention being given to farmers in terms of promoting them. There are no extension services that used to be given by the national Government before agriculture was devolved. There are no incentives to support farmers, like giving them farm inputs or subsidising them. These are some of the things that county governments are still waiting for the national Government to attend to, whereas they are functions that have been devolved and fall within their mandates.

It is also a pity that some places in counties have no water. For example, Kirinyaga County neighbours the mountain and to date in some wards, people are suffering because they do not have drinking water. Irrigation water is also important. So, this over concentration of resources on infrastructural developments like roads and hospitals – and I am not saying that they are not important – needs to be balanced. At least half of the amount should go to economic development of the people. That is the reason people are not feeling the impact of the money that is going to the counties. We are fixing everything. Somebody said that it is like putting all the resources to cement. Economic development would have been better. If given more attention, it can still bring money that can do infrastructural development. Infrastructural development on its own cannot get money to the pockets of people. That is what is required. I hope counties listen when we debate in this Parliament. We say these things so that they can hear us. We also come from counties, even though we are not leaders at counties. We are leaders at the national level.

Another area that also requires a lot of attention is the Early Childhood Development Education (ECDE). There is very little attention that is given to ECDEs. I have met many teachers of ECDE who are always complaining that their pay is low, and their working conditions are poor. The NG-CDF is used to doing renovations in schools, but when a proposal is done for ECDE, it does not go through because it is under county governments. Sometimes, we are just left to sympathise with small kids who are starting to learn because county governments have neglected the early childhood education. Without belabouring the point, it is high time the county governments relooked at how they apply their resources and give attention to economic development rather than infrastructural development.

I support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Wanyonyi Kevin.

**Hon. Ferdinand Wanyonyi** (Kwanza, FORD-K): Thank you, Hon. Temporary Deputy Speaker, for the opportunity. From the outset, we have to relook at the current situation. We are so embarrassed, as Kenyans. Today, county governments are not doing what they are expected to do. Take, as some Members have said, the days of Hon. Mwai Kibaki and Mzee Moi; county governments had initiative in terms of projects. There is a problem and a disconnect. There is a lack of commitment on the part of county governments. The county governments should tell us their yearly budgets and the amount of money they are able to generate, other than waiting for the national Government to give them money even for recurrent expenses.

The situation in my county of Trans Nzoia is regrettable, and I do not want to make it the debate here. You find that some people working for the county government have not been paid. Long ago, we would expect a county like Trans Nzoia to send some money to the national government. The county governments need to tell us exactly how much they need. I do not see what they do. As someone mentioned, maybe it is because of the MCAs. Some of them do not even understand the budget process. All they do is to draw salaries and go home. We do not have critical input from MCAs. The Bill that was brought to this House requiring MCAs to have degrees or, at worst, diplomas should have been passed. When we were young, we would see county councils collecting revenue with receipts. During my primary schooling, we used to make ropes to go and sell on market days. We would know what we were required to pay to the county council, and so many things were going on. Today, there is nothing to be proud of.

Look at the NG-CDF allocation at 2.5 per cent and compare what it has been able to do with what the county governments have achieved. People must be held accountable on what they are supposed to do. In my constituency, I walk a proud person but I cannot even see the so-called ECDE infrastructure. Even the teachers complain of delayed salaries. Why do we want to allocate more money to the county governments? Let us look at the issue critically and see where we are. I expect that because we have put revenue targets for each county, we will look at the deficit that can then be met by the national Government. For example, I have been to some markets and I cannot believe that they used to generate such huge revenues for the county councils. Some of the markets are not even there. Traders ask me to assist them construct sheds. What is the function of our brothers and sisters in county governments? We have to be very careful. Let us not just please people left and right. To think that we can increase the allocation to county governments to 35 per cent is to be kidding. We should cap the allocations. There should be evidence of accountability in terms of what the money has been used for. We have to be serious if this country is to develop. Tell me which markets have been renovated in the last 10 years? None! People are now selling their wares on corridors and I am not very happy.

As much as the majority will have their way, the minority will have their say. We have to relook at the allocation from the national Government to county governments. We must hold people to account. I do not want to be a governor. I will come back as a Member of Parliament. Let us elect people who have been here. If my brother here stood for governorship, I would vote for him because he can prove that he can do things. People coming from offices and being made governors is not right; we are kidding ourselves. We will never develop this country. Take any Member of Parliament and make them a governor, they will perform. It has been proved. That is how this country will be able to develop. Even Hon. Sankok can make a very good governor compared to a man who just wants to be governor because he thinks he has a lot of money. I can tell you our case without prejudice. We picked someone who was working for the African Development Bank and then he became a Principal Secretary. We said he would bring development in that particular county – I do not want to say which one. It is a disgrace today because he has done nothing. However, that is beside the point. All we are saying is that allocations from the national Government must be monitored, and there must be targets for the development of this country. This is our country. I have reservations about increasing the shareable revenue to county governments. Let it remain at 15 per cent. Let people prove what they can do.

With those few remarks, I oppose increment of the shareable revenue to county governments.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Wanyonyi, you will, of course, note as a matter of record, that some of the governors who have been impeached were former Members of this House. So, it is quite debatable whether this House is the cure for leadership and aspirations to a higher office. That said, I get extremely embarrassed every time I see governors with their good titles streaming around the village and raising dust in their big cars past *mama mboga*. I do not know whether they are happy with that. I get worried and totally embarrassed. It should not be that way.

Hon. Sankok, you are on top of the list.

**Hon. David ole Sankok** (Nominated, JP): Thank you very much, Hon. Temporary Deputy Speaker. I almost thought you were watering down the praises that have been heaped on me by Hon. Wanyonyi. I support the Division of Revenue Bill 100 per cent. We need to look at it and offer pieces of advice on what should be done. The Bill is not all about what goes to county governments. It is also about what goes to the Judiciary and to the Equalisation Fund. I have seen that Ksh7 billion is supposed to be allocated to the Equalisation Fund. Since inception, we have not had tangible development through this Fund. This was meant to reverse Sessional Paper No.10 of 1965 that places a lot of resources on the high potential areas, leaving other areas such as the 80 per cent land mass of Kenya under pastoralists because those who prepared this Session Paper No. 10 of 1965 were mostly farmers. Since they were raised through agriculture, they thought agriculture is high potential, forgetting that our livestock are also high potential. Wind power in Loiyangalani, including petroleum and oil that was discovered in Turkana, were there even before creation, but it was considered low potential by the crafters of that Session Paper No.10 of 1965. Our tourism is equally high potential, but was considered low potential by those drafters.

This Equalisation Fund was supposed to reverse that Session Paper. We are doing meagre projects such as water pans using such a fund that was supposed to reverse a whole Session Paper to introduce mega projects that will change the fortune of this 80 per cent land mass of Kenya. We are placing a lot of strain on the remaining 20 per cent that is supposed to feed the whole 100 per cent of Kenya. A case in point is we can do a leather processing industry where we can produce three million hides and skins every year in Kenya. Currently, 90 per cent of our hides and skins go to waste; it is eaten by hyenas and dogs. Animals die of drought, yet we import 25 million pairs of shoes into this country. It is a shame because one hide can produce 60 pairs of shoes, translating to Ksh180 million. These pairs of shoes would be produced to feed the local market and even export to the rest of Africa and the world, thus changing the fortunes of that area.

Hon. Speaker, we have the 26 per cent that goes to counties, but when we had local authorities, they were paying for their salaries and had enough for the recurrent budget. Right now, they depend on this 26 per cent, to which almost 80 per cent of the 26 per cent will go to the recurrent budget. Where were they paying salaries from and what happened? What has changed? Is it because we have devolved corruption? We have more stealing now as we have more mouths to feed in terms of corruption. They should try to invent ways of generating money. A county such as Isiolo is arid, but it is next to Mt. Kilimanjaro. Why can we not use gravity and PVC pipes to get water from Mt. Kilimanjaro? It will flow using gravity all the way and irrigate the whole of Wajir or Isiolo. These will distribute water and residents will be great farmers, more than those in Mt. Kenya East and West.

There are potato producing regions and the counties themselves cannot even negotiate with the Kentucky Fried Chicken (KFC) franchise that imports potatoes. They cannot even have their own industries to produce potato crisps to sell within or export. How can we import potatoes and crisps? It is a shame that we even import toothpicks. We have counties next to Mau Forest and tooth picks are produced from trees. Imagine we import toilet papers. It is a shame! If those countries would want to finish us like China, they can lace chemicals on the toilet papers and you know what will happen.

If you look at this Budget, the deficit is just too huge and that is a recipe for over borrowing again. I was listening to Hon. Kimunya; I thought he did some accounting, but I am worried that he may not have understood what he was saying. He compared Kenya with Japan. What does Japan have in common with Kenya in terms of production? Every car in front and behind you is a Toyota from Japan. How can you compare it with Kenya, which is only known for production of children and graduates who are never employed? We cannot have those comparisons when we are doing an important Motion such as the Division of Revenue Bill. We now have to over borrow and have loans as a burden to our citizens. He was saying that the President has said we now have Kshs.8 trillion economy. I have done a little mathematics; it is Ksh8 trillion economy with Kshs.9 trillion loan. What is the difference? We will be in the negative unless they are referring to the Kshs.5 trillion that was stashed in offshore accounts and the Pandora Papers as part of the Kshs.8 trillion. It will even be worse because it will be Ksh.6 trillion. We should not be doing these comparisons. Let us just do our own research using our own citizens. How are they? Currently there is an outcry of a hashtag *#Lowerfoodprices#*. Kenyans cannot have the most basic need, which is food. They cannot put food on their table, yet we are saying that we have the Expressway. We are saying that we have 10,000 kilometres of road, and we have the Standard Gauge Railway, but our people are sleeping hungry simply because those in power are dynasties. When you tell them that you slept hungry, they will call a doctor thinking that you lack appetite due to malaria or typhoid. There are people who sleep hungry because they have tried all they can and they cannot get food.

Yesterday was the saddest day in this House. I had an Adjournment Motion in line with our Standing Order 33(1) so that we can lower food prices. Since we are in the budget-making process, we can easily set aside some funds to cushion poor Kenyans so that they can at least get food. We also have the Finance Bill and the Departmental Committee on Finance and National Planning led by Hon. Gladys Wanga. We can plead with them to waive taxes on food so that Kenyans can have food. I heard Hon. Kimunya with my own ears saying *"hii ni ya kuchapa Serikali"* as if Kipipiri residents buy food at lower prices; as if Kipipiri voters are very rich and can afford the food that Kenyans are crying for. I was very ashamed.

With those very many remarks, I support because it is a process that we have to do as a House---

**The Temporary Deputy Speaker** (Hon. Christopher Omulele) Hon. Sankok, your 10 minutes are done. This is the country that we have and we have to deal with the little resources that we have. It is a tough balancing act for those who wield the knife, but the cake is so small.

Hon. Joseph Limo, Member for Kipkelion East.

**Hon. Joseph Limo** (Kipkelion East, JP): Thank you, Hon. Temporary Deputy Speaker, for giving me this opportunity to contribute to the Division of Revenue Bill, which divides the revenue between the two levels of Government. At the outset, I want to register that this is a very important Bill. However, we must look at the two sides of the coin. It looks like this country concentrates so much in sharing the revenue and we forget baking it.

It is very sad when we hear people opposing the investment in the bakery. Instead of baking for this country, we ignore it and then we concentrate on borrowing from the neighbours. Any country which invests in its people so that they create their wealth is rich now and in the future and it will have a sustainable economic growth. I say so because the Government has ignored investing in entrepreneurs, including the farmers and all other businesspeople, for couple of years now. The Small and Medium-Sized Enterprises (SMEs) are 100 per cent down. I can register today that farmers are completely hopeless. They do not know what to do. I am a farmer and I know that. I told one of our colleagues here about the price of fertiliser today. For example, if you were spending Kshs25,000 to buy 10 bags of fertilisers before, you will be expected to spend Kshs60,000 today, which is more than double the cost. This is a very sad story. Remember that agriculture is the mainstay of this country. If we are not careful to invest in it, then we will have a lot of trouble feeding our people and also stimulating economic growth. It is the main source of our raw materials.

When you look at the Division of Revenue Bill, 74 per cent of the revenue remains in the national Government, and 26 per cent goes to the county governments. We should look at the right places to invest in so that we can spur economic growth. For instance, the Cabinet Secretary for Agriculture said yesterday that the earliest the Government can reduce the price of fertiliser by injecting some subsidy is in August. This is very sad. The planting season of the main areas which grow maize using fertiliser ends in April. What was he telling us? He was telling us that the Government, which is currently talking about moving a Supplementary Budget, cannot invest in the farmers by having a quick subsidy to reduce the price of fertiliser. We should inject whatever has been allocated both to the national Government and county governments to save farmers who are in trouble.

The price of fertiliser is Kshs6,000 currently, up from Kshs2,000. The price has gone up threefold. We are still praising the Government because it has done something. I see a billboard somewhere saying that "*tuliahidi na tumetimiza*". The Government has fulfilled its promises by pushing the price of fertiliser from Kshs2,000 to Kshs6,000. Is that what we are saying that we are proud of? I cry because my farmers in Kipkelion East today cannot wake up tomorrow and go to the farms and plant, unless they do it without fertiliser. If we do not inject money to the right places, this Budget will be just a paper.

Once we divide the revenue to the county governments, I urge the governors, especially the ones who will come in after elections, to ensure that they support farmers in a small way. Most of the governors in the current dispensation have totally failed to support farmers. They have failed to work on the cattle dips for those who keep cows like where I come from, Kericho County. They worked on them in 2013 and 2014, and then they abandoned them. Farmers have stopped concentrating on dairy farming. They stopped giving seedlings to farmers. They need to be supported by being given seedlings at subsidised prices. If they are those who are on the lower cadre, they are given free seedlings, especially maize, coffee, tea and pyrethrum in the areas where I come from. They should also be supported in setting up processing plants. For instance, the areas where I come from like Kapegwe, Momoniat, Kichawir, Kamachungwa and the whole of Kapsigiri area grow serious coffee. They need a lot of support to set up pulping factories. We need county governments to be serious in allocating funds to those small factories, so that the people in the lower level can support the economy.

The Government should also support these small businesses and farmers. This will expand the tax base. If we have so many people who are supporting the economy, then we will expand tax collection. If you do not invest in the people, then you will have nothing to collect from them. It will be like milking a dry cow. When you invest in the people, so many engage in economic activities and then can collect more revenue. We should not concentrate on taxing people heavily and taxing those whom we do not support. If we concentrate in investing in the people, we will stop borrowing. The Government is currently in a panic mode. They are looking for ways of expanding the borrowing limit, so that they can borrow more, instead of looking for ways of investing in the people and then they collect revenue within the country in a small way. It is better to have a very minimal tax rate and encourage people to pay because they pay very little, instead of taxing people heavily and then you collect little revenue. Then, you go out to borrow money.

Hon. Temporary Deputy Speaker, there is also need to have spending discipline. Look at the Nairobi Expressway which is being built from the Jomo Kenyatta International Airport to Westlands. We were shocked the other day. The adjustment of its cost is going up by around Kshs.22 billion because of the appetite to misuse the country’s funds and expand the debt burden. The debt is growing but the economy is not growing.

I want to express a lot of dissatisfaction in this Budget, but we need a very serious Parliament. I know Parliament has been pushed to the corner, but we need to be very serious and independent so that we can save this country. If the legislators play ball with the Executive, then the country is left with no one to look after it. It is the same way in county governments. Most county assemblies do not oversee the County Executive Committee (CEC). The counties are left with no people to talk on their behalf. We need a serious Legislature which is independent and can work for the people. Let us concentrate on this Bill. When the Budget Estimates come, we will inject the money in the right places and ensure that the people on the ground get the money in line with the bottom-up economic model.

Thank you.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele)**:** Hon. Sankok has left. I thank him for the kindness that he has shown to Hon. Millie Odhiambo sitting here. He knows what he did. He did a good thing. It is well. That is the way it should be. We should be kind to each other.

Next is Hon. Rasso Ali, Member for Saku.

**Hon. Ali Rasso** (Saku, JP): Thank you very much, Hon. Temporary Deputy Speaker. From the outset, I support this Division of Revenue Bill. As it is, it provides the picture of the budget microeconomic outlook. As I sit here, I ask myself several questions. When this particular document appears before this House, what is the inflation at this point in time? What is our economic growth as a country? What is our debt superimposed against the GDP? These are some of the hard questions that we must ask before going into the finer details. We must seriously interrogate the Budget. It is a matter of concern to our people; that is in Article 95 of our Constitution on the role of the National Assembly.

The Vice Chair of the Budget and Appropriations Committee talked about the recurrent expenditure roughly to be in the region of 35 per cent. I think we live in this country and we know what the facts and issues are. If we have that sort of recurrent expenditure, then we are doing extremely well. I think the recurrent expenditure is going into the zones of 70 to 80 per cent. That is why we sometimes find very minimal growth, both at the national and county governments. What is being allocated to the counties is 27 per cent, and that leaves 73 per cent at the national level. We must be very careful not to only look at that 27 per cent. We must be asking what happens to that 73 per cent. How much say do we have, as Members of the National Assembly, on how that 73 per cent is being utilised to help our people?

The Leader of the Majority Party is not here, but he really praised the debt. Debt is a major issue in this country. When we borrow, we do not borrow on behalf of future generations. We must borrow only on behalf of the current generation so that we do not pass the burden from one generation to another. Yes, debt is good so long as it invigorates the economy. It becomes a catalyst for growth, employment and better service delivery. But if it is about embellishing the welfare of a few well connected individuals, then we must say no to that. No country will depend on debt and loans. What it eventually translates to is we will pay through our nose on taxation, because how will you run a government without money. Also if our debt burden is so much, investors will be reluctant to come to this country. That is why we must control it. We must not give any government an open cheque to borrow at any rate that they wish.

Hon. Temporary Deputy Speaker, let me talk about functions and resources. Today, almost every other function – other than defence, security, foreign affairs and national treasury – is run in the counties. The question that we must ask ourselves is, are we giving enough resources to those functions so that they are able to spur development? It is not that easy for us to sit at the centre and say that those resources are being wasted. We must also ask for those functions that have been devolved. How much is being dovetailed to help what goes to the periphery?

There is a factor of the Equalisation Fund in this document. I am really surprised why we will always have a line on Equalisation Fund that is given to us under Article 204 of our Constitution, but it can never be actualised because of reluctance of this Government. The Equalisation Fund is meant for those who are marginalised and those from Arid and Semi-Arid Lands (ASALs). You then allocate Kshs.7 billion to Kshs.10 billion in the Equalisation Fund yet not a cent reaches those needy people every year. For that reason, I think what the Budget and Appropriations Committee should really share with us is why this particular factor is necessary. Without the Equalisation Fund that addresses the issue of water, health, electricity, education and roads, then I think Kenya will remain an unequal society and an unequal region where all regions will not have the same puling power from the centre.

I think my colleagues who have spoken before me have talked about devolution at length. A lot of funds go there. We almost call devolution a second liberation. It is the second independence for many who are at the periphery. Devolution must be guarded not just by throwing a lot of money there, but by ensuring those monies that go to them are properly utilised. What the counties must do is know that devolution is not about employment only. It is about spurring economic growth. It is about providing better services; it is about equipping. For that reason, this is an area where we are seeing that health, education, markets and production are the hub where actually what we see are counties running and raising even the little funds they raise. We must also see devolution as a frontier for economic growth. That is why although we are saying 35 per cent is a lot of money, for me if resources are appropriately utilised without waste or other things, I think it is important for us to put more money into devolution.

Hon. Temporary Deputy Speaker, I want to talk about health, food security, baking a bigger cake and pending bills. Recently, I was in my constituency and I passed through a few primary schools. One of the reasons youngsters are not showing up in schools is because they do not have food at home and there is no food at school. That is a shame in the 21st Century. A country that cannot feed its people cannot be proud in any way.

Finally, we have the issue of pending bills. It is one thing that is likely to make local economies to collapse…

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Oyula Maero, Member for Butula.

**Hon. Joseph Oyula** (Butula, ODM): Thank you, Hon. Temporary Deputy Speaker, for giving me this opportunity. I want to also comment on this Bill on the division of revenue between the national Government and the county governments. As we have heard, devolution was a very important action that the Government undertook. It is because of devolution that some parts of the country have shown signs of development. Otherwise before that, the development in this country was skewed to certain areas only.

The revenue shared is reasonable; the only problem is the usage of this money at the county level. You will find that some counties have done very well but others are still very poor in the usage of the funds that are passed over to them. Projects take years to be completed. I will give an example of a project in my county – the construction of a maternity wing in a hospital – that has taken almost seven years and it has not been completed, yet the county gets this money for use in such projects. So, usage of funds by the counties needs to be looked into seriously.

Counties have spent more money on employment and have forgotten about the devolved sections of the economy. For instance in agriculture, there are no activities of agricultural nature in some of the counties. In some counties, they are still far behind in the provision of health services. As we talk about this share of revenue, notice should be given to the counties to ensure that the revenue given to them is properly used for the benefit of the people of this nation.

We have talked a lot about debt in this House. We have also talked about the revenue that goes to the national kitty. Debt is created because of over-expenditure and not only borrowing for projects. Domestic debt, which is also a very critical part of the total debt, is created for domestic consumption. So, the Government borrows domestically to fund some of the recurrent expenses, and that is what this House needs to look into and ensure that the debt level is not increased because of domestic borrowing. Domestic borrowing can be controlled, and the control starts with this House to ensure that the Budget that we pass matches the revenue that has been given to the national Government. If we continue talking about debt and we do not control the budget from this House, then we also stand to share a part of the blame on the borrowing. So, as we talk about debt, let us start from this House to ensure that the budget passed can be matched with the revenue that is expected to be collected. Let it only come when there is a shortfall in revenue, but not budgeting expenditure with a deficit. That will not help us to reduce the big debts in this country.

The control of expenditure – not only in the national Government but also in the country governments – should seriously be looked into. As we pass this Bill, which I support, I would want the message of control of expenditure to be looked into seriously, as it is the cause of the huge deficit that we incur in this country.

With those few remarks, I thank you for giving me this opportunity and I support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Waweru Kiarie, Member for Dagoretti South.

**Hon. John Kiarie** (Dagoretti South, JP): Thank you very much, Hon. Temporary Deputy Speaker. I appreciate that the Division of Revenue Bill is one of the most important businesses that this House conducts during the Budget cycle. As it is, it is the business of this Parliament to create the Budget, and so I am honoured by this opportunity that you have given me to contribute to this Division of Revenue Bill.

Hon. Temporary Deputy Speaker, one of the best things that this country has ever bequeathed itself is the new Constitution. With the new Constitution came devolution. Devolution is a real thing. The moment we agreed that we will be having county governments, we were able to devolve resources from a central place here in the city, and down to the counties. The results and the fruits are there for everyone to see.

As we are discussing the Division of Revenue Bill, we have to also stand as individual Members of Parliament who come from particular counties. I represent a constituency within this city. We are here going through the Motions in this budget cycle. I have no option but to wonder what befell my City of Nairobi. As we speak, it would be a lie to say that we have a substantive county government in the capital City of Nairobi. You know what we have gone through in the last four years to the extent that today, as we budget, the budgets that will be allocated to the Nairobi City County will be going to vote head No.1011, Office of the President. When Kenyans were saying that they want to devolve resources, they meant exactly that. Today, the City of Nairobi will have to be administering the monies that are divided to it from the Office of the President. How ironic is this?

Talking of the Nairobi Metropolitan Services (NMS), we know that there will be a big problem in overseeing the monies that shall be allocated to the Nairobi City County. One, the county assembly that is supposed to be overseeing these monies cannot oversee the Office of the President. This is a catch 22 situation because even us, who are in Parliament, also have our hands tied because there is only so much we can do when it comes to overseeing devolved funds. So, this can start to explain the mess that you are seeing in this Capital City. Mega projects are being undertaken in this city as we speak today and no one knows how the monies are going to be accounted for. No one knows how they shall be overseen and no one knows who shall be held accountable if these monies are misappropriated.

Twelve years after passing the new Constitution is a good time for a country to reflect. When we do a Division of Revenue Bill, we give monies to counties. These monies go to executive arms of county governments. A lot of has been said about a devolved fund by the name the National Government Constituencies Development Fund. If you go to Dagoretti Constituency today, the Dagoretti South NG-CDF can point to you what they have been able to do with the monies that have been allocated to them for the last four years. They can show you four new high schools in four years; they can tell you that there is no single chief in Dagoretti South Constituency who is still in a *mabati* house because the NG-CDF has been able to get our chiefs out of *mabati* offices and put them in ultramodern offices.

These people will show you an ultramodern Riruta Police Station that will ensure that our people do not go to seek for security services either in Karen, Kilimani or Kabete, all of which are outside our constituency. The biggest police station we had before I was elected was a *mabati kibanda* that was built in the 1950s I think by Commissioner Ben Gethi, in the days he was living in Riruta Satellite. However, today we have an ultramodern multi-storey Riruta Police Station. We have been able to reconstruct all our public primary schools. I am talking about reconstruction and not refurbishment or renovation. I am talking about bringing the school down to their bare minimum and reconstructing them bottom up. The same cannot be said about the monies that we send to Nairobi City County, especially in the last four years.

Last year, the monies allocated to Nairobi City County were probably to the tune of Kshs.42 billion in a county that has 17 constituencies. Meaning that if this money was to be casually distributed among the 17 constituencies, I should be feeling the impact of at least Kshs.2 billion every single year in Dagoretti South Constituency. So, even as we do this Division of Revenue Bill, Nairobi is not a happy county.

Speaking of Nairobi, a point has been made here about counties being about division and not about production. For the last 12 years that we have enjoyed devolution, most of the times we hear counties speaking, they speak about their fair share of the national revenue. Few counties will ever talk about what they are doing to produce in their counties and contribute in the revenue that shall be shared. If we were ever critical about how we develop this country, by now we should be having a conversation about this county called Nairobi City County. Are we over investing at the centre? Are we over investing in this Nairobi City County? Today, we have a mega project that is going to cost the taxpayers Ksh80 billion. What we have been doing is that we have been making Nairobi too attractive for every Kenyan out there, meaning that young person from our constituencies who will be graduating from Form Four this year after the Kenya Certificate of Secondary Education (KCSE) is actually dying to finish school and run to the City of Nairobi.

As we discuss the Division of Revenue Bill, we can also start thinking of how some of the big monies we invest in this city can be distributed to other towns in this country. For example, it will be very attractive for someone to stay in Busia, Mandera or Kwale without necessarily having everyone in Kenya wanting to migrate to the City of Nairobi and stretching the available resources to their limit.

Hon. Temporary Deputy Speaker, a project like the Expressway is a beautiful mega legacy project. However, I can assure you that that project will not even solve the problem of traffic congestion in this city. This is because before we know it, we would have bought enough cars and we shall have brought all of them to the City of Nairobi, and they shall jam the Expressway. So our thinking has to be critical and it has to be lateral. We have been thinking laterally for 60 years. The Sessional Paper No.10 was mentioned here, where Hon. Sankok mentioned that the crafters of the Sessional Paper intended to invest in places where they shall reap. That is exactly what we are doing, overinvesting in the City of Nairobi, while if we would create a city in Isiolo today, we would be having a second and third bigger city and not overstretch the resources of the Capital City of Nairobi.

The final thing I would like to mention is that we can critically think about the monies we send to counties to become conditional grants like the NG-CDF. This will aid in accountability; it will also reduce the operational cost of running the monies that we take to the city, and eventually we shall be able to build our economy bottom up for the hustlers who are the majority in this country.

For the time you have accorded me, I do graciously appreciate and thank you.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Kiarie, the day you will come up with a blue print to shift the capital city of this country to Isiolo, you will have my vote.

Hon. Nyikal?

**Hon. (Dr.) James Nyikal** (Seme, ODM): Thank you, Hon. Temporary Deputy Speaker. How did you know what I was thinking? Because we need to shift the economic belt up a bit.

Thank you very much, Hon. Temporary Deputy Speaker, for giving me this opportunity to contribute. The Division of Revenue Bill, in my view, is the financial basis of devolution. The desire to have a devolved system was to get the money down to counties, and this is the single process that actually takes that money down there. The Constitution provides that it should be at least 15 per cent, but above 15 per cent is not a guarantee. It is left to the goodwill of whoever is doing it. Of course, in the BBI, we were proposing 35 per cent, and that will still be good. The evidence so far available says that devolution facilitates development. There is no doubt about it. There may be issues of management, but it does.

The Bill we have at hand has a total expenditure of Kshs.2.1 trillion. The counties will get Kshs.370 billion, which is 26 per cent. It is above the 15 per cent, but it is not enough considering that this is coming with the audited accounts of the Financial Year 2018/2019, which means that we are three years behind. So, really, if we were up to date, we would get more money. It has actually remained at about Kshs.370 billion. We are not doing very well on that matter.

What is the issue? I have said this many times and I want to say it again today. We depend on only two things; the 15 per cent constitutional requirement, we barely pass it and we are okay. Recommendations on the Commission on Revenue Allocation, to my mind, are not as detailed as one would expect. In the Budget Policy Statement that leads us to this Division of Revenue Bill, you find that the national needs are very well taken care of in fair amount of detail, whereas the county needs are left basically at 15 per cent. Why is it not possible, through our process, to find out what counties need year by year? In my view, we have reserved the process for the counties. For the national Government, we start from the needs and then we develop the policy issues and the Budget Policy Statement. For the counties, they will wait until the BPS and the horizontal allocation is done and expect at that time to have the figures to start with. In this case, it is reversed. They will use what they get.

The other one shows us what they need. That is something that we should look at. I have always said that, probably, at the time of presentation of the BPS, the Intergovernmental Budget and Economic Council should look at this. At the time of the BPS, the block needs of the counties are known. That is why when it gets to the Senate, we have a problem. By that time, the Senate has an idea of what the counties need. This is something that we need to look into.

Another thing in devolution that needs to be looked at is in a report of the Council of Governors (COG). The Chair of the COG stated that they need a secretary at the National Treasury and a unit to cost the county government functions. That is exactly where we were when we had the County Transition Authority (CTA). We are beginning to see that need. This is something that we need to look into.

So, is the BPS just a statement for the national Government functions or is it for the whole country? If that is the case, we need to look at the situations that need to be addressed in the counties when looking at the BPS. As a follow up on that one, if you look at the national Government, it is very clear that the basis is the national interest. A few of the things that were listed as national interests, costed and ceilings given in amounts are security, irrigation and fertilizer subsidy. However, for fertiliser subsidy, and to some extent irrigation, where should we be looking at? Should it be at the national level or county level? On social protection, do we look at it at the national level? I support it. I was involved in generating the concept of social protection for cash transfers to old people, orphans and people with disabilities. Some counties have tried to get to social protection at the county level. There is no good linkage between the management of the Social Protection Fund and the structures at the county level. The functions of some of the devolved funds used for social protection, like the Women Enterprise Development Fund, are hanging. Mobilisation of women is a county function, but the money that women use is for national Government function. The same thing has happened with the Uwezo Fund and the Youth Enterprise Development Fund. We have a problem of linking the funds with the functions. I support that money should be injected into the Funds for national Government functions, but we need to see how those Funds are linked with the county government level because that is where the rubber meets the road.

The issue of the public debt came out well. We should look for money for it. It is desirable. Borrowing is okay. It is important to know why you are borrowing. Debt is needed for development, but we must get a clear balance of both domestic and external debt. It should not crowd out the financial needs of the local market and service provision. Development must go hand-in-hand with service provision. I am happy that in the Division of Revenue Bill the indication is that the debt is lower.

Other national Government obligations are well set out, but we do not, for instance, have the equivalent of the Parliamentary Service Commission and constitutional offices for county governments. So, we are swimming in darkness until this Bill goes to the Senate.

On application of the money that we give, there is no policy linkage between the national Government and the county governments. It is at the national level where you find a lot of money for devolved functions like agriculture, healthcare and water. This is a policy whose actual implementation is at the county level. Where is the linkage between the two levels of Government? If we are not careful, a lot of money allocated to national Government departments and agencies for devolved functions at the county level will be applied in ways that are not equitable because those departments and agencies are not linked to the counties for us to demand for fair distribution of that money.

The National Hospital Insurance Fund (NHIF) is a player for all health facilities. It is being managed as a national function. A big number of the health facilities are public and are run by the county governments. How will the NHIF support them? Cumulatively, public hospitals receive the least amount of the NHIF money.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Tuitoek, Member for Mogotio.

**Hon. Daniel Tuitoek** (Mogotio, JP): Thank you, Hon. Temporary Deputy Speaker for giving me the opportunity to support the Division of Revenue Bill. It is worth noting that the total budget for this year has been projected at Kshs3.1 trillion yet the projected revenue based on the latest audited accounts is about Kshs2.1 trillion. The projected shared revenue for the counties is Kshs370 billion, which is about 26.2 per cent. It is much less than the 35 per cent that was proposed in the BBI document. We have been saying that county governments are not performing. If we critically look at the situation, it is clear that the National Treasury delays in disbursing money to county governments. In the process, activities of the county governments are not funded in time. Some county governments have challenges because they are not able to manage the available funds for their activities. Even as we speak of the 26 per cent being allocated to the counties, we should remember that the money does not reach the counties in time. In spite of that, management of funds in counties is not done well. Some county governments use their current budgetary allocations to meet financial obligations of previous financial years. That is what happens in my county of Baringo. They are notorious for transferring project money. They have transferred over Kshs1 billion so far. These are some of the things that hamper provision of services to citizens in the counties. Therefore, even as we look into the possibility of adding more money to the counties, we call upon the county governments to streamline their activities so that people can get services in time.

I also note that there is provision of Kshs7 billion for the Equalisation Fund. My constituency is one of the marginalised constituencies, and it is meant to receive some money through this Fund. However, up to now, Mogotio Constituency has not benefitted from this particular Fund. I do not know how the Fund operates. I know it is meant for improvement of water, roads, electricity and other infrastructure. Distribution of the money has not been transparent. The other day, we were discussing of setting up a board to run the Fund. Hopefully, the Fund will start bearing fruits. A sum of Kshs7 billion is quite some money. It will equalise with other parts of the country all the constituencies and counties that have lagged behind economically.

I would also like to note that this Bill talks about reduced public debt. In this year, the public debt is projected to reduce from about Kshs1.2 trillion to about Kshs930 billion, which is quite some progress. However, it is still high at about 30 per cent of the budget. As we all know, much of the money is used to pay interest and the principal of borrowed money. Therefore, the money available for development is less. We also note that the challenge to the economy is still present. Although we project revenue of about Kshs2.1 trillion, we would like to note that we may have challenges because the international economic environment is not conducive. The COVID-19 Pandemic is still with us. Realising these projections may be a challenge. Importation of goods is still high in the country. Increasing revenue is still going to be a challenge. The agriculture sector, which produces food, is going to face challenges. We are going to experience a hike in the prices of fertilisers. The prices of fertilisers are already high, but with the conflict between Russia and Ukraine, the costs will continue to increase. This is an area that the Government needs to look at carefully because we may start to experience food deficits in a few months' time. We are also in an election year, during which some farmers may be affected by campaigns.

We could make use of reduced borrowing and channel the savings to agriculture and industrial production in order to generate jobs for the youth. The issue of jobs is very serious. Currently, the youth are even threatening to not vote. Most of them say that they do not want to vote because there is nothing to get from voting. This is just because they have problems securing jobs. So, more money should be directed towards generating jobs for the youth.

On the objective of allocating 35 per cent of the shareable revenue to county governments, we are not yet there, but money should follow the functions devolved to county governments.

With those few remarks, I support the Bill.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Mboni Mwalika, Member for Kitui Rural.

**Hon. David Mboni** (Kitui Rural, CCU): Thank you, Hon. Temporary Deputy Speaker, for giving me an opportunity to make a few comments on this Bill. Some of us who have worked in the economic field were very optimistic that with devolution, the country would experience economic growth. The country has stagnated at 5 per cent growth since Independence. With devolution and investments in the counties, the GDP will grow at 10 per cent. That is what is recommended in Vision 2030. With economic growth, revenue and incomes will increase and people will experience high standards of living. This has not been experienced despite some counties receiving Kshs50 billion in the last five years. You start asking yourself: What is the problem? Is it to do with management or corruption? Or what is it?

We are aware that with devolution, we also devolved corruption. There is a lot of corruption, misappropriation and application of funds in non-priority areas. In some instances, you wonder what the priorities of the respective county governments are. I come from Kitui County, where our priority is provision of water. However, the county government's budgetary allocation to water is so little. County governments have gone overdrive in employment. Some county governments have over-employed. They have created all manner of posts. Some governors have more than 10 advisers. Over 70 per cent of the revenue that the county governments receive is used on recurrent expenditure, leaving very little for development. In the process, the county governments have ignored the sectors of the economy that are very critical. An example is agriculture.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Mboni, are you saying that the county governors spend 70 per cent of revenue to be advised on how to invest 30 per cent?

**Hon. David Mboni** (Kitui Rural, CCU): Hon. Temporary Deputy Speaker, they actually spend less than 30 per cent. According to the PFM Act, 30 per cent of the revenue that the county governments receive should go to development. Sectors like agriculture have been neglected. A long time ago, there used to be extension services. Those services are non-existent today. We thought that county governments would put money in value addition to agricultural products to attract better prices.

Sectors like health have been neglected. In some counties, even getting Panadol is a problem. A population that is not healthy is not productive. Someone who is not healthy cannot be productive. Youth empowerment programmes are virtually non-existent in some of these sectors. As a result, the county governments over rely on the Exchequer, which has forced the national Government to borrow. I have always said that borrowing is not bad. As long as you put the borrowed money in productive sectors that are able to pay, there is no problem with borrowing. However, nowadays, we even borrow to pay recurrent expenditure. I like the Public Debt Management Authority Bill, which proposes that there should be a list of loans, where they are being applied and their costs. Due to lack of transparency, 80 per cent of the revenue that remains with the national Government benefit a select few regions. Some regions do not benefit from the loans we take as a country. The projects we borrow may be concentrated in certain areas, leaving out other areas undeveloped. Therefore, I support that Bill so that we can know where the money that is collected is applied to. This is to ensure that we do not have skewed development. Everybody in the country contributes to the repayment of these loans.

Hon. Temporary Deputy Speaker, the counties should be encouraged to mobilise their own revenue and fund some of their activities. Some counties collect even less than what their former county councils used to collect. Those counties should be encouraged to adopt ICT in revenue collection in order to increase their revenues. They should also practise fiscal discipline and reduce wastage. As I said, some county governments have over employed. They need to be encouraged to right-size and rationalize their staff, so that they have lean staff establishments that are productive. That way, they use the same funds for development. The Government should work on reducing the public debt. It should move to concessionary loans and retire commercial loans, which have been affecting this country.

With those few remarks, I support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Let us hear Hon. Mutunga, Member for Tigania East.

**Hon. (Dr.) John Mutunga** (Tigania West, JP): Thank you, Hon. Temporary Deputy Speaker, for giving me an opportunity to also add my voice to this very important Bill.

The counties, as devolved units, have clearly shown us that it is possible to develop the whole of this country simultaneously. It is important for us to have had the current Constitution in 2010. It has given us a great opportunity to do many things that we could not have done if everything was managed centrally.

I happen to have traversed Japan, where every city outside Tokyo was better, cleaner and newer. They were all developing at the same time. This is the model of development being used in most of the Asian countries. I believe it is the same development model that was used in the West. However, there is a mismatch in terms of application of resources to development and engagement of human resources and its application as it were. When I talk about application of human resources, it is about optimising the productivity of the individual that really matters in terms of development. Most of the counties have engaged large workforces that may end up becoming redundant if not checked properly. We would also expect most of the resources to be spent on development, but the reality on the ground is that most of the resources are spent on paying salaries to human resources.

I know we have a problem of unemployment in this country, but employment of human resource should also be commensurate to the amount of turnover that they carry along. We have seen a clear delineation of allocation of resources to those sectors that are not necessarily productive. This is borrowed from the national Government spending model that follows the hard infrastructural development model instead of dealing with software, which basically focuses on generation of resources for people to engage in economic activities. My imagination is that when counties came into being, the authorities should have assessed their potentials, arranged those potentials in terms of priority and invested in exploiting them. Unfortunately, we have not seen that happening. We have not seen regional development in terms of huge raw material production. This would stimulate development of industries that would transform the country into a commodity production hub rather than rely on selling raw materials all the time. We have also not created jobs. Such an initiative would create jobs in terms of having industrial development. We can learn lessons from the developed world where they started from basic agriculture and during the industrial revolution, they ended up with tertiary industries that engaged in extraction, among others.

The first transformative industries are basically brought about by supporting productive sectors like agriculture and mining, which basically give you raw materials for industrialisation. There has also been lack of cost reduction as it were. We do not see a lot of savings where the counties are concerned. We started with big bills that were incurred in terms of travelling from one part of the world to another to benchmark. Unfortunately, the benchmarking has not led to commensurate investment or copying of what others have done in the West as well as the East. We have cases of countries that are coming up, like Vietnam and the Asian Tigers. We have not seen case examples replicated in the country despite the resources spent in travelling to those countries. Kenya is a dry country. It does not have much water, but we get enough water through rain. We have not seen commensurate investment in terms of harnessing of surface runoff, which is an opportunity that we can exploit as a country, irrigate our land and grow more crops rather than rely on food from outside.

We normally say that the national Government or the presidency is charged with the responsibility of feeding the people. That is probably why the Head of State came up with the Big Four Agenda, amongst which is food security. Food is grown locally at the county-level. It is not grown at the national level. The only thing that the national Government can do besides supporting the counties with resources is basically import food. So, when food is not produced at the county level, we are forcing ourselves to import. That is a model of development which is counter-productive.

The convectional way of developing the counties has not come out very well. We have seen devolution conferences, which have turned out to be self-praise conferences. Instead of the county leaderships challenging each other in terms of what they have not done, we see a lot more of small micro investments being lauded so much. Although we have seen aggregation of counties into economic blocs, we have not seen united development approaches with shared visions and resource allocation to develop those blocs. These conferences do not challenge the county leaderships. They are monopolistic in the sense that the county leaderships speak to themselves. We need them to challenge each other. They need to invite other people to challenge them, so that we can build formidable economic blocs that will start development throughout this country.

The problems are local and so are the solutions. Therefore, if we can identify the kind of issues to deal with at the county level through optimal utilisation of resources guided by clear identification of problems, it is possible to develop this country.

Some former county councils and municipal councils were self-sufficient before devolution came into being. Devolution came and then there was an overreliance of the counties on the national Government. All the counties are generally reliant on the Exchequer. We do not know what happened because even counties where their former county councils or municipal councils used to generate a lot of revenue can no longer generate enough revenue, but keep on borrowing instead. The resource generation mechanisms have changed. We do not have a lot of focus in that area. We need to harness the economic activities of those areas. We should support and upscale those activities to an extent of developing those areas using the resources that they generate.

Looking at the sharable revenue, we are now talking of 26.17 per cent. In this case, we are nearing the 35 per cent that was proposed by the BBI. That being the case, we would like to see commensurate investment in the productive sector. That may not be the case if we look at the details of where the money goes.

A case in point is that we are an agricultural country, but if you look at the facets of agriculture that are prioritised at the county level, you will realise that it is those subsectors of agriculture which generate revenue. For instance, meat inspection and clinical services generate some revenue. Those are the ones that are prioritised. Instead of looking at how we can deal with the bigger picture of transforming everyone into a more productive person, we focus on the small sub-enterprises.

Hon. Temporary Deputy Speaker, there is need for us to ring-fence some of the money that goes to the counties. As an agricultural country, we need to think of how we can prioritise agriculture. This House can bring about that particular provision on the added revenue. The more money we give, the more we should lock it to develop the productive sectors like agriculture. There are certain national projects that are being implemented by the counties directly. However, there is no involvement of the Members of this House in setting up priorities. When we are left out of the priority setting process, we are unable to contribute…

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Amin Kassim, Member for Wajir East.

**Hon. Rashid Kassim** (Wajir East, WDM-K): Thank you, Hon. Temporary Deputy Speaker for giving me an opportunity to contribute to this very important Division of Revenue Bill. It envisages a dispensation of Kshs370 billion to the counties. This is in tandem with the full realisation of all the functions of the counties, so that they can, at least, make effort to deliver all the 14 functions that are envisaged in the Constitution.

The allocation to the counties is 26.1 per cent of the national revenue, which is in tandem with Article 203(2) of the Constitution of not less than 15 per cent. Clearly, Kshs370 billion conforms to the provisions of Article 203(2) of the Constitution. A lot of money has been given to the counties. After so many counties received a lot of money, we thought this is the second generation of Independence. Some counties have been receiving Kshs10 billion annually and others Kshs9 billion. Despite this big expenditure by the Government on the county functions, we realise that over the years, very essential services like health, agriculture, livestock and water delivery services are not clearly provided for in the various counties. It looks like all the counties have similar problems. Provision of water is a very critical function. It supports agriculture and livestock farming in the rural areas. However, water is still scarce in many of the centres which are within the counties, particularly in the county I come from.

Then there is the issue of healthcare. The health facilities in the counties cannot even provide certain basic health services like surgery and gynaecology services. We have the COVID-19 pandemic. Health facilities in the counties cannot provide oxygen. These are various serious shortcomings which affect most of the counties. We request all the county government management to critically look into these issues in future, so that they can provide to the people the basic services that are enshrined in the Constitution.

County governments are supposed to support agriculture and promote value addition, particularly in abattoirs. However, more than 10 years down the line in devolution, there is no value addition being done to the basic resources that are available in this country. I implore all the county leaderships to look into this matter critically, so that they can inject not less than 30 per cent of their revenue into development. This will help them to realise the desired growth in agriculture and livestock so that people can be empowered economically. If they do not empower the people and develop the basic resources that are there, then devolution will not have any meaning.

Another thing we have observed is that there is a bloated workforce. Nearly 50 per cent of the county revenue goes to recurrent expenditure like payment of salaries. Unless the county governments' leaderships across the country develop a proper human resource planning, the entire amounts of their funds will go to recurrent expenditure and other purposes that do not reflect on the economy of the various counties. The national Government will allocate Kshs370 billion to the counties, which is not a little amount of money, and we need to have a clear indication of how it will be used.

There are issues of national interest. Other than 26 per cent of the revenue that is allocated to the counties, 27 per cent or 23 per cent is retained at the headquarters of the various departments of the national Government. Where is that money spent? It does not trickle down to the northern frontier district. It is held by the national Government. It is supposed to be used to meet certain obligations. However, it is used to service debt. There is a percentage that still goes to the counties. We expect the national Government to fund certain projects that will bring economic growth to our areas of representation, but that has not happened.

Another thing that we have realised is that the debt obligation has gone up. The initial debt ceiling is Kshs9 trillion. We are almost getting there. We have a debt of Kshs7 trillion, which is still very high. It has resulted in high costs of living, which has been brought about by high prices of fuel. The living standards of Kenyans have literally gone down. Some of this debt goes to infrastructure improvement that does not bring economic growth in the country.

There is infrastructure improvement like the construction of the railways and major dams. However, those infrastructure projects are in areas which do not generate income. They are also not in the northern frontier district. I urge the Government of Kenya to take development to that region. It needs to look at it critically. There is mining of natural gas and harnessing of green energy that can be undertaken there. We can plough back electricity into the international grid. These are areas where the national Government should spend on and reap some economic returns. These are high value returns for this country. Sadly, those in the national Government do not understand. I urge them to look at them objectively and critically. There are resources in those areas whose potential has not been realised, particularly in green energy, water harnessing and other areas that are of great importance. Even solar energy, which is in abundance in that area, has not been aggressively explored and harnessed. Those are areas we can look into.

The northern frontier district is not properly serviced with tarmac roads. The tarmac ends at Modogashe. It is not in Mandera and Wajir counties. That is an area that the Government should look at, so that we can have economic growth in those areas.

There is the Equalisation Fund, which is support to compensate marginalised counties for the underdevelopment they have been subjected to since independence. In this year, Kshs7 billion has been allocated to the Equalisation Fund. Last year, the amount was Kshs6 billion, but to-date, that money has not been expended. It has not even reached the intended counties with the desire of bridging the differences in terms of development for this nation. Where has that money gone? Up to now, the National Treasury has not disbursed it. This is the third year. In the first year of disbursement, which was 2013/2014, even the debt has still not been paid. Many farmers and suppliers' money from the Equalisation Fund is still missing and it has not been paid. Where has that money gone despite the reflection of Kshs5 billion? In that year, the amount was Kshs5 billion. Last year, it was Kshs6 billion. This year, it is Kshs7 billion. Where has the money from the Equalisation Fund gone? If there is a reflection of the Equalisation Fund money in the budget, then, it should be disbursed to the counties that are supposed to benefit. I am happy to say it here clearly that there is light at the end of the tunnel. An Equalisation Fund Board has been formed by the National Treasury, which will eventually have a leeway in terms of expending that money.

Hon. Temporary Deputy Speaker, allow me to state that as we stand here to support this Bill, the national interest should always be giving first priority. We certainly need to look at issues of food security and issues to do with the most vulnerable people in terms of health so that Kenyans can live honourably within their nation.

Thank you very much for giving me the chance.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Kibiwot Melly, Member for Tinderet.

**Hon. Julius Melly** (Tinderet, JP): Thank you, Hon. Temporary Deputy Speaker. I thank you for giving me a chance to speak to this Bill.

The Division of Revenue Bill is the actualisation of the Constitution of Kenya, 2010. It is actually one of the best things that the Constitution gave to this country, more so, the aspect of sharing of the equitable share of revenue. This Bill has tried to meet the requirements of Article 218 of the Constitution, which requires that the revenue be shared between the national Government and the county governments. It has also factored in the issue of the Equalisation Fund.

This Bill has looked into all the issues that are required, but when you look at the issues that come into play, first of all, you realise that the percentage of the approved revenue is based on the Financial Year 2017/2018. We all know that we are in the Financial Year 2022/2023. I would urge that as much as we are sharing the revenue across the counties, it is important that the approved accounts be up to date. Over 80 per cent of Kenyans live in the rural counties, where most of the devolved functions fall within the respective county governments. The county governments have a collective revenue of Kshs370 billion. That is approximately 26 per cent. This is an improvement noting that it should not be less than 15 per cent. However, we need to note that the Kshs370 billion that is going to the counties will have very minimal impact on the overall development of the country because most of the money go to payment of salaries and other recurrent expenditures in the counties. If you do a comparative analysis of the impact the money that goes to the county funds and the NG-CDF and compare it with the impact of the money that goes to the respective county governments, you will realise that the NG-CDF has a higher impact than the money from the county governments. The reason is that most of the money that goes through the NG-CDF kitty is directed into projects that have been mandated to assist the common person. You realise that the counties get revenues ranging between Kshs5 billion and Kshs8 billion. Some counties get over Kshs10 billion, but the net effect of that money on the ground is very minimal. I have noted certain areas where there are no Early Childhood Development Education Centres across counties yet the county governments receive billions of shillings. The NG-CDF receives a paltry Kshs40 billion for the whole country yet the net effect of that money is seen in improved classrooms and bursary disbursements to needy students. I think this needs to be looked into.

Hon. Temporary Deputy Speaker, on the statement, you realise that one of the serious issues that is facing us is that of the Equalisation Fund. This Fund is supposed to bring the counties that were left behind development-wise to the same level with the developed counties. Implementation of the Equalisation Fund has had a number of problems. One of it is that it has been faced with poor disbursement mechanisms. The Equalisation Fund, which is supposed to benefit especially the poor counties, has not done so. A number of these counties are in the North Eastern region, Eastern and parts of the Rift Valley. This money has not reached there almost 10 years since the Constitution was promulgated. Some parts of my constituency are supposed to benefit from the Equalisation Fund, but to-date, we have not received any funds. We only saw a note indicating that we were to receive it, but no money has been received to-date. This is going to assist, especially in building of clinics, roads and many other infrastructural projects.

I also want to note that the Constitution requires that as the Bill is prepared, it must have an attachment to make sure that it looks into a number of issues. The Bill should ensure that whatever amount of money is allocated to the national Government caters for the national interest. I want to especially take a look at the issue of the national interest that the national Government of the day needs to really investigate. Let me talk about the security of this country. The boundaries of this country are so porous, especially in the northern region, in Lamu and other areas. An insecure nation dissuades investors. Investors will not come when you have criminals infiltrating the country, attacking and causing a lot of mayhem in the nation. The nation needs to invest in that so that the country can be secure.

Hon. Temporary Deputy Speaker, let me now look into the areas that are very critical, especially areas of fiscal capacity and efficiency of county governments. This aspect needs to be looked into. Certain county governments have very poor fiscal efficiency. Looking at the revenue sharing formula, this particular variable is not taking a very big share. In the future, when we share revenue, counties that have very poor fiscal policy and efficiency should be given little money because they are misusing the resources of this country. If they do not use their resources efficiently, they should get little money. The application of this particular formula, which has been seen as a third-generation formula formulated by the Commission for Revenue Allocation, has to be emphasised. Its application will help to cut down on corruption, misuse of public funds and wastage. So, if we do not look at that particular formula very keenly, we will be giving money to counties or to organisations that will waste public money year in, year out. So as proposed in the third-generation formula for revenue allocation, we really need to look into that aspect.

Another issue that is very important is the county governments' ability to pay debts. Certain county governments across the country have caused a number of private businesses to collapse, especially road contractors. A pending bill is supposed to form a first charge in every account of a new financial year, but many county governments have not paid contractors' pending bills accrued during the previous county governments' regime. So, in this case, it should be mandatory that as the national Government pays external debts, county governors pay their internal bills in time in order to promote businesses, create jobs and help the economy to grow. If debts are not paid, we cannot have revenue. Businesses will collapse and the youth will lose jobs. There is the issue of disparities amongst counties and hence the need to remedy them. I do not want to belabour that point because I have already talked so much about it.

I also want to look at the issue of emergencies like the COVID-19 pandemic and the need to create emergency funds. Wherever we have an emergency as a country, there should be enough funds across the county governments and within the national Government. The emergency fund should not only be domiciled in the national Government. It should also be created in the county governments so that they can respond to issues that face their areas of jurisdiction.

With those remarks, I beg to support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Melly, you have spoken to the issue of counties and the billions of shillings they receive. Looking at the sum of Kshs370 billion, it is easy to see that each of the constituencies in this country, through the affected counties, will receive at least Kshs1 billion. You wonder that their justification for doing nothing is that they are paying salaries. Are there people, in your constituencies, who receive Kshs1 billion in salaries every year? Hon. Sophia, Member for Ijara.

**Hon. (Ms.) Sophia Noor** (Ijara, PDR): Thank you, Hon. Temporary Deputy for giving me a chance to add my voice in support of the Division of Revenue Bill. This is a very important Bill that needs our attention.

The objective and purpose of the Bill is to provide for equitable division of revenue raised nationally between the national and the county governments for the Financial Year 2022/2023 in accordance with Article 203(2) of the Constitution. Article 218(2) requires the division of revenue between the two levels of Government to take into account the criteria set out in Article 203(1) of the Constitution. The criteria include factors such as national interest, public debt, other national obligation and disadvantaged groups. I want to pick up from the disadvantaged groups.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Just hold on, Hon. Sophia. Hon. Tiren, you seem to have a point of order. What might be out of order?

**Hon. Silas Tiren** (Moiben, JP): Thank you, Hon. Temporary Deputy Speaker, I wanted to provoke you under Standing Order No.95. Looking at the mood of the House, you can call upon the Mover to reply.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Very well. I will deal with that matter after Hon. Sophia completes her contribution.

**Hon. Silas Tiren** (Moiben, JP): Thank you, Hon. Temporary Deputy Speaker.

**Hon. (Ms.) Sophia Noor** (Ijara, PDR): Thank you very much, Hon. Temporary Deputy Speaker. I will pick up from where I left, namely, the criteria and the disadvantaged groups.

I just want to point out that recently, this country experienced a very bad drought. In the Bill, we have allocated emergency resources and contingencies. However, the response of the Government came too late and was too little. We appreciate the Government, through His Excellency President Hon. Uhuru Kenyatta, for the Kshs2 billion that was allocated. However, the Kshs2 billion was just a drop in the ocean because the impact of the drought in the region was huge. About 80 per cent of the livelihood of my constituents was lost through the drought. I am happy that the drafters of the Bill have finally recognised the Equalisation Fund and allocated some funds to it.

All the Members who have contributed to this debate have talked about the NG-CDF and the impact the fund has across all the constituencies. When the framers of the Constitution felt that there was unequal society, they provided for resources that were meant to address the injustices that took place in terms of development in our regions.

In addition, water has been a crucial issue. It is mind boggling that in this era, when our country has pumped so much resources to the national Government and the county governments, some constituencies across the country are facing water crisis.

Another issue I would like to speak on is education. Recently, I got an opportunity to go round this country to see educational issues since I sit in the NG-CDF Committee. There is a problem when you compare some regions with others in terms of planning and the strategies that we put in place. For example, we went to Embakasi Central Constituency, which is literally 10 square kilometres. Embakasi Central has three secondary schools and seven primary schools. My constituency is 11, 332 square kilometres. It is bigger than the former Central, Nyanza and Western provinces combined, but it has 80 primary schools. We are given the same resources. That is why the Equalisation Fund came into being, through the Constitution. It is because of that kind of discrimination in distribution of resources.

Health is a devolved function. When you go to all health facilities in my constituency, they have not had electricity for the last two months. People have had to use torches on delivering mothers. It is a problem for a mother who is delivering a baby when there is no electricity. Anything can happen. She may be required to undergo caesarean operation. When there is no electricity, no medical equipment is functional. The machines cannot function. We must, therefore, make good use of the resources that are allocated. A sum of Kshs370 billion is not little money. It was raised jointly by all of us in this country. It is painful that county governments cannot only generate their own resources, but they cannot also properly manage the resources that are given to them to provide services.

Lack of employment for our youth is the next bombshell that will explode in this country. My constituency neighbours Somalia and Boni Forest, where there is a lot of insecurity. There are youths who went to school. Some of them are university graduates, others are diploma holders and others are Form Four leavers. Others were not able to join the mainstream education system. The youths are idle. They are not able to earn their daily meals for themselves, and they have lost their self-esteem. They can be recruited any time if we do not, critically, have a look at their issues.

Hon. Temporary Deputy Speaker, in the interest of time, I thank you so much for giving me this chance. I support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Savula.

**Hon. Ayub Angatia** (Lugari, ANC): Thank you, Hon. Temporary Deputy Speaker. In the interest of time, I will be very brief. I will talk for one minute.

The Division of Revenue Bill is very critical in the budget-making process, and we have to be proactive. In this case, I have in mind what is happening between Russia and Ukraine, because 90 per cent of the fertilisers we consume in the agriculture sector comes from Russia. So, as we prepare our budget, we have to focus on provision of some subsidies to help cushion farmers from the effects of what is happening out there.

Some agreements were entered into between the Mombasa County Government regarding tourists from Ukraine. So, the budget of the Mombasa County Government might drop. So, as we legislate on the division of revenue, that component should be borne in mind.

I am happy that the Debt Management Authority Bill is being processed. Other speakers have talked about pending bills. I am one of the people who are affected. We supplied some goods to the national Government, but five years down the line, we have not been paid. The National Treasury must be serious with these issues.

Lastly, all the county governors who have completed their ten-year term must complete their projects or must factor in their budgets money to complete their projects before they retire.

With those few remarks, I support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Okuome.

**Hon. Adipo Okuome** (Karachuonyo, ODM): Thank you, Hon. Temporary Deputy Speaker.

I want to emphasise that the county governments should know that there are two sources of revenue. They seem to emphasise only on the revenue going to them from the National Treasury. They do not seem to remember that their own revenue collection effort is another source of raising money. Talking of "own revenue", I remember some former county councils that used to raise more revenue than the current county governments are raising. Something seems to be incorrect here. The county governments must do something that can improve their own collection of revenue. They are not even using the Kshs370 billion properly in that we do not see the impact we expect on the ground. Agriculture falls under them. To what extent have they improved that sector in terms of enhancement of agricultural production and value addition on agricultural products? I say this because that is how they can create employment for the county.

In the counties around Lake Victoria, one thing that is extremely important is the water hyacinth that is there, which many people think is a curse, but which can be a very important economic asset by getting fertiliser from it and even generating electricity out of it.

Due to time constraints, I beg to leave it at that even though I would have said more.

I beg to support.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): That being the last Member who had interest in speaking to this matter, I now call upon the Mover to reply.

**Hon. Bernard Shinali** (Ikolomani, JP): Thank you, Hon. Temporary Deputy Speaker. I thank Members for the great interest they have shown in this Bill. The Members have demonstrated that this is, indeed, a budget-making House by the way they have contributed to the Bill. It is clear that the money we send to the counties needs to be accounted for properly because we have since realised that county governments do not have proper fiscal discipline that would enable them to effectively take care of the devolved functions. Most of the times, people assume that certain functions, including agriculture, are still within the national Government. We are talking of the prices of fertilisers. In Kakamega County, fertiliser is subsidised. There is an influx of farmers from Uasin Gishu County going there to buy fertilisers. The restrictions that have been put in place are making it difficult for farmers. We need to ring-fence certain items to make sure they get their rightful share of resources from both the national Government and the county governments.

I take this opportunity to thank all the Members who have contributed to this Bill. I also thank the Members of the Budget and Appropriations Committee who burnt the midnight oil to make sure that this Bill was introduced in the House on time. We urge the Senate to do justice to this Bill so that county governments can prepare their budgets and move this country forward.

With those remarks, I beg to reply.

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Well, done. Member for Ikolomani! Hon. Members, for a good reason, I direct that the next step with regard to this business shall be undertaken when the business appears on the Order Paper again.

## ADJOURNMENT

**The Temporary Deputy Speaker** (Hon. Christopher Omulele): Hon. Members, the House stands adjourned until Thursday, 3rd March 2022 at 2.30 p.m.

The House rose at 6.58 p.m.