



# COMMISSION ON REVENUE ALLOCATION

*Promoting an Equitable Society*

## THE THIRD BASIS FOR SHARING REVENUE AMONG COUNTY GOVERNMENTS

### CONSULTATION DRAFT

Pursuant to Article 216 (1)(b) of the Constitution of Kenya 2010, the Commission on Revenue Allocation is mandated to make recommendations concerning the basis for equitable sharing of revenue raised by the national government among county governments. The Sixth Schedule, Section 16 further provided that the first and second determinations of the basis of the division of revenue among the counties were to be made at three year intervals. On this account, the Commission recommended the first and second basis for revenue sharing which have been used to share revenue among counties for the last six year.

In accordance with the provisions of Article 217(1), the Commission hereby makes its recommendation on the third basis for revenue sharing for the next five financial years. The recommendation summarised below takes into account the need to align revenue sharing to functional assignment and the criteria provided in Article 203(1) to ensure equity in the sharing of revenues.

Pursuant to article 216 (1) (a), the CRA is mandated to make recommendations concerning the basis for equitable sharing of revenue between national and county government. In this regard, the commission recommends for the fiscal year 2019/2020, the equitable share for the county governments should increase from **Ksh. 314B to 336B**

| Public sector function  | Constitutional Functions and Powers (Schedule 4)   | Indicator of expenditure need                                     | Proposed weight |
|---|--|---|-----------------|
| <b>Objective 1. Enhance Service Delivery</b>                    |  |   |                 |
| <b>1.1 Health</b>   | County health services   | Uninsured population in-patient days equivalent outpatient Visits | 15%             |
| <b>1.2 Agriculture</b>  | Agriculture; Animal control and welfare  | Rural population  | 10 %            |
| <b>1.3 Water</b>  | County public works and services -water services)  | Population in need of access to clean drinking water              | 3 %             |
| <b>1.4 Urban services and environment</b>                       | Control of air pollution, noise pollution, other public nuisances and outdoor advertising; Fire-fighting services and disaster management; Control of drugs and pornography; County public works and services (storm water management and Sanitation)  | Urban population  | 3 %             |
| <b>1.5 Other county services</b>                                | Pre-primary education, village polytechnics, homecraft centres and childcare facilities; Cultural activities, public entertainment and public amenities; Implementation of specific national government policies on natural resources and environmental conservation; County public works and services -water and sanitation services) | County population   | 18 %            |
| <b>1.6 Public administration</b>                                | County planning and development; Ensuring and coordinating the participation of communities in governance at the local level   | Equal share   | 20%             |
| <b>Objective 2. Promote Balanced Development</b>                |  |   |                 |
| <b>2.1 Balanced Development</b>                                 | County transport; Trade development and regulation   | Land area (km <sup>2</sup> )                                      | 8 %             |
|   |  | County road network (km)  | 3 %             |
|   |  | Poverty   | 15 %            |
| <b>Objective 3. Incentivize capacity to raise revenue</b>       |  |   |                 |
| <b>3.1 Revenue collection</b>                                   | County revenue collection  | Revenue collections   | 2 %             |
| <b>Objective 4. Incentivize prudent use of public resources</b> |  |   |                 |
| <b>4.1 Prudent use of public resources</b>                      | Management of public resources   | Fiscal Prudence   | 3 %             |

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## CONSULTATION DRAFT

### Summary of Allocations to county Governments Based on Third Basis (Totals: Kshs. Millions; Per capita: Kshs)

| County Details |                 |                   | Current Allocations |                    | Service Delivery Component (69%) | Development Component (26%) | Revenue and Efficiency Component (5%) | Total Allocation   |                    |
|----------------|-----------------|-------------------|---------------------|--------------------|----------------------------------|-----------------------------|---------------------------------------|--------------------|--------------------|
|                |                 |                   | Second Basis        |                    | Third Basis                      |                             |                                       |                    |                    |
|                | Name            | Population 2009   | Allocation 2018/19  | Per Capita 2018/19 | Total                            | Total                       | Total                                 | Allocation 2019/20 | Per capita 2019/20 |
| 47             | Nairobi City    | 3,138,369         | 15,794              | 5,033              | 12,588                           | 2,527                       | 2,325                                 | 17,440             | 5,557              |
| 37             | Kakamega        | 1,660,651         | 10,331              | 6,221              | 8,506                            | 2,461                       | 336                                   | 11,303             | 6,806              |
| 22             | Kiambu          | 1,623,282         | 9,357               | 5,764              | 7,518                            | 1,830                       | 707                                   | 10,056             | 6,195              |
| 32             | Nakuru          | 1,603,325         | 9,451               | 5,895              | 8,376                            | 2,869                       | 545                                   | 11,790             | 7,354              |
| 39             | Bungoma         | 1,375,063         | 8,949               | 6,508              | 7,313                            | 2,010                       | 313                                   | 9,636              | 7,008              |
| 12             | Meru            | 1,356,301         | 8,007               | 5,904              | 7,520                            | 1,517                       | 298                                   | 9,335              | 6,883              |
| 45             | Kisii           | 1,152,282         | 7,693               | 6,676              | 6,371                            | 1,926                       | 342                                   | 8,638              | 7,497              |
| 3              | Kilifi          | 1,109,735         | 10,833              | 9,762              | 6,238                            | 2,807                       | 355                                   | 9,399              | 8,470              |
| 16             | Machakos        | 1,098,584         | 8,321               | 7,574              | 6,109                            | 1,531                       | 353                                   | 7,992              | 7,275              |
| 9              | Mandera         | 1,025,756         | 10,142              | 9,888              | 5,310                            | 3,047                       | 427                                   | 8,784              | 8,563              |
| 15             | Kitui           | 1,012,709         | 8,729               | 8,620              | 5,932                            | 3,570                       | 260                                   | 9,762              | 9,639              |
| 42             | Kisumu          | 968,909           | 6,908               | 7,130              | 5,817                            | 1,459                       | 319                                   | 7,596              | 7,840              |
| 43             | Homa-Bay        | 963,794           | 6,688               | 6,939              | 5,835                            | 1,410                       | 157                                   | 7,401              | 7,679              |
| 21             | Murang'a        | 942,581           | 6,249               | 6,629              | 5,485                            | 1,219                       | 300                                   | 7,005              | 7,431              |
| 1              | Mombasa         | 939,370           | 8,227               | 8,758              | 5,168                            | 1,057                       | 804                                   | 7,029              | 7,483              |
| 44             | Migori          | 917,170           | 6,720               | 7,326              | 5,872                            | 1,682                       | 240                                   | 7,793              | 8,497              |
| 27             | Uasin-Gishu     | 894,179           | 5,935               | 6,637              | 5,207                            | 1,865                       | 227                                   | 7,299              | 8,162              |
| 17             | Makueni         | 884,527           | 7,128               | 8,058              | 5,371                            | 1,971                       | 403                                   | 7,744              | 8,755              |
| 23             | Turkana         | 855,399           | 10,770              | 12,591             | 5,360                            | 6,060                       | 274                                   | 11,694             | 13,670             |
| 33             | Narok           | 850,920           | 6,374               | 7,491              | 5,324                            | 1,845                       | 671                                   | 7,840              | 9,213              |
| 41             | Siaya           | 842,304           | 6,029               | 7,158              | 5,251                            | 1,276                       | 376                                   | 6,903              | 8,196              |
| 26             | Trans-Nzoia     | 818,757           | 5,621               | 6,865              | 4,963                            | 1,314                       | 177                                   | 6,454              | 7,883              |
| 29             | Nandi           | 752,965           | 5,369               | 7,131              | 4,784                            | 1,349                       | 228                                   | 6,360              | 8,447              |
| 35             | Kericho         | 752,396           | 5,715               | 7,595              | 4,697                            | 1,087                       | 290                                   | 6,075              | 8,074              |
| 40             | Busia           | 743,946           | 5,966               | 8,019              | 4,619                            | 1,962                       | 416                                   | 6,997              | 9,406              |
| 36             | Bomet           | 730,129           | 5,935               | 8,128              | 4,829                            | 1,627                       | 240                                   | 6,696              | 9,171              |
| 19             | Nyeri           | 693,558           | 5,024               | 7,244              | 4,399                            | 899                         | 275                                   | 5,573              | 8,036              |
| 34             | Kajiado         | 687,312           | 5,997               | 8,726              | 4,168                            | 2,477                       | 419                                   | 7,063              | 10,277             |
| 8              | Wajir           | 661,941           | 8,478               | 12,808             | 3,916                            | 3,777                       | 270                                   | 7,964              | 12,031             |
| 2              | Kwale           | 649,931           | 7,536               | 11,595             | 4,443                            | 1,781                       | 293                                   | 6,517              | 10,027             |
| 7              | Garissa         | 623,060           | 6,939               | 11,138             | 3,776                            | 3,046                       | 371                                   | 7,193              | 11,544             |
| 46             | Nyamira         | 598,252           | 4,773               | 7,978              | 3,930                            | 814                         | 142                                   | 4,886              | 8,167              |
| 18             | Nyandarua       | 596,268           | 4,930               | 8,268              | 3,803                            | 1,136                       | 352                                   | 5,290              | 8,873              |
| 30             | Baringo         | 555,561           | 5,087               | 9,156              | 3,954                            | 1,528                       | 198                                   | 5,681              | 10,225             |
| 38             | Vihiga          | 554,622           | 4,459               | 8,039              | 3,639                            | 904                         | 153                                   | 4,696              | 8,467              |
| 20             | Kirinyaga       | 528,054           | 4,113               | 7,790              | 4,070                            | 603                         | 375                                   | 5,047              | 9,559              |
| 14             | Embu            | 516,212           | 4,459               | 8,638              | 3,622                            | 834                         | 265                                   | 4,721              | 9,146              |
| 24             | West Pokot      | 512,690           | 4,930               | 9,616              | 3,856                            | 1,676                       | 219                                   | 5,751              | 11,217             |
| 31             | Laikipia        | 399,227           | 4,113               | 10,303             | 3,213                            | 1,355                       | 376                                   | 4,944              | 12,383             |
| 28             | Elgeyo-Marakwet | 369,998           | 3,768               | 10,184             | 3,171                            | 867                         | 89                                    | 4,127              | 11,154             |
| 13             | Tharaka-Nithi   | 365,330           | 3,642               | 9,970              | 3,024                            | 519                         | 218                                   | 3,761              | 10,295             |
| 10             | Marsabit        | 291,166           | 7,002               | 24,049             | 2,699                            | 4,135                       | 338                                   | 7,172              | 24,634             |
| 6              | Taita-Taveta    | 284,657           | 4,051               | 14,230             | 2,685                            | 1,400                       | 164                                   | 4,248              | 14,925             |
| 4              | Tana-River      | 240,075           | 5,558               | 23,150             | 2,500                            | 2,504                       | 269                                   | 5,273              | 21,964             |
| 25             | Samburu         | 223,947           | 4,427               | 19,770             | 2,459                            | 1,756                       | 278                                   | 4,493              | 20,062             |
| 11             | Isiolo          | 143,294           | 3,925               | 27,391             | 2,027                            | 1,549                       | 204                                   | 3,780              | 26,378             |
| 5              | Lamu            | 101,539           | 3,548               | 34,944             | 1,893                            | 436                         | 134                                   | 2,463              | 24,259             |
|                | <b>Total</b>    | <b>38,610,097</b> | <b>314,000</b>      | <b>8,133</b>       | <b>231,610</b>                   | <b>87,273</b>               | <b>16,783</b>                         | <b>335,666</b>     | <b>8,694</b>       |

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