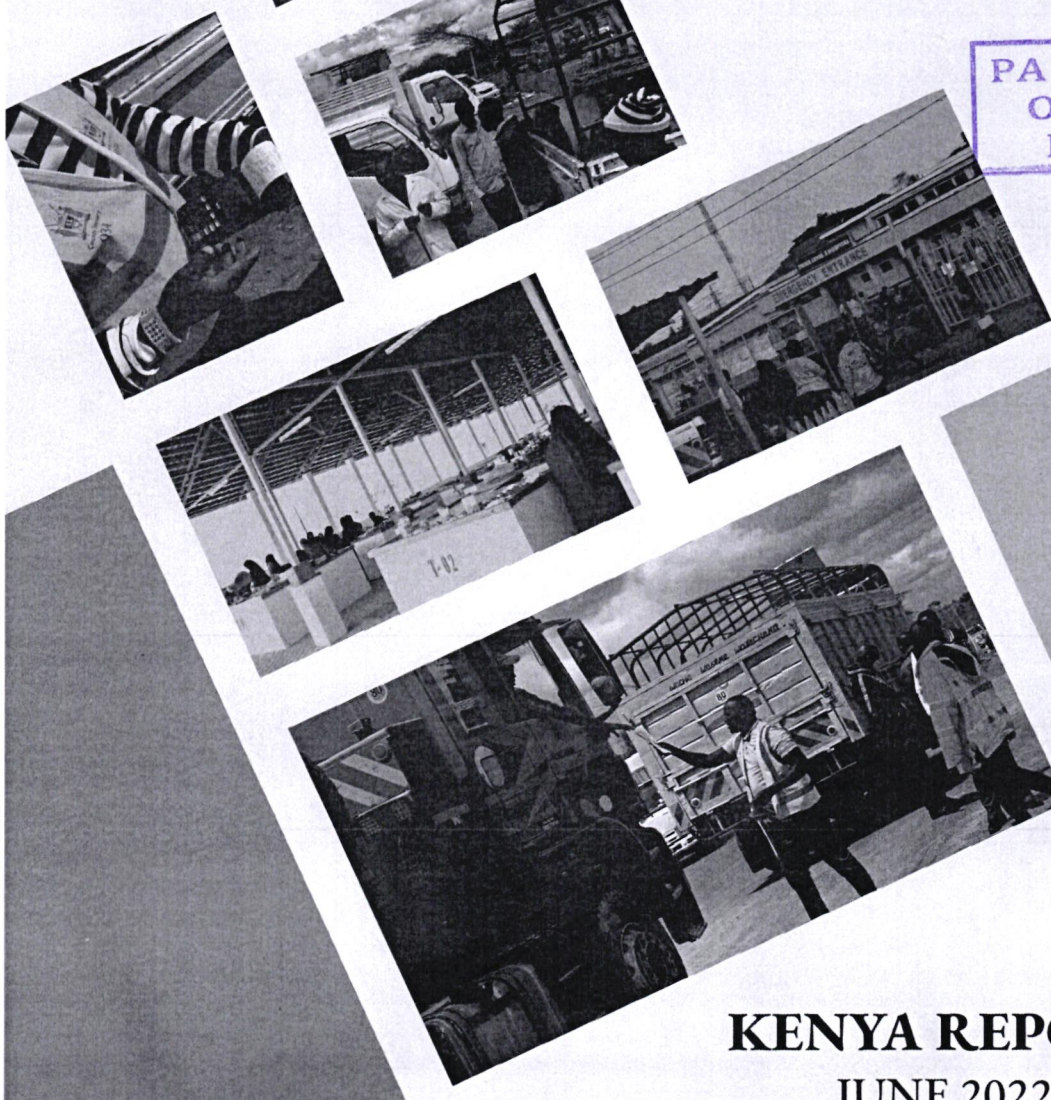
COMPREHENSIVE OWN SOURCE REVENUE POTENTIAL AND TAX GAP STUDY OF COUNTY GOVERNMENTS



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JUNE 2022

COMMISSION ON
REVENUE ALLOCATION

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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

AFREDEC	African Research and Economic Development Consultants
CIT	Corporate Income Tax
COG	Council of Governors
CRA	Commission on Revenue Allocation
GCP	Gross County Product
GDP	Gross Domestic Product
GoK	Government of Kenya
IFMIS	Integrated Financial Management Information System
KCHSP	Kenya Continuous Household Survey Program
KHHEUS	Kenya Household Health Expenditure and Utilization Survey
KIHBS	Kenya Integrated Household Budget Survey
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
MSME	Micro, Small and Medium Enterprises
OCOB	Office of the Controller of Budget
OSR	Own-Source Revenue
PFMA	Public Finance Management Act
REC	Revenue Enhancement Committee
TOC	Technical/Oversight Committee
ToR	Terms of Reference
WB	World Bank

FOREWORD



The **Comprehensive Own Source Revenue (OSR) potential and Tax Gap Study** is an initiative aimed at fulfilling Article 216 (3b) mandate of the Commission on Revenue Allocation (CRA); "when appropriate to define and enhance revenue sources for national and county governments." The assessment has determined the maximum possible own source revenue that each county government can collect from the most important revenue streams when they apply the best practices in revenue administration.

The study is a sequel to the 2018 study undertaken by the National Treasury with support from the World Bank. Counties' own source revenue mobilization is an important aspect in adherence to fiscal responsibility principles especially in light of the constrained national fiscal framework.

The results of this study make it possible for the county governments as well as the Commission and other agencies that support revenue administration reforms to objectively measure the progress of counties as they march towards achieving their full revenue potential.

For instance, the study findings can be used to set clear targets which counties can work towards in their revenue mobilization and reform journey and gradually move towards achieving their full potential. This approach would enhance the adequacy and reliability of county revenues and eventually lead to faster development and improvement of service delivery.

The Commission envisages that the findings of this study will be considered and recommendations implemented by the county governments. Further and in line with the Commission's constitutional mandate, CRA remains committed to spearheading the counties' OSR enhancement.



Dr. Jane Kiringai, EBS
Chairperson, Commission on Revenue Allocation

ACKNOWLEDGEMENT

The Commission conducted a Comprehensive Own Source Revenue Potential and Tax Gap Study on County Governments with the generous support of the World Bank. Alma Economics was the consultant on the assignment while a Technical Committee consisting of key stakeholders' representatives provided technical input and review of the report.

The Commission extends its gratitude to the World Bank for supporting this important initiative. We are grateful for the contribution of Alma Economics who provided the required expertise in estimating the Own Source Revenue potential for counites. The county governments officials who participated in the study and provided the data made the study possible and the Commission is thankful for their contribution.

The assignment would not have been possible without the guidance and strategic direction by the Commission and specifically the Revenue Enhancement Committee led by its Chairperson Dr. Irene Asienga.

The Commission also acknowledges the contributions of the following Technical Committee members from the following institutions: -

1. Ms. Nancy Oswera & Mr. Brian Cheruiyot - The National Treasury,
2. Ms. Paul Samoei & Mr. James Abuga - Kenya National Bureau of Statistics,
3. Mr. Stephen Masha & Mr. Mark Kipkoech - Office of the Controller of Budget,
4. Ms. Zipporah Muthama, Ms. Mercy Wangui & Mr. James Maina - Council of Governors,
5. Ms. Carol Bisieri and Mr. Moses Kajubi - World Bank,
6. CPA James Katule, Ms. Selly Yagan, Ms. Meimuna Mohammed, Ms. Anastasia Wanjohi & Mr. Zablon Manoah – CRA.

Special thanks to the Chief Executive Officer and Commission Secretary CPA James Katule and the Commission's technical team comprising of Ms. Selly Yagan, Ms. Meimuna Mohammed and Mr. Zablon Manoah for their hard work and commitment towards the completion of the study.

Finally, the Commission are grateful to the World Bank for the continued technical support and funding of the work that led to this report under the Kenya Accountable Devolution Program phase 3 (KADP III). Financial support under KADP III was received from Denmark's Danish International Development Agency (DANIDA) and UK's Foreign Commonwealth & Development Office (FCDO).

James Katule

CPA James Katule
CEO/Commission Secretary

EXECUTIVE SUMMARY

The 2010 Constitution of Kenya introduced a devolved system of governance that gives the 47 County Governments the power to use instruments for generating revenues from their own sources. Counties' ability to efficiently use these instruments (including service fees, rates, and taxes) is central to meeting the overarching principles of the devolved system for effective governance and service delivery at the local level.

The Commission on Revenue Allocation (CRA) has a principal constitutional mandate to support County Governments in specifying suitable revenue streams and their policy rationale, as well as in enhancing revenue collections from their own sources.

In this context, the CRA in collaboration with the World Bank commissioned Alma Economics to estimate the maximum revenues that each County Government can generate from a set of important Own-Source Revenue (OSR) streams, as well as to identify gaps between maximum potential revenues and actual collections. In particular, the following streams are included in the analysis:

> Trading licensing, hospitals and public health services, property rates, parking fees, agricultural transportation fees, market trade centre fees, administrative fees and charges, natural resource transportation fees, advertising and sign board fees, environmental and conservancy administration, liquor licensing fees, building plan approvals fees, technical service fees, game reserve Fees, and fines, penalties, and forfeitures.

A deterministic frontier analysis framework is designed to produce reliable answers to the core research question:

How much revenue would each County Government generate from each of the OSR streams if it operated in line with the best performing counties in Kenya?

Individual models are developed for each OSR stream drawing from various sources, including County Government Finance Acts and Bills, audited data on revenue collections made available by the Office of the Auditor-General in the County Governments' Financial Statements, as well as from surveys and interviews with County Government representatives.

This analysis identifies the best performing counties in raising revenues for each OSR stream (considering the county-specific economic base for each stream) and estimates the maximum revenues that County Governments can generate from each stream if they operated in line with best practice.

Key findings suggest that County Governments currently generate around 40 percent of the maximum revenues that they can raise if they operate in line with best practice. Counties appear to have the potential to substantially improve their collection of revenues through revising their current policies and collection systems – for example, by streamlining taxation and fee structures and allowing automatic and cashless payment systems.

Detailed estimates of OSR revenue potential from this analysis can be used by the County Governments and CRA as tools for enhancing revenue collections by assessing county performance, benchmarking against best practice and identifying revenue-raising capacity.

CHAPTER 1: INTRODUCTION

1.1 Background

The 2010 Constitution of Kenya established a new system of government that devolved power, resources, and representation to the local level. Under this system, legislative and executive power is assigned to 47 County Governments across the country, and Part II of the Fourth Schedule of the Constitution stipulates their functions and powers. These include agriculture, health, environment and pollution, cultural activities and public entertainment, public transport, animal control and welfare, planning and development, education, public works and services, disaster management, control of drugs and pornography, and ensuring participation of communities in local governance.

According to Chapter Eleven of the Constitution, the aims of the devolution include recognizing the right of communities to manage their own affairs, promoting social and economic development and ensuring equitable sharing of national and local resources throughout Kenya, among others. Having reliable resources to enable effective governance and service delivery is one of the key principles of devolution.

According to Articles 215 and 216, the Commission on Revenue Allocation (CRA) has a principal constitutional mandate to make recommendations regarding the sharing of nationally raised revenue. In discharging its mandate, the Commission is guided by the principles of devolution, which require equitably sharing of revenue raised nationally among the National and County Governments. The Commission is also constitutionally mandated by Article 216(3b) to recommend defining and enhancing revenue sources for both National and County Governments.

In addition, Article 209 states that County Governments have the power to raise revenues through imposing taxes and charges for services, including property rates, entertainment charges, and any other tax and charge authorized under an Act of Parliament. Fiscal decentralization in the Kenyan context requires the 47 County Governments to generate revenues for funding their own functions. In addition to nationally raised revenues, counties impose taxes, fees, and charges to address their local development needs.

Based on recent evidence on county Own-Source Revenues (OSR) by the Office of the Controller of Budget,[1] the counties managed to raise Kshs. 34.4 billion from own sources in 2020/21 against a target of Kshs. 54.3 billion. While county own revenues increased in total compared to the previous financial year, the County Governments managed to raise only 65% of their target, leaving room for substantial improvements in revenue generation.

In 2018, the National Treasury, in collaboration with the World Bank, commissioned research to help policymakers understand the potential of different streams of own-source revenues available to counties ***(Own-Source Revenue Potential and Tax Gap Study)***. The objective of that research was to explore each county's OSR performance as well as their potential. To address this objective, a team led by Adam Smith International conducted quantitative research on OSR potential and tax gap at the sub-national level in Kenya.[2] The research revealed fiscal instruments that each county can use to raise own revenues.

As part of the research carried out in 2018, a set of criteria was developed to select key OSR streams to be analyzed. These included: adequate policy rationale, legal basis, revenue-raising objective, and applicability across counties.

Six OSR streams met the criteria and could be studied using existing data. In particular, the following streams were included in the analysis:

- property rates,
- building permits,
- business licenses,
- Liquor Licensing Fees,
- vehicle parking fees, and
- outdoor advertising.

[1] Annual County Budget Implementation Report 2019-20.

[2] Throughout the report, the Adam Smith International OSR Potential and Tax Gap Study carried out in 2018 is referred to as the 2018 report/research. This study can be found here: https://documents1.worldbank.org/curated/en/280021585886703203/pdf/Own-Source-Revenue-Potential-and-Tax-Gap-Study-of-Kenya-s-County-Governments-Final-Report.pdf

However, data gaps hindered the replication of this analysis across each of the 47 counties. In particular, there were inconsistencies in the OSR classification categories used to report on audited revenue collections across counties over the period between 2014/15 and 2016/17. For example, many counties used aggregate categories (e.g. "others") to report on most of their revenues, while in other counties total collections were reported under a single category.

While data on aggregate collections of revenue from own sources were reported across all counties, information on collected revenues from the six streams included in the analysis was not always available. In particular, only 15 counties in 2014/15, 8 counties in 2015/16, and 10 counties in 2016/17 reported on revenues from **Property rates**. Just 27 counties reported on revenues from **business licenses** in 2014/15, 32 in 2015/16, and 40 in 2016/17 while 24 counties reported on revenues from **Parking fees** in 2014/15, 30 in 2015/16, and 34 in 2016/17. Only two counties reported on revenues from **Building Plan Approvals fees** in 2014/15 while there were no counties reporting on any revenues from this stream in the following fiscal years. Similarly, only one county reported on revenues from **Liquor Licensing** fees in 2014/15 while there were no reports on revenues from this stream in the following fiscal years. No counties reported any revenues from regulating advertising activities across the fiscal years analyzed in the 2018 research.[3]

Moreover, while there was detailed information on the definition of the revenue base for each OSR stream in the county Finance Acts and Bills, data on the actual revenue bases was limited. For example, land valuation rolls that could be used to examine the economic base for property rates were either outdated and incomplete or not digitalized, hindering their incorporation in the study. Additionally, official statistics on the economic size of each county were not available in 2018. To address these limitations, the study used available data from national statistics and KNBS surveys and publications to estimate reliable proxies of the economic base of each of the six key OSR streams included in the analysis.

Finally, there were extensive lists of rates, fees, and charges for each stream across counties. While this might be appropriate in cases where a range of different services is provided (e.g., healthcare), the study concluded that there was scope to simplify and reduce the length of the rate schedules by grouping and/or eliminating some charges. In this context, indicative fees and rates were selected to carry out the analysis and produce reliable results on the revenue potential and tax gap from the six key OSR streams.

1.2 Rationale

As discussed in the previous section, the CRA has the mandate to define and enhance revenue sources for both National and County Governments. It carries out research aiming to help County Governments expand their revenue base, improve data collection processes, enhance their fiscal instruments, and achieve their targets.

A baseline study on own-source revenue carried out in 2015 identified 146 revenue streams that County Governments use to raise their own revenues. The *Own-Source Revenue Potential and Tax gap study* (2018 study) only estimated potential revenues that can flow from six revenue streams. There is a need to determine the potential revenue that can flow from more revenue streams, focusing on streams that are important to each County Government and can be used to broaden their revenue.

However, the 2018 study was not exhaustive. Only six revenue streams that the counties use to generate revenues from a total of more than a hundred sources were analyzed. In addition, the study did not consider unique streams that are important for specific counties (e.g., game reserves), thus the six key streams analyzed might not be important to all counties. The study also did not engage with representatives from the County Governments to explore county-specific information that could feed into the analysis. The engagement activities carried out were targeted and response rates were limited.

This anomaly was addressed in Gross County Product (GCP) study published in 2021, whose overarching objective is to provide a picture of the economic structure and relative size of the economy for each county. The estimates are expected to be instrumental in informing knowledge about economic growth and supporting county level decision making and economic planning. It is envisaged that the GCP will be central to the estimation of revenue potential for each county, among others. In this context, it is important that any current analysis of own-source revenue potential at the county level incorporates latest GCP data to enhance the accuracy of the revenue potential estimates.

Understanding the revenue administration policy issues and practices at the county level is vital to provide a context for estimating revenue potential. Therefore, it is paramount to engage representatives from county governments as they would be the users of the revenue potential estimation. This aspect was lacking in the 2018 study.

[3]More detailed information on the data that was available and utilized in the 2018 Own Source Revenue Potential and Tax Gap Study of Kenya County Governments.

1.3 Objectives

The overarching objective of the present work is to establish benchmarks for counties to achieve in the process of optimizing collections of revenue from their own sources, expanding their fiscal space and, thus, improving service delivery.

In order to achieve a comprehensive estimation of the revenue potential and gap across key streams for all County Governments in Kenya, this research aims to address the following objectives:

- expand on the 2018 study to incorporate more streams and estimate the revenue potential and gap across all counties in Kenya,
- review current OSR practices and policies by involving relevant stakeholders,
- develop a modelling framework that uses best available evidence to estimate the revenue potential from key streams,
- determine the counties that have the potential to be self-sustaining ,
- provide a basis for County Governments to set realistic own-source revenue targets and revenue forecasting,
- make policy recommendations to enhance own-source revenue, and
- provide reference material for policymakers and scholars on matters own-source revenue.

1.4 Scope

This comprehensive study on own-source revenue potential covers all 47 counties and incorporates revenue streams that make up 80% of the individual county total own-source revenue collected.

It takes into consideration updated evidence on key county-specific indicators, including county economic activities captured by the Gross County Product (GCP) data in the GCP Report 2021, population captured by the 2019 census, and latest audited data on OSR collections for each county. It also explores updated evidence from KNBS surveys and official statistics to arrive at reliable estimates of the revenue base for each stream included in the analysis.

CHAPTER 2: OSR POLICY AND LEGAL FRAMEWORK

2.1 Introduction

This chapter provides an overview of the policy and legal framework of revenue-raising across County Governments in Kenya. It discusses the relevant constitutional provision and the national policy and legislation that operationalize the revenue-raising power of county governments.

2.2 Constitutional Framework

County Governments have the Constitutional[4] power to impose certain taxes and charges within their jurisdiction to raise their own-source revenue. The specific taxes that counties can impose are property rates and entertainment taxes. However, Counties can impose other taxes if t an Act of Parliament is passed authorizing them to do so. In providing public services, County governments are allowed to impose charges for those services.

Although the Constitution gives county governments revenue-raising powers, it also obliges them to operate within certain considerations.[5] Counties are prohibited from prejudicing national economic policies, economic activities across county boundaries or the national mobility of goods, services, capital or labour.

In providing public services to the citizens, the Constitution has stipulated the county governments' functions[6] and has also empowered the county assembly[7] to make legislation necessary for the effective performance of the functions and exercise of the powers of County Governments.

As county governments develop their revenue-raising instruments, the Constitution obligates the Commission to recommend the definition and enhancement of revenue sources for county governments.[8]

In agriculture, county governments' constitutional functions include crop and animal husbandry; livestock sale yards; county abattoirs; plant and animal disease control; and fisheries. In order to execute agriculture services, county governments charge **Agricultural Products Transportation fees** as well as **Market Trade Centre fees** among other charges.

County health services are broad as assigned in the Constitution. They include county health facilities and pharmacies; ambulance services; promotion of primary health care; licensing and control of undertakings that sell food to the public; veterinary services (excluding regulation of the profession); cemeteries, funeral parlours and crematoria; and refuse removal, refuse dumps and solid waste disposal. County Governments charge **Hospital fees** in order to provide health facilities and pharmacies, ambulance services, promotion of primary health care. For licensing and control of undertakings that sell food to the public, the County Charges **Public Health Services fees**. Veterinary services, cemeteries and crematoria are provided at a fee and in the categorization of revenue sources, counties place it either under technical services fees or external services fees. County Governments charge environment and conservancy administration fees in providing refuse removal, dumps and solid waste disposal.

Counties are also mandated to Control air pollution, noise pollution, other public nuisances and outdoor advertising. **Advertising and Sign Board fees** are charged by counties in the provision of outdoor advertising control. Since counties also are mandated to license liquor they do so while charging liquor licensing fees for businesses that sell alcohol.

In providing county roads, street lighting, traffic and parking among other county transport functions, the county governments charge **Parking fees** as well as **Natural Resource Transportation fees** for vehicles that transport natural resources extracted from the county.

[4] Article 209(3) and 209(4) of the Constitution of Kenya
[5] Article 209(5) of the Constitution of Kenya
[6] Article 186(1) and Fourth Schedule of the Constitution of Kenya
[7] Article 185(2) of the Constitution of Kenya
[8] Article 216(3b) of the Constitution of Kenya

In the development and regulation of trade within county jurisdictions, County governments are mandated to provide trade licenses among other functions. They charge **Trade Licensing fees** while providing trade licensing services.

In providing services on county planning and development, county governments develop spatial plans which guide development within the county. As residents plan to construct various structures the county checks for adherence to the spatial plans as well as standards of safety. Therefore, counties approve building plans for all construction within the county and charge **Building Plan approval fees**. In county planning and development, county governments also provide county housing and charge rent to tenants that occupy them.

2.3 Policy and Legislative Framework

To standardize policy, legal and institutional framework for local revenue-raising measures and enforcement across counties, the Government developed a national policy in 2019 to support the enhancement of own-source revenue. The policy envisaged that the standardization will broaden the revenue base and enhance the revenue administration capacity of County Governments. The policy recommended specific policy interventions which included: the development of national framework legislation, the development of county government legislation, and improving revenue administration.

In enhancing revenue administration at the county level, the policy assigns the national government the responsibility of supporting County Governments to enhance their capacity to prepare credible revenue forecasts. The policy envisages that there will be efforts to generate comprehensive data needed to support more accurate revenue forecasting.

The policy requires that county governments in their annual revenue statements to provide explanations of the basis of the revenue estimates as well as each category of tax, fees or charges, annual collection as well as previous years collection, description of the revenue bases of each stream of revenue and the applicable rate. Total projected collections, assumptions made on each streams and reasons for previous year's performance are also expected in the revenue statement of each county government.

According to section 132 of the National Treasury's Public Finance Management Act (PFMA) 2012, County Governments have the legal duty to define and announce the revenue-raising measures that are in place in each financial year. The measures are then published as part of the County Finance Bills. The PFMA states that they should conform to article 209 of the Constitution. They should also be aligned to the approved fiscal framework and the CRA Act and should promote the principles of equity, certainty, and ease of collection. County Governments also have the duty to explore the economic, social, and fiscal background that is relevant to each tax and charge, as well as the impact that these may have on county development, investment, and economic growth.

CHAPTER 3: CONTEXT AND SITUATION ANALYSIS

According to section 163 of the PFMA, the counties have the legal duty to monitor their performance in revenue raising and inform national government bodies. In particular, they are expected to prepare annual financial statements reporting on the revenues they managed to raise from their own sources, among other things.

3.1 Introduction

This chapter summarizes key findings from the context and situation analysis of OSR revenue generation across the 47 counties in Kenya. It focuses on the current county-specific practices in defining OSR streams that are important to each of the 47 County Governments. It also discusses county approaches towards reporting on collected revenues and monitoring performance in using own sources to generate revenues.

3.2 Context of Revenue Collection and Reporting

Key findings discussed in this chapter are mainly drawn from extensive engagement with county representatives. In particular, survey questionnaires aiming to contribute to a more detailed understanding of the policy landscape across each of the 47 counties in Kenya were developed to guide conversations with county representatives.[9]

Based on evidence from OCOB, there are more than 100 streams that County Governments use to generate own revenues in Kenya. This analysis focuses on the streams that contribute to at least 80% of total OSR collections in each county. Data on actual collections of revenues for each stream covering the fiscal years 2017/18, 2018/19, and 2019/20, drawn from County Government audited financial statements and made available by the Office of the Auditor General, was used to identify the set of top streams included in this analysis.[10]

Table 1 presents the streams that contribute to at least 80% of total revenue from own sources across counties. The information included in the table is the output of analyzing audited data on actual revenues from the Office of the Auditor General. The full list of top revenue streams by county is presented in Annex 1.[11]

[9]More information on the stakeholder engagement methodology adopted in this research can be found in Appendix B of this document. The questionnaire used to collate the information discussed in this chapter is attached as supplementary material to this report.

[10]A minimum of six top streams were explored in counties where less than six streams generate more than 80% of the total revenues. There was no maximum limit on the number of top streams across counties, where more than six streams generate more than 80% of revenues.

[11]It should be noted that while the revenues we identified as top across the counties are overall in line with the top streams presented in the project Terms of Reference ToR (Annex 1), there are some discrepancies. In most cases, our calculations led to a longer list of top streams. On the other hand, for some counties the ToR includes streams that did not emerge as top from our calculations, namely: Technical Services fees in Kisumu, Technical Services fees and Administrative fees and charges in Machakos, External Services in Nairobi City, Hospital fees and Public Health services in Narok, and Administrative fees and charges in Siaya.

Table 1: Top streams across Kenya

Revenue stream ***(as defined in the County Executive Financial Statements)***	**Number of counties where the stream generates substantial revenues**	**Revenues generated by the stream as a share of total OSR collections (county average)**
Trading Licensing	47	14.8%
Hospital fees and Public Health services	43	25.7%
Property Rates	40	10.8%
Parking fees	39	9.3%
Agricultural Transportation fees	33	11.3%
Market Trade Center fees	28	7%
Administrative fees and charges	19	15.7%
County Housing Rent	13	4%
Natural Resource Transportation fees	10	14%
Advertising and Sign Board fees	9	3.4%
Environment and Conservancy Administration fees	6	5.9%
Liquor Licensing fees	6	3.2%
Building Plan Approvals Fees	5	2.2%
Technical Services fees	5	6.9%
Game Reserve fees	4	57.7%
Fines, Penalties, and Forfeitures	3	3.8%
External Services fees	1	0.8%

Source: Own estimates based on OSR data by CRA, the Office of the Controller of Budget, the NT, and Auditor General.

Information collated from 40 out of the 47 counties which participated in the survey showed inconsistencies in cross-county data collection and reporting. Counties often have bespoke monitoring systems in place and design their own approaches to assess revenue gaps. According to the PFMA 2012 (sections 157-161), County Governments are required by law to set up their own targets based on county-specific information (e.g., economic performance).

The survey findings suggest that best practice involves carrying out research to identify and understand gaps on a regular basis, as well as to arrange meetings regularly to discuss reasons for observed gaps in revenue collections and ways to enhance performance. 5 counties report that they periodically conduct monitoring activities, revenue assessment, and/or gap analysis. 2 counties mentioned that, while not yet conducting monitoring activities, they explore the scope for commencing as soon as the revenue collection automation process is completed.

On the other hand, there are counties which perform little to no monitoring. In particular, 12 of the counties responding to the questionnaire reported that they keep track of indicators reflecting the revenue base for key streams (e.g., number of Trading Licensing issued, numbers of stalls in markets, numbers and size of billboards and signboards). However, those counties do not specify whether this information is analyzed systematically to understand gaps in revenue collection. In other cases, county-specific data on indicators that can be used to estimate the economic base from different streams is either not collected or held by different departments within County Governments. Despite data sharing between departments, weak data sharing mechanisms hindered the effective use of county-specific indicators to inform decisions about OSR policy design and implementation.

In line with findings from the review of county Finance Acts and Bills, the survey uncovered evidence of heterogeneity in the definitions of fees, charges, and tax rates under different streams. In some cases, there is also substantial variation in the economic base for fees, charges, and tax rates that are categorized under the same OSR stream. Cross-county inconsistencies in defining OSR streams, setting out fees, rates, and charges, selecting the economic base for each source, and reporting on actual collections do not allow for comparisons and benchmarking across the counties.

Moreover, the review revealed that in many counties, OSR streams constituting key revenue drivers were not consistently reported. For example, a stream that is a major source of revenue in one year drops down to zero in the following and/or previous years. As part of the survey, and to understand the reasons behind data inconsistencies and gaps, counties were asked to describe changes in OSR stream defining and reporting practices over the past three years.

Of the 27 counties that responded, 16 did not report significant changes in the way revenues were defined. Some counties suggested that recent changes in their reporting systems could cause inconsistencies. For example, Kwale County explained that a major change in their reporting methodology occurred when the Standard Chart of Accounts (SCOA) was introduced. The SCOA is yet to be fully adapted, though counties are in the process of aligning their system to the new requirement.

It should be noted that IFMIS, which is used by County Governments to process financial transactions, can help counties improve their performance in monitoring the generation of revenues from own sources. According to evidence from the National Treasury,[12] integrating different systems for revenue collection and management into a standardized format is expected to generate numerous benefits for counties. Standardized systems for revenue collection and management across counties should be designed in line with IFMIS. Seamless integration in IFMS allows for oversight by Office of the Auditor General, County Audit Committees, and County Assemblies, as well as for comparisons across counties.

Institutional changes could also account for reporting inconsistencies. For instance, in one County the respondents stated that a new chief of revenue was appointed and some OSR were moved to different departments, affecting the tabulation process.

County Governments are currently in the process of addressing the challenges discussed above. Some counties implement policies to discourage the use of cash – for example, by adopting mobile phone payments (MPESA), a system which is already increasing revenue collections significantly. Similarly, other counties focus on strengthening cooperation and knowledge transfer within County Governments and other sub-county bodies. Counties report that revenue collection was improved after training sessions targeting sub-county administrators.

While counties agree on the necessity of a standard revenue collection and reporting format, they appear to have made little progress in following the developments made by the CRA in this area. A consistent OSR reporting system will enable counties to monitor their performance over time and benchmark against best practice. This will allow for evidence-based decision making, setting of realistic targets, and identifying areas for improvement.

Despite the wide agreement that a consistent reporting system will generate benefits for County Governments, 6 county representatives oppose this idea, arguing that there are significant differences in the revenue streams that are relevant to each county and their internal formats are simpler and easier to use. Introducing a consistent reporting system allowing for some customization across counties could be the ideal way to go forward.

Nevertheless, representatives from most counties have concerns regarding the idea of simplifying the tax structure through introducing consistent rates. County representatives argue that the current methodology fully realizes the benefits of devolution by allowing County Governments to customize the tax structure and ensure local interest. They also point out that county specific characteristics, including resource endowment, geography, economy, and living standards, would not allow for establishment of a universal single rate per stream.

In addition, the analysis reveals that there is scope for improving OSR policies and strategies to enhance revenues from own sources while ensuring fairness and equity. For example, a special license for businesses in this area could be introduced instead of cess for quarrying and mining products – alternatively, cess for these types of products could be replaced with an environmental levy. Such a reform would help address the high economic burden that traders located away from major production centers are likely to face, the challenge of double taxation, as well as the risk of excessive costs for crossing borders.

[12]The National Treasury (2017). Draft National Policy to Support Enhancement of County Governments' Own-Source Revenue: https://countytoolkit.devolution.go.ke/sites/default/files/resources/Draft%20National%20Policy%20to%20SupportEnhancement%20of%20County%20Governments%20Own-Source%20Revenue.pdf

In addition, according to key findings from this research, not all OSR streams are suitable as targets for revenue enhancement. In particular, imposing fees for access to key services such as healthcare can create inequalities and result in reduced welfare for people in Kenya. County Governments can use revenues from this stream to ensure provision of high-quality, adequate health services for people in the county, but should not view healthcare as an area for maximizing revenues.

Finally, county representatives report (less frequently) that understaffing, lack of a strong enforcement system, and the existence of political interferences in revenue collection hinder revenue generation. However, the nature of these interferences and their impact on revenue generation remains unclear.

3.3 Overall Performance in Top OSR Streams

According to counties interviewed, there is scope for enhancing performance in generating revenues from various sources, including property rates, trading licensing, liquor licensing fees, parking fees, cess, market fees, healthcare fees and charges, advertising, and charges on tourism. The streams that can generate more revenues than currently collected in most counties are property rates, trading licensing, and parking fees. For example, representatives from one County mentioned that property rates have the capacity to generate up to three times the current revenues.

Interviews revealed that current approaches to define streams and their economic base might be responsible for counties not achieving their potential. For example, representatives from Garissa County mentioned that more revenues could be generated from property rates if there was an updated valuation roll allowing for a more targeted and streamlined design of rate structure. Moreover, the contribution of parking fees to actual revenues could be maximized if parking spaces were marked properly. Overall, streamlined processes for defining streams and collecting revenues, as well as clarity around definitions of streams and their economic base, are central to enhancing OSR performance across the country.

The remainder of this section presents key findings from our survey across the 17 streams identified as top.

3.3.1 Trading Licensing Fees

There is a lot of complexity in the schedules setting the fees and charges under this stream, with fees differing across business size and type of economic activity. There is no consistent way to define business size, with some counties using dimensions (e.g., square meters, square feet) and others using numbers of employees (e.g., small, medium, large) to identify size and charge corresponding fees.

In addition, 12 counties mentioned that they charge different rates depending on location.[13] For example, a business located in an urban area will pay a different rate compared to a business of similar characteristics in a rural area.

The fees charged across business types and sizes vary considerably. For example, license values range from Kshs. 15,000 to Kshs. 30,000 for hotels (based on the number of beds available) and Kshs. 1,500 to Kshs. 4,500 for shops.

Finally, in some cases, fees for licenses to sell alcohol are reported under this stream even though there is a distinct policy rationale for charging liquor licensing fees, and liquor licence fees are different compared to licenses for other businesses.

3.3.2 Hospital and Public Health Services Fees

Counties charge revenues under this stream for Level 4 healthcare services and above. Healthcare provided from community services, dispensaries and clinics, and primary health centers and maternity clinics are free of charge. Children and the elderly are also exempt from fees. In some counties, services to vulnerable groups (such as people with substance abuse problems) are also free.

Complex schedules including different fees and charges for a great variety of services are defined in the county Finance Bills and Acts. According to responses from the counties, inpatient healthcare services and admissions in intensive care units are key drivers of revenues. Laboratory and pharmacy services also generate substantial revenues.

Interviews carried out with county representatives show that counties collect data on healthcare usage. However, this data is often held by a different department, ministry, or directorate, and there is limited exchange of data between departments.

[13] Bomet, Kilifi, Kitui, Laikipia, Machakos, Makueni, Mandera, Meru, Murang'a, Nakuru, Nandi, and Nyeri.

3.3.3 Property Rates

There is a lot of variability with respect to the revenue base and tax rates charged under this category. Counties usually charge rates on the unimproved site value (that is, not considering the value of buildings on the sites), while there are others with rates on the improved values in line with international practice. The annual rates range from 1% to 5%, with different rates being applied where there is no updated valuation roll. In some counties,[14] revenues are collected from fixed fees per plot, ranging from Kshs. 1,200 to Kshs. 2,000.

Some counties provided further details on the definitions of the stream to exemplify the challenges faced. Siaya, Nyandarua, and Marsabit counties, for instance, mentioned that the structure of rates and fees for this OSR stream was inherited from the defunct local authority, and has not been updated.[15]

Similarly, these counties reported that the last valuation roll update was between the late 90's and early 2000's. In Tana River, there is no valuation roll, but the County Government is working to develop one. Overall, counties do not have access to updated information from valuation rolls that can be used to identify the economic base and explore their potential.

3.3.4 Parking Fees

Fees for parking vehicles in designated areas are often charged on a daily basis. According to data made available from County Government representatives, fees can range from Kshs. 50 to Kshs. 100 a day for cars and small vehicles. Fees of up to Kshs. 1,000 per day can be charged for larger vehicles such as lorries and trailers, or vehicles used for commercial purposes such as taxis. Some counties offer monthly or seasonal tickets at Kshs. 1,500 to Kshs. 2,000 a month.

Statistical data on the economic base of this OSR stream is scarce. For example, counties explained that parking units (spaces) could be retrieved from parking Point of Sale (POS) data, In other cases, statistics are only available for public transportation (e.g., in Kirinyaga). In counties where this data is collected, departments responsible for OSR policy design and implementation put efforts to address weak data sharing mechanisms.

The lack of a well-developed parking infrastructure prevents some counties from identifying their revenue base and maximizing revenues they generate from this OSR stream.

3.3.5 Agricultural Transportation Fees

According to Finance Acts and Bills, counties impose cess for all agricultural produce that is sold within the county, sent to other counties, or sent abroad (including, beans, vegetables, fruit, livestock). Fees are not charged for agricultural produce coming in the county from cross-country trade unless fees were not charged at the county of origin (identified through a proof of payment).

County representatives also reported that OSR departments within counties do not always have access to statistics on the quantities of agricultural produce sold in the county. Even in counties where agricultural produce is monitored through data collection (for example, in Taita/Taveta, Nandi, Nairobi City, Meru, Laikipia, Kirinyaga, Kilifi, Embu and Elgeyo Marakwet), information appears to be held by different departments (e.g., Department of Agriculture). Weak data sharing mechanisms can cause barriers in usage of this data by departments responsible for OSR collections.

Cess on agricultural produce (as well as on quarrying and mining products reported under the 'Natural Resource Transportation fees' category) creates challenges as a result of double taxation and excessive costs for transporting goods between counties. Moreover, the policy rationale and the legislative framework regarding this fee is often weak across counties.

In a recent case, the Supreme Court declared unconstitutional the cess charged by Mombasa County on minerals transported from Kwale County to Mombasa port on the ground that Mombasa County Government did not offer any services (in that case, road transport services) for which it could charge fees.

3.3.6 Market Trade Center Fees

Key drivers of revenues under this stream are fees to businesses, individual producers, and traders for getting access to markets. Fees vary depending on the location (e.g., rural/urban), type of market (e.g., open air market), and sometimes type and size of produce. They can be charged daily, monthly, or annually.

[14]Narok, Murang'a, Mandera, Machakos, Kirinyaga, Kilifi, Garissa, Elgeyo Marakwet, Vihiga, West Pokot, and Wajir.

[15]Changes in devolution powers in Kenya have been in place since 2010, replacing the old system.

There is substantial heterogeneity with respect to the fees and charges reported under this category. In addition to fees for market entrance, counties reported that rents for stalls and shops owned by the County Government, and sometimes rates on the value of sales and fees on the size of produce traded in the market (cess fees), are grouped under this OSR stream.

Hence, there are complex structures of fees and charges under this category, as well as lack of clarity with respect to the definition and objectives of Market Trade Center fees (or market fees). For example, monthly rental charges for stalls range from Kshs. 500 to Kshs. 2,000.

3.3.7 Administrative Fees and Charges

This stream comprises of various revenue sources that could form part of other OSR categories, thus hindering comparisons between counties. County representatives report different types of administrative fees and charges being charged for services related to health, agricultural produce, environment, water, alcohol, building approvals, tourism, and other activities generating revenues which are typically reported under different streams.

In general, responses evidenced a lack of clarity in the definition and rationale of this stream. Most counties did not compile statistics on administrative services, and those that claimed to do so were unable to share them.

3.3.8 County Housing Rent

This stream mainly includes rental charges for residential property owned by the County Governments. Monthly rents for residential properties vary by size, type, and location, with rents ranging from Kshs. 2,000 and Kshs. 20,000.

Counties also collect rental charges for commercial properties they own under this stream. Rents for commercial properties range from Kshs. 500 and Kshs. 3,000 per month. These properties mainly include stalls and shops. Hence, there is substantial overlap between rental charges for stalls and shops reported under this OSR stream and under 'Market Trade Center' fees. From the survey data collected, it remains unclear how counties handle this overlap in fees.

Finally, there are counties that currently hold assets and social premises such as stadiums, sports centers, and social halls/ centers, for which they charge user fees. Statistics on the number of county properties rented for residential and commercial use, as well as rental values, seem to be available in almost half of the surveyed counties, although only Bungoma was able to share this information.

3.3.9 Natural Resource Transportation Fees

The National Government is responsible for managing and regulating the exploitation of natural resources, thus it manages and collects taxes for the extraction of minerals, oil, and gas.

County Governments have limited fiscal instruments in this area. These mainly include cess charges for transportation of products from mining, sand harvesting, and quarrying. It should be noted that cess specifically on quarry products used as building materials is not considered efficient. The Kenya Revenue Authority (KRA) is reviewing the policy for Nairobi City. In the context of the new policy, vehicles used to transport building materials, as well as their tonnage, will have to be declared on a monthly basis and charged a monthly flat fee based on tonnage.

Fees are also levied on businesses engaged in Natural Resource Transportation services. However, these are mainly reported under the 'Trading Licensing' stream, thus creating confusion around the definition and objectives of the structure of fees for typical and special licenses (such as licenses for extracting natural resources).

3.3.10 Advertising and Sign Board Fees

There is substantial variability in fee structure and payment frequency under this stream across counties (e.g., daily fees for billboards, monthly charges for roadshows, annual charges for banners, etc.). On the other hand, compared to other streams, the revenue base of the 'Advertising and Sign Board fees' stream is quite consistent, including charges for the regulation of advertising activities within the counties.

Billboards and signage generate the largest revenue within this stream over the last few years. Large communication companies such as Telkom Kenya and Safaricom are key users of county advertising services.

3.3.11 Environment and Conservancy Administration Fees

Counties report charges for county waste management collection and county transportation services under this stream. These activities are considered the principal driver of revenues across the counties.

In particular, 4 counties (Makueni, Kisii, Kisumu and Nandi) also collect revenues from noise pollution permits and/or fines. Others report on revenues from licenses to businesses in waste management, water supply, sewage, and remediation activities under this category.

Revenues from some sources reported under this stream may not be collected directly by the county, but through a third party. For example, Kirinyaga and Meru pointed out that water companies oversee water and sewage fees and revenue collection.

3.3.12 Liquor Licensing Fees

Businesses involved in manufacturing and sale of alcohol are required to pay special licenses for selling or supplying alcohol (sometimes referred to as licenses for distribution services). A typical annual fee for such a license can vary from Kshs. 15,000 to Kshs. 50,000 depending on the venue (e.g., bar, hotel, etc.).

This stream is also often reported under the 'Trading Licensing' category instead.

3.3.13 Building Plan Approvals Fees

The majority of actual revenues under this stream are generated from approvals of building plans. Revenues also flow from fees charged for inspection and renovation approvals.

Where information on the economic base for this stream is available (e.g., in Turkana, Nyandarua, and Mombasa), it is often held by different departments within the County Governments (e.g., the Physical Planning Department). Weak communication mechanisms hinder information sharing between OSR departments within the County Government.

3.3.14 Technical Services Fees

This stream appears to be a wide category and includes various own-source revenue activities. Examples of revenue sources under this stream include land survey, valuation fees, land transfer, subdivision, disputes resolution, and boundary establishments.

There is a lot of heterogeneity with respect to the fees and charges included in this group across counties, thus hindering comparisons between counties. Moreover, key drivers of revenues under this stream vary across the counties.

3.3.15 Game Reserve Fees

This stream includes fees charged for entering game reserves, therefore it is only relevant to counties that have reserves within their boundaries.[16] National Government bodies such as the Kenya Wildlife Services (KWS) are responsible for revenue collections from national parks, while revenues from fees for entering game reserves are collected locally by the County Governments.

County representatives reported that numbers of domestic and international visitors to game parks, national parks, and heritage sites are recorded. However, only one county (Baringo) shared this data as part of the survey, raising concerns around data accessibility and sharing between different departments within County Governments.

3.3.16 Fines, Penalties and Forfeitures

The most common examples of illegal acts for which fines are issued are late payments, parking fines, and touting. Despite cross-county divergence, late payments and parking fines are common drivers of revenue collection.

Among the counties claiming to collect relevant statistical information, Vihiga and Kisumu reported that the data gathered is related to revenue collection only.

3.3.17 External Services Fees

The majority of counties did not report revenues under this stream. The definition of the revenue base for this stream is vague, with counties explaining that this stream is used to report revenues from miscellaneous sources. For example, Nakuru reported that all county functions are grouped under this stream. Nandi stated that they would place in this stream sporadically collected revenues that did not accrue every financial year but only once or twice and were not captured under the remaining streams.

[16]It should be noted that game parks are managed by the National Government while game reserves are managed by County Governments.

3.4 Emerging Issues

3.4.1 Own-Source Revenue Streams Reported Under the "Others" Category

The revenue category "Others" that is often included in reports of county revenue collections, includes miscellaneous revenues that are not classified under specific types of streams. This category comprised of 120 different types of revenue sources across all counties in 2018/19.[17] It is excluded from the quantitative analysis of the OSR potential and gap between potential and actual revenue collections across the counties.

Table 2 presents the contribution of streams classified under the category "Others" to total revenues across counties.

Table 2: Revenue collections classified as "Others" across 16 counties

County	Revenues generated by streams in the "Others" category (as a share of total OSR collections)
Kajiado	32.3%
Wajir	30.5%
Marsabit	25.7%
Kakamega	24.2%
Lamu	23.5%
Elgeyo Marakwet	19.8%
Makueni	17.9%
Vihiga	16.6%
Samburu	15.7%
Nyandarua	12.7%
Kirinyaga	12.4%
Busia	11.5%
Garissa	11%
Nyamira	11%
Nandi	11%
Turkana	10.2%

3.4.2 Impact of Covid-19 on OSR Revenue Generation

Counties relying on the tourism and hospitality sectors were hit the most by the pandemic. Restrictions that were in place directly affected revenue collection (for example, fees for entering game parks and licenses for selling liquor). In addition, the pandemic had a significant impact on the county economies (for example, through reductions in employment, and decreases in trade, consumption, and other activities), further hindering revenue generation.

A representative from a County Government explained that "[the pandemic] has heavily impacted the county. The county derives most of its income from the tourism sector. This is one sector that has been hit hard. In 2019, the county was able to realize Kshs. 94 million from the tourism sector. Currently, the revenue from tourism is Kshs. 4.5 million, with almost Kshs. 85 million being eroded due to Covid-19." Another County Government representative described the impact of the pandemic on the hospitality sector: "The businesses selling liquor have been affected the most, followed by small and medium traders. Many businesses were shut down and never recovered. This led to a reduction in the number of traders who were able to pay for their licenses."

[17] CRA (2019), Own-Source Revenue Analysis Per Stream – County Government Financial Statements 2018/19. The streams reported under this category in each county are shown in Appendix A (table 2).

The pandemic also affected the collection systems – in particular, the fact that the majority of taxpayers use cash to complete their payments hindered revenue collections. As described by a County Government representative: "Initially, there was stigma that cash was a super spreader of the disease. Therefore, a lot of revenue was lost because staff were unwilling to go to the markets to collect daily fees."

The effect of Covid-19 on revenue collection is widespread, with all counties stating that the pandemic reduced the revenues collected. Among those, 8 counties described the impact as major, significant, or severe.

However, county representatives are optimistic that the economy will recover to pre-pandemic levels. They even point out that the pandemic fostered changes in the economy that can improve revenue collection in the future. For example, in some counties online purchases have increased since the onset of the pandemic and the uptake remains high.

In this context, county representatives argue that county performance in revenue collection can improve as a result of changes in the collection system taking place during the Covid-19 pandemic compared to pre-pandemic levels. In one case, positive effects are already noticeable. Isiolo County reported improved timeliness for payments and stakeholder responsiveness to information exchange.

On the other hand, three county representatives argued that Covid-19 can hamper recovery in revenue generation and collection. Counties which have stopped collecting revenues from sectors severely affected by the pandemic to provide tax reliefs are now facing challenges of reimposing charges. For example, Garissa County Government stopped charging fees on motorbikes (boda-bodas), tuk-tuks, and taxis during the most challenging moments of the pandemic and are now facing new negotiations with the transport sector to introduce permanent changes in their fee structures.

Moreover, there is skepticism regarding a speedy recovery, and there are county representatives expressing concerns that the impact of the pandemic will linger on for the next three to four years. For example, representatives from Isiolo County point out that the tourism sector is still vulnerable to the impact of the pandemic and new restrictions can also affect other sectors.

At the national level, there is need to improve OSR policies and strategies to enhance revenue from own sources while ensuring fairness and equity. Healthcare fees are not suitable for revenue enhancement as they can easily affect access to health care services, creating inequalities and reducing the welfare of the people of Kenya. The study recommends that counties should avoid enhancing revenue from health care services.

The Council of Governors led the design of policy interventions and coordinated the efforts to tackle the harmful consequences of the pandemic across the County Governments.

According to the County Covid-19 Social Economic Re-engineering Recovery Strategy published in September 2020, County Governments responded to the crisis through plans that included treatment interventions, prevention measures (such as issuing prevention guidelines and ensuring enforcement), provision of support to vulnerable groups, and raising resources from the national Covid-19 emergency funds.

The counties were reported to support key socioeconomic areas impacted by the pandemic.

As a response to the pandemic County Governments, through their umbrella body Council of Governors, developed recovery strategies aimed at boosting economic growth. The interventions in the strategy to boost the economy included supporting micro enterprises and small farm holders as well as strengthening ICT capacity within the Counties to enhance digital literacy.

The recovery strategy developed reform initiatives in the following areas:

- agriculture – capacity enhancement (as a result of new technologies), easier market access, financial support, and risk management for small and medium businesses through legislation and policy.
- water and sanitation – improvements in existing infrastructure to increase access to water and address needs of more households, as well as improvements in sanitation services.
- urban development and housing – implementation of National Home Ownership Policy, stimulation of economic activity through urban development and infrastructure, and provision of affordable housing.

- transport – enhancement of road development and maintenance plans by using local resources and labor, prevention of floods, and development of synergies between different means of transportation (for example, car, bus and train).
- tourism – investment in activities and infrastructure for different types of tourism (for example, agritourism, medical tourism, cultural tourism), diversification of tourism products, and support to affordable domestic tourism.
- health – investments in research and development, delivery of training (and changes in legislation) for workers, students, and volunteers to provide high-quality services, and proactive strategies to address mental health needs.
- education – provision of support to students from vulnerable backgrounds as well as to teachers and school staff, design of interventions to address learning gaps, introduction of new ICT methods in the classroom to facilitate learning, and promotion of investments and collaboration between counties and other organizations (e.g., non-state and not-for-profit organizations).
- social protection – ensuring access to healthcare and social services for all and providing different types of support to citizens and children.
- gender and youth – awareness-raising and provision of support to survivors of gender-based violence, and interventions aiming to help inform youth about reproductive health to prevent common risks (such as AIDS, HIV, and Covid-19).
- natural resources management – promoting collaboration between the County Governments, the private sector, local NGOs, and local communities to promote tree seeding and planting.

CHAPTER 4: METHODOLOGICAL PROCEDURES FOR ESTIMATING OSR POTENTIAL AND GAP

4.1 Introduction

This section presents the modelling framework designed to estimate the revenue potential and tax gap for the list of OSR streams identified as top across counties in Kenya. Instead of focusing on streams that are currently top for each county, the framework involves a comprehensive analysis of the revenue potential for each of the top streams in each of the 47 counties.

4.2 Methodology

Estimating the economic base for different streams is a key step in top-down analysis. A major benefit of this analysis is that it allows for the use of consistently collected data to produce reliable estimates of the revenue base for the different streams. This method ensures that there is no disadvantaged county as a result of varying data collection protocols.

Ideally, comparable and comprehensive county-specific indicators would be used to capture the revenue base for each stream across counties. However, gaps and limitations in existing data collections across counties do not allow for consistent analysis of the economic base for the 13 streams identified as top and included in the top-down analysis component of this framework. To address this limitation, the best available evidence from KNBS national statistics and survey data is used to estimate the economic base for the different OSR streams.

Microdata drawn from KNBS household and enterprise surveys, the Kenya Population and Household Census 2019 and statistics from the latest GCP publications are used to calculate consistent revenue bases across the counties. The surveys are designed to reflect economic activity at the county and national levels.

The next step involves applying indicative rates, fees or charges under each stream to the corresponding economic base to calculate potential revenues. The tax gap is the difference between potential and actual revenues from a stream averaged over three financial years— 2017/18, 2018/19, and 2019/20. Estimates of the gap for each stream reflect the extent to which County Governments can enhance their revenues if existing policies and fiscal instruments were utilized effectively.

Top-down analysis further explores the impact of optimal policies on enhancing revenues. In particular, alternative rates can be selected and applied to the revenue base to observe how maximum revenues change under different policy scenarios. This modelling framework includes rates, charges, and fees for each OSR stream that are either based on current practices and reflect the relative economic size of each county or are in line with international best practice.

Selected county Finance Acts and Bills were reviewed to understand the specific rates, fees, and charges under the top OSR streams. Information on typical rates, fees, and charges from county representatives also fed into the top-down analysis. As discussed in Chapter 3, there are complex schedules of rates, fees, and charges under the top OSR streams across the counties. To address this challenge, current rates and fees were simplified, considering the relative economic size of each county. In other cases, the proposed fees and rates are in line with the best practice adopted elsewhere in Africa or abroad.

The box below includes an overview of the methodology adopted to address this objective. It also presents the governance structure of this project.

The remainder of this chapter discusses in detail the methods used to carry out the comprehensive county revenue potential and tax gap analysis. It also summarizes key assumptions underpinning the methodological framework and strategies towards addressing gaps and limitations in existing data that were used to produce the revenue potential and gap estimates.

Summary of Methodological Approach

Phase 1 – Scoping research

Phase 1 includes a desk-based review of evidence on OSR across counties in Kenya (focusing on county Finance Bills and Acts and reports from CRA), as well as national statistics, survey data, and other sources of evidence.

This review allowed for identification streams that generate more than 80% of revenues across counties. Key findings also informed the development of the methodological framework for estimating OSR potential and gap for top revenue streams across the counties. It contributed to the strategy design for engaging with the counties at the subsequent phases of this project.

Phase 2 – Stakeholder engagement and primary data collation

Phase 2 includes the development of a stakeholder engagement strategy aiming to involve representatives from County Governments with this work and to collate key information to feed into the analysis of OSR potential and gap by stream and by county.

As part of this phase, a survey was developed to understand different approaches towards defining OSR streams and set out structures of fees, charges, and tax rates. The survey also aimed to collate data on the economic base of the different streams across countries, as well as on revenues generated across streams.

In addition, interviews were carried out to identify best practice and areas for improvement in setting out OSR policies and generating revenues across counties. The interviews sought to explore current practices around identifying revenue potential using monitoring performance and taking policy decisions about fees, rates, and charges included under different streams.

They also focused on exploring the impact of Covid-19 on revenue generation and collection, as well as the potentially persistent consequences that the pandemic might have for counties.

Phase 3 – OSR potential and tax gap analysis

Phase 3 involves expanding on the methodological framework developed in the context of the 2018 research to produce reliable estimates of the revenue potential and gap for top OSR streams across all counties. This framework seeks to provide evidence-based answers to one core question:

> How much revenue would each county be able to generate from each of the streams identified as top if it operated in line with the best performing counties in Kenya?

To address this question, the Deterministic frontier analysis is adopted. For consistency and to address gaps and inconsistencies in county-specific data, publicly available KNBS national statistics and survey data are used to calculate the economic base for each top stream and for each county.

In addition, top-down analysis is carried out to explore how much revenue each County Government would generate from each of the streams identified as top if optimal fiscal instruments were used at their full potential, assuming no issues around administration and complete lack of evasion. Detailed results from this analysis are presented in Appendix D.

Governance structure

This study adopts a three-tier level structure governed by CRA's Revenue Enhancement Committee (REC), a Technical/Oversight Committee (TOC) comprising of key stakeholders, that provided overall guidance for the study, and an Operations team.

REC is the apex body that offers strategic thinking and direction for the study, enabled by the technical input received from the TOC. Roles and responsibilities of the REC include:

i. Building high level support for the aim, objectives, and activities of the study, and promoting active engagement of and collaboration with all stakeholders.
ii. Shaping the study directions and activities and making significant strategy and policy decisions.

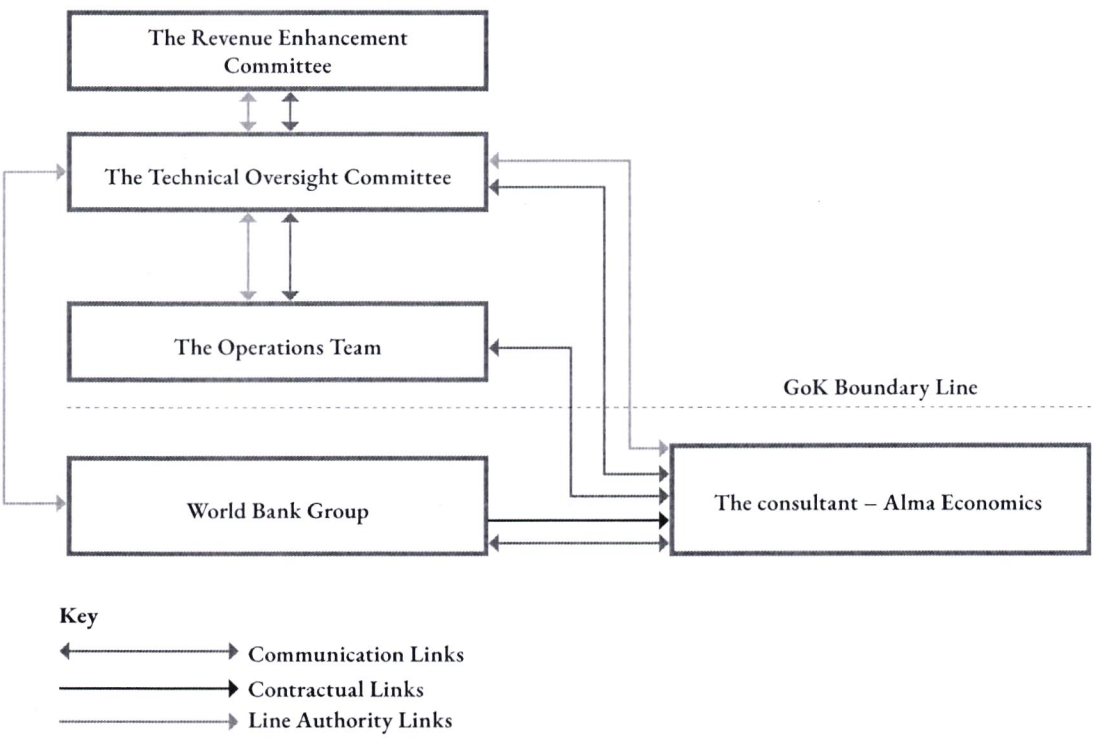
The membership of TOC includes the World Bank, the CRA, the Office for the Controller of Budget, the Council of Governors, the National Treasury, and KNBS. Roles and responsibilities of the TOC include:

- Ensuring the research adheres to the work plan and progress is reported to the REC,
- Mobilizing stakeholders for the study's operations,
- Quality controlling and reviewing the study reports,
- Providing technical guidance and direction to the research,
- Offering advisory services on addressing challenges that may arise during the assignment,
- Signing off and/or approving key deliverables.

The Operations Team includes members of the CRA. Roles and responsibilities of the team include:

- Monitoring, supporting and managing the study (including risk management),
- Implementing the study's strategy under the direction of the TOC,
- Sharing existing data with researchers and assisting them in gathering county data through ensuring mobilization of County Governments,
- Ensuring mobilization of National Government counterparts (KNBS, National Treasury),
- Undertaking capacity building on the estimation of OSR potential.

The organogram below presents the reporting framework adopted throughout this study.



4.3 County Engagement Strategy

The CRA began the project by organizing a virtual meeting with Counties Executive Committee Members of Finance and Heads of Revenue officials on 14th October 2020. The meeting resolved to conduct a revenue potential study for revenue streams that account for 80 percent of a counties' total own source revenue. This was adopted for the study.

The county engagement strategy comprised of several stages. First, a survey questionnaire was carried out to gather information on setting out OSR streams across counties, defining revenue bases, setting out rates, charges and fees, and collecting revenues. One-hour interviews were conducted to walk County Government representatives through the questionnaire and collate the requested data. During this round of interviews, county representatives were requested to share the following county-specific data and information on actual revenue collections and indicators on the revenue base of different streams.

- Unaudited revenue reports,
- Summary statistics from the latest valuation roll (numbers of properties across value bands),
- Vehicle registrations, number and use of parking spaces per day, month, or year by cars and buses,
- Numbers and value of new residential and commercial properties built in the county,
- Usage of healthcare services in the county,
- Quantities and value of agricultural produce (or specific products where cess is charged)
- Numbers of and revenue from county properties rented for residential and commercial use,
- Numbers of domestic and international tourists in the county, as well as visits to game reserves, heritage sites, etc.,
- Usage of administrative services which drive revenue generation categorized as "administrative fees and charges",
- Statistics on the fines, penalties, and forfeitures issued per type of activity.

In the first round, 41 counties participated in the survey data collection exercise, out of which 26 counties shared at least some of the requested reports on revenue collection.

The second round involved follow-up interviews, to gather qualitative insights from the County Government representatives, including challenges faced, good practice examples and the impact of Covid-19 on revenue generation. The second round involved 27 counties.

The response rates across the 47 counties are presented in Table A1 while Table 2 summarizes the information that the counties shared in response to requests included in the survey questionnaire.

County representatives reported several challenges in providing the requested information, including (i) unavailability of information with counties not collecting the requested data or data collection processes being under development, (ii) lack of collaboration and coordination with the data owners, and (iii) a lack of a consistent reporting framework.

Finally, the heads of revenue for all the 47 county governments were invited to a validation workshop held on 8th February 2022. Participants included representatives of 31 counties.

4.4 Approach to Estimating OSR Potential and Tax Gap

The OSR potential and tax gap modelling framework does not distinguish between gaps in revenues arising from administration issues (e.g., evasion and non-compliance) or others from policy decisions (mainly setting out the structure of fees and charges under different streams). This is because it is important to produce a framework that can consistently assess the revenue potential across all streams in all counties based on objective indicators rather than each county's policy choices (e.g., decisions to not impose taxes or fees under some streams, charging high rates under others, etc.). Fiscal effort is defined on the same basis for all counties, thus revenue potential is calculated on this consistent basis. Distinctions between underperformance as a result of administration challenges or policy are less relevant.

Figure 1: Total actual revenues over the last three years and potential revenues (excluding Nairobi City)

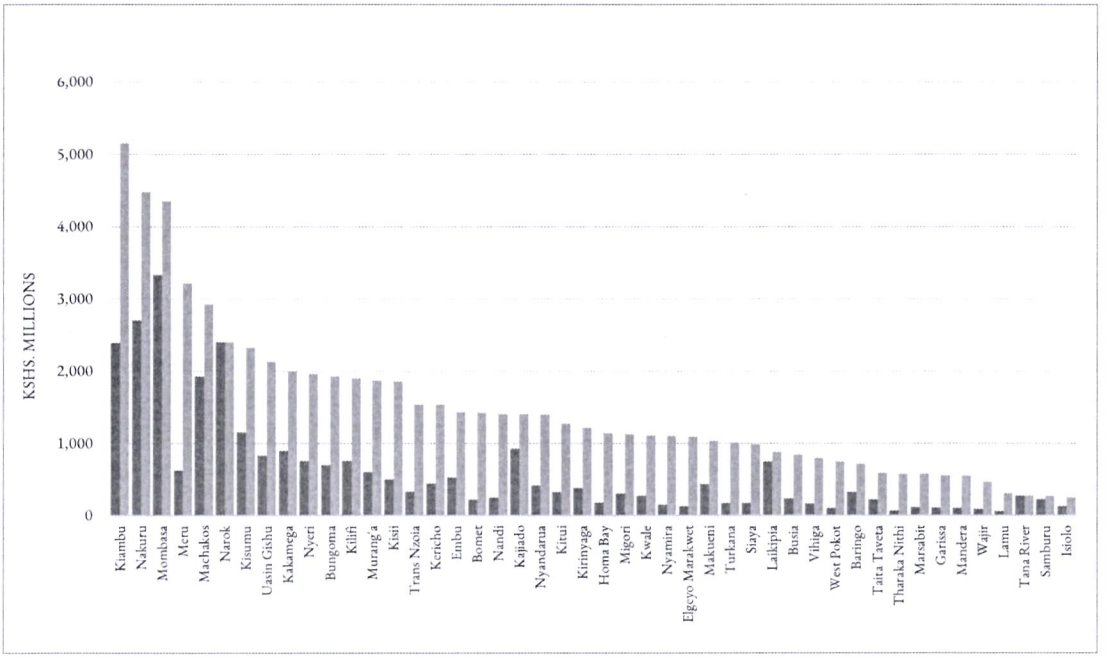


Table 4 presents aggregate results from the deterministic frontier analysis of top OSR streams.[26] Charges and fees for use of healthcare offered by public hospitals are the most prominent source of revenue. However, targeting health services for enhancing revenue generation can be problematic in that it might hinder access to medical care for people across the country. In particular, treating health services as a means to maximize revenues can contradict the commitment of the Government of Kenya to universal access to medical care.[27]

Property rates are an important source of revenue, with counties generating around Kshs. 14 billion annually in total. In addition, parking fees are a promising source of own revenues. In contrast to most other OSR revenue streams, County Governments collect a large portion of their potential revenue with the revenue gap being as low as 52% for parking fees. The only revenue stream where counties perform better is for game parks and reserve fees, with 80% of total revenues being collected in total.

Revenues from cess can reach around Kshs. 7 billion per year, making it a substantial portion of overall revenue potential.27 However evidence suggests that cess can impose high burdens on producers and, thus, discourage them from engaging in agricultural activities. There are also the risks of double taxation and excessive costs for traders crossing borders.

Finally, it should be noted that table 4 does not include findings on potential revenues from outdoor advertisement. Based on our analysis, this stream would generate Kshs. 81 billion in revenues across all counties, with less than 1% of this potential actually being collected by County Governments. However, due to substantial gaps in existing data not allowing for the development of a reliable evidence base for this stream, this result is indicative. Future research should be carried out to further explore this stream.

Table 5 below presents actual revenues from all streams that County Governments report to the CRA. In the cases where the entry is represented with a dash (-), the County Governments do not report on collecting data from this particular revenue stream. For such cases, maximum revenues are calculated and included in table 6, which presents results from estimating the revenue potential from top OSR streams using deterministic frontier analysis.

[26]Detailed estimates on the revenue potential for each stream and for each County Government are shown in Appendix D.

[27]More information on the plan to introduce Universal Health Coverage by 2022 can be found here: https://www.health.go.ke/wp-content/uploads/2019/01/UHC-QI-Policy-Brief.pdf

Table 4: Top streams across Kenya (deterministic frontier analysis)

Revenue stream ***(as defined in the County Executive Financial Statements)***	**Total potential**	Revenue gap (as a share of total revenue potential across counties)
Hospital and Public Health Services fees	Kshs. 32 billion	80%
Trading Licensing	Kshs. 23 billion	76%
Natural Resource Transportation fees	Kshs. 16 billion	94%
Property Rates	Kshs. 14 billion	64%
Parking fees	Kshs. 8.5 billion	52%
Agricultural transportation fees	Kshs. 7 billion	79%
Administrative fees	Kshs. 5.8 billion	84%
Environment and Conservancy Administration fees	Kshs. 5 billion	85%
Technical Services	Kshs. 4.6 billion	74%
Market Trade Center fees	Kshs. 4.6 billion	78%
Liquor Licensing fees	Kshs. 4.4 billion	94%
Building Plan Approvals Fees	Kshs. 3.7 billion	93%
Game Park & Reserve fees	Kshs. 3 billion	20%
Fines and Penalties	Kshs. 0.8 billion	88%

Taken together, tables 5 and 6 show that there is still substantial unrealized potential across the streams that are identified as top. Revenues from Natural Resource Transportation fees are a key stream that can be used to enhance generation of revenues from own sources.

There is also room for improving performance in collecting revenues from special licenses for businesses selling alcohol. In contrast, County Governments put significant efforts to generating revenues from annual business licenses, property rates, and vehicle parking fees.

Table 5: Actual collections of revenues by county and OSR stream, Kshs. million

	Property Rates	Building Plan Approvals Fees	Trading Licensing	Liquor Licensing Fees	Advertising and Sign Board fees	Parking fees	Agricultural transportation fees	Hospital and Public Health Services fees	Market Trade Center fees	Natural Resource Transportation fees	Environment &Conservancy Administration	Game Park & Reserve fees	Administrative fees and Charges	Fine, Penalties, and Forfeitures	Technical services
Baringo	12.1	-	32.6	-	-	-	36.4	125.8	43.0	-	-	71.5	-	-	-
Bomet	48.5	-	33.4	-	-	10.0	19.5	81.2	4.2	-	-	-	-	-	-
Bungoma	22.2	-	92.1	4.8	-	64.0	17.9	364.0	35.8	-	11.0	-	38.2	7.1	13.3
Busia	2.8	4.0	41.1	4.0	5.5	43.0	35.9	53.4	16.2	-	-	-	-	-	-
Elgeyo Marakwet	3.8	0.02	11.6	1.6	-	4.3	23.7	52.4	7.0	-	1.0	-	-	0.4	-
Embu	14.4	7.7	81.4	-	17.4	28.4	61.1	1.3	24.4	-	-	-	-	0.6	-
Garissa	22.5	-	12.1	-	-	-	11.0	8.4	6.4	-	1.5	-	-	11.5	1.9
Homabay	2.4	1.8	20.7	-	0.1	19.7	11.5	82.6	24.0	2.5	0.2	-	-	0.6	-
Isiolo	20.2	0.4	6.0	2.6	0.8	4.0	11.2	13.7	-	-	-	66.2	-	-	-
Kajiado	46.4	-	179.2	-	-	45.5	10.5	48.3	29.0	86.4	-	-	-	2.7	96.7
Kakamega	23.8	14.6	74.1	20.5	14.3	52.6	42.1	360.5	37.5	-	-	-	-	-	-
Kericho	60.8	-	52.8	-	-	34.1	6.0	178.4	24.8	4.2	6.7	-	24.5	0.5	12.7
Kiambu	249.7	-	231.9	1.6	-	226.1	99.1	1018.6	23.3	11.4	45.0	-	-	-	285.5
Kilifi	154.6	11.8	60.1	-	20.6	27.7	218.8	68.9	10.0	-	-	-	113.0	-	-
Kirinyaga	23.6	-	83.6	-	-	20.8	5.9	135.1	31.8	-	7.7	-	-	-	4.4
Kisii	10.2	19.0	68.5	6.0	30.2	91.2	8.3	180.9	58.4	0.2	-	-	-	0.0	-
Kisumu	103.3	-	141.9	-	48.9	122.5	3.4	183.3	50.2	-	1.9	-	-	-	72.8
Kitui	17.3	-	49.4	8.9	11.2	15.0	11.8	97.2	18.6	-	-	-	-	2.5	12.5
Kwale	47.1	1.8	56.4	-	14.8	13.0	8.5	82.4	6.8	16.6	-	-	-	-	12.1
Laikipia	83.0	-	85.3	8.2	-	63.3	23.9	304.7	10.6	-	86.1	-	22.3	.6	26.7
Lamu	8.6	-	16.0	-	2.7	-	4.1	8.7	1.8	1.7	-	-	-	-	-
Machakos	416.7	149.4	185.5	35.1	35.5	83.7	10.9	81.6	24.0	413.3	284.1	-	-	14.1	181.0
Makueni	7.8	12.3	100.7	32.2	6.8	27.4	16.0	115.5	33.1	-	-	-	-	3.2	-
Mandera	26.1	1.7	9.4	-	-	.7	20.3	18.6	1.1	-	-	-	-	-	-

	Property Rates	Building Plan Approvals Fees	Trading Licensing	Liquor Licensing Fees	Advertising and Sign Board fees	Parking fees	Agricultural transportation fees	Hospital and Public Health Services fees	Market Trade Center fees	Natural Resource Transportation fees	Environment &Conservancy Administration	Game Park & Reserve fees	Administrative fees and Charges	Fine, Penalties, and Forfeitures	Technical services
Marsabit	5.4	0.3	15.7	1.9	-	-	23.7	24.8	2.4	7.7	-	-	-	-	-
Meru	46.6	-	133.1	-	-	69.5	59.1	184.7	38.3	-	.3	-	-	1.5	18.2
Migori	8.2	-	56.2	3.8	11.6	57.0	38.7	77.5	34.2	4.5	.1	-	-	.9	-
Mombasa	779.1	-	481.7	-	-	471.7	-	631.0	51.7	-	105.1	-	733.5	17.4	-
Murang'a	108.7	24.0	120.2	32.5	12.4	43.6	23.5	141.8	39.3	-	11.5	-	-	3.9	6.5
Nairobi City	2068.7	-	1856.2	-	-	1658.3	180.7	496.3	93.8	40.3	4.5	-	-	-	334.4
Nakuru	299.1	-	335.0	39.3	-	261.2	19.3	64.9	56.6	201.6	140.4	-	-	-	94.2
Nandi	19.1	-	35.7	6.9	-	29.9	11.5	101.9	12.0	-	-	-	-	-	-
Narok	21.0	-	33.0	-	-	10.8	74.0	-	6.3	-	3.1	2162.8	-	-	-
Nyamira	18.5	2.5	15.8	-	-	13.5	5.9	67.2	9.7	-	-	-	-	-	-
Nyandarua	19.3	6.5	83.7	-	4.1	20.7	44.3	114.7	10.3	-	.3	-	-	3.5	-
Nyeri	62.9	-	92.5	42.7	23.4	97.8	41.2	258.3	35.9	-	-	-	-	4.5	-
Samburu	12.7	-	8.8	1.9	0.3	0.9	5.8	6.8	-	1.9	-	153.5	-	-	-
Siaya	3.4	3.4	33.2	1.9	3.0	14.3	5.5	64.2	22.7	-	0.1	-	-	-	.1
Taita/Taveta	22.6	-	35.9	-	-	18.2	53.2	46.0	26.5	-	5.1	-	-	1.1	7.6
Tana River	3.2	-	11.6	-	-	1.9	19.0	0.1	0.4	17.4	1.7	-	-	-	0.3
Tharaka-Nithi	4.9	4.0	35.2	8.2	-	10.5	2.4	74.6	15.6	35.1	-	-	-	-	-
Trans-Nzoia	30.3	4.6	58.5	.2	10.4	42.5	22.1	133.2	13.8	1.7	3.3	-	-	-	0.0
Turkana	14.6	-	32.3	-	-	8.8	50.2	19.8	4.1	26.0	1.5	-	-	-	-
Uasin Gishu	110.4	-	179.6	-	59.5	208.8	53.1	67.0	20.7	-	37.3	-	-	19.6	35.8
Vihiga	5.4	4.1	15.3	2.6	3.4	36.2	6.3	41.7	14.0	-	3.4	-	-	.4	-
Wajir	0.7	-	11.9	-	-	-	9.1	0.2	-	20.9	0.1	-	1.1	-	14.0
West Pokot	5.0	0.5	12.8	0.3	1.8	4.1	15.6	25.1	2.2	22.4	1.1	-	-	-	-
Total	**5,098**	**274**	**5,420**	**268**	**339**	**4,077**	**1,482**	**6,307**	**1,032**	**916**	**764**	**2,454**	**933**	**97**	**1,231**

The framework seeks to produce evidence-based answers to one core research question:

> How much revenue would each county generate from each of the streams identified as top if it operated in line with the best performing counties in Kenya?

This topic is explored adopting a top-down methodology. Maximum revenues (revenue potential) that can be generated from each stream are calculated by applying the relevant fiscal instrument (e.g., rates or fees) on the estimated economic base for each stream. The top-down methodology is adopted to estimate maximum revenues for the following streams:[18]

- Property rates
- Building Plan Approvals fees
- Trading Licensing fees
- Liquor Licensing fees
- Advertising and Sign Board fees
- Parking fees
- Cess
- Hospital and Public Health Services fees
- Market Trade Center fees
- Natural Resource Transportation fees
- Environment and Conservancy Administration fees
- Game Reserve fees

Due to lack of consistency in the definitions and reporting across counties, it was not feasible to find economic indicators that can be used to robustly estimate the economic base for Administrative fees and charges and for Technical Services. Therefore, potential revenue and tax gap for these streams is estimated using only deterministic frontier analysis with comparisons being made on the basis of the economic size of each county (as reflected by latest GCP data).

The same approach is followed for Fines, Penalties, and Forfeitures. There is no consistent data that could be used to estimate the revenue base for this stream. It is also counterintuitive to attempt to maximize revenues flowing from offences and illegal behavior.

Finally, there are two streams on the list that are not included in the analysis presented in detail in the remainder of this report. The 'External Services fees' stream is only relevant to one county (Kajiado) and it mainly incorporates services that are reported under different OSR streams in other counties. It is not included in the modelling framework due to its limited scope and overlap with other streams in this analysis.

The 'County Housing rent' stream is only relevant to counties which own commercial and residential properties. Lack of consistent data that could be used to estimate the economic base for this stream (that is, number of properties by size and type, and relevant rental values) does not allow for a meaningful top-down analysis. Even if consistent data were made available, maximizing revenues from this stream does not fully depend on decisions and practices by the County Governments, but on wider factors influencing rental markets. In addition, carrying out deterministic frontier analysis means that counties with properties would be compared with others that do not own residential and commercial properties.

4.5 Deterministic Frontier Analysis

Deterministic frontier analysis is carried out to identify counties with best practice in collecting revenues for each stream. Best-performing counties are then used as benchmarks to assess the performance of other counties in Kenya. In general, deterministic frontier analysis are used to establish the 'best performing' unit and measure the deviation of other units from that 'frontier.' In the context of this study, best-performing units are the counties that, given their characteristics, are most effective at raising revenue under each stream.

[18]A detailed presentation of the top-down methodology is presented in Appendix C.

The performance of County Governments in generating revenues under each stream is reflected by a parameter that captures actual revenues in relation to the economic base. Estimating the economic base for different streams is a key step of the analysis. Ideally, comparable and comprehensive county-specific indicators would be used to capture the revenue base for each stream across counties. However, gaps and limitations in existing data collections across[19] counties do not allow for consistent analysis of the economic base for all streams analyzed through the deterministic frontier analysis. To address this limitation, best available evidence from KNBS national statistics and survey data is used to estimate the economic base for the different OSR streams.

Microdata drawn from KNBS household and enterprise surveys, information from the Kenya Population Census 2019, and statistics from the GCP Report 2020 are used to calculate consistent revenue bases across the counties. The surveys are designed to reflect economic activity at the county and national levels.

To ensure the results from this analysis reflect the current economic size and activities across counties, estimates of the economic base for different streams data from previous years are uprated in line with the average growth in GCP for each individual county. County-specific average GCP growth rates are calculated as the mean of the annual GCP growth rates between 2013 and 2020.

For the three streams[20] for which no top-down analysis was performed due to lack of a robust revenue base, the GCP 2020 figures (in current prices), which reflect the county economic size, are used as proxies. The same approach is followed for carrying out deterministic frontier analysis for total collections of revenues.

To capture the revenue-raising performance of different counties, a multiplier is calculated for each country showing the relationship between the economic base and the generated revenues. The multipliers of the top five counties are then averaged to derive an indicator reflecting best practice in the counties. This multiplier is then applied to the remaining counties to identify the maximum revenues they could potentially generate if they were operating in line with the best-performing counties.

Revenue gaps are calculated as the difference between actual revenue collections (as an average over the last three fiscal years) and potential revenues that the counties could generate if they would enhance their performance in line with best practice in the country. Estimates of the gap for each stream reflect the extent to which County Governments can enhance their revenues if existing policies and fiscal instruments were utilized effectively.

Table 3 presents an overview of the approach developed to model the economic base and calculate the maximum revenues that can potentially be generated across OSR streams. It includes (i) indicators used to proxy the economic base as well as data sources, and (ii) key assumptions made to estimate the economic base. It also includes suggested fees, rates, and charges based on current practices as described in county Finance Acts and Bills as well as best international practice. The latter are only used in the top-down analysis and are discussed in more detail in the Appendix.

[19]These limitations are discussed in more detail in chapter 3 of this report.

[20]These streams are: Administrative fees and charges, fines and penalties, and Technical Services.

Table 3: Methodology for estimating the economic base & revenue potential for each OSR stream

OSR stream	Economic base	Key assumptions	Suggested rates, fees, and charges for the top-down analysis
Property rates	Value of residential and commercial properties (excluding agricultural land). **Data sources:** Kenya Integrated Household Budget Survey (KIHBS, 2015/16) for residential properties. Micro, Small, and Medium Enterprises Survey (MSME 2016) for commercial properties.	In line with the 2018 research, average rental returns to commercial property values are calculated at 6.7% of the property value using KIHBS data. Rental values drawn from the survey are used to calculate the value of residential properties across counties. Assuming that rental returns are not different for commercial properties, the same approach is adopted to calculate their value.	A flat rate of 0.1% on the improved value of land is used in line with input from County Governments.
Building Plan Approvals fees	Annual GCP in construction activities. **Data sources:** GCP by economic activity, 2020.	GCP for construction is the sum of the value of completed buildings and approved plans (including works approved in the plans).[21]	A flat tax rate of 1% on the value of constructing new buildings is used based on reviewing Finance Acts and Bills. This is augmented to 2% to account for additional administration fees and other relevant charges.
Trading Licensing fees	Full-time equivalent employees/self-employed uprated in line with annual population growth (2.4%) to arrive at updated estimates of the economic base. **Data sources:** MSME 2016.	In line with the 2018 research, county employment numbers (rather than numbers of businesses of different sizes) are considered to be more reliable compared to other available statistics.	A base fee of Kshs. 2,000 per full-time employee is used based on reviewing Finance Acts and Bills. This is adjusted by a county multiplier reflecting relevant consumption in each county. Consumption is used as a proxy for turnover and, thus, business capacity to pay for permit fees. Data sources: KIHBS, 2015/16 for consumption.
Liquor Licensing fees	Full-time equivalent employees/self-employed in businesses serving alcohol uprated in line with annual population growth (2.4%) to arrive at updated estimates of the economic base. **Data sources:** MSME 2016.	In line with the 2018 research, county employment numbers (rather than numbers of businesses of different sizes) are considered to be more reliable compared to other available statistics.	A base fee of Kshs. 10,000 per full-time employee is used based on reviewing Finance Acts and Bills. This is adjusted by a county multiplier reflecting relevant consumption in each county. Consumption is used as a proxy for turnover and thus, business capacity to pay for permit fees. Data sources: KIHBS, 2015/16 for consumption.

[21] KNBS, 2019. Gross County Product 2019.

OSR stream	Economic base	Key assumptions	Suggested rates, fees, and charges for the top-down analysis
Advertising and Sign Board fees	Total monthly expenditure on outdoor advertising. **Data sources:** MSME 2015/16.	Advertising expenditure estimates drawn from MSME are extrapolated to national spending on advertising based on evidence from Reelanalytics.[22] Based on this report, 2% of total spend on advertising goes to outdoor advertising (which is mainly offered by counties).	Outdoor advertising spending by businesses is revenue for the County Governments. The revenue base is equivalent to potential revenues in this case.
Parking fees	Usage of parking spots. **Data sources:** Kenya Population and Housing Census, 2019.	According to the master plan study in urban transportation in the Nairobi metropolitan area, average parking spots per 1,000 core urban residents amount to around 3.4. This figure is used to calculate numbers of parking spots across counties based on their urban population from the latest census. It is assumed that parking spots are used app. 2 times a day. A multiplier for bus usage is also added. The county of Lamu is excluded from this analysis due to its geographical location.	According to findings from reviewing County Governments' Finance Acts and Bills, an indicative fee for parking usage is Kshs. 150 for one parking space. This is used as a base fee for the top-down analysis. It is then adjusted by a county multiplier reflecting relevant consumption in each county. Data sources: KIHBS, 2015/16 for consumption.
Agricultural Transportation fees	Value of annual agricultural production. **Data sources:** GCP by economic activity (in particular, agriculture, forestry, and fishing), 2019.	Value of agricultural production is the sum of the value of all agriculture & livestock products across counties.	A flat rate of 0.5% on the value of agricultural produce is used in line with input from County Governments.
Hospital and Public Health Services fees	Household expenditure in inpatient and outpatient services provided by public hospitals. **Data sources:** Kenya Household Health Expenditure and Utilization Survey (KHHEUS), 2013.	Self-reported expenditure on outpatient care and inpatient admissions in public hospitals (Level 4 and above) from KHHEUS is summed at the county level.	Household healthcare expenditure on services offered by public hospitals (level 4 and above) is assumed to be revenue for the County Governments. Therefore, the revenue base is equivalent to potential revenues.

[22]Reelanalytics, 2020. 2020 Advertising Spends Report. https://msk.co.ke/wp-content/uploads/2021/02/2020-Advertising-Spends-Report-by-Reelanalytics-Ltd-in-Conjunction-with-MSK.pdf

OSR stream	Economic base	Key assumptions	Suggested rates, fees, and charges for the top-down analysis
Market Trade Center fees	Number of small and medium businesses operating in markets (including open markets), stalls, and exhibitions. **Data sources:** MSME 2016.	Micro, small, and medium businesses, as well as individual traders, are key actors requesting access to markets. Rents for stalls and shops are not part of the analysis for this stream. They should be categorized under the "County Housing Rent" stream.	A monthly base fee of Kshs. 1,000 is used based on reviewing Finance Acts and Bills, adjusted by a county multiplier reflecting relevant economic size in agricultural activities per county. Agricultural GCP is used as a proxy for turnover and, thus, business capacity to pay for market entrance fees. Data sources: GCP by economic activity (in particular, agriculture, forestry, and fishing), 2020.
Natural Resource Transportation fees	Value of mining and quarrying activities. **Data sources:** GCP by economic activity (in particular, mining & quarrying), 2019.	Fees under this stream collected by counties are mainly cess. Therefore, it is proposed that they are charged on the value of mining and quarrying produce. Based on stakeholder input, Siaya does not effectively collect any revenue from Natural Resource Transportation fees, thus is excluded from this analysis.	A flat rate of 2% on the value of mining and quarrying activities is used.
Environment Conservancy & Administration fees	Households and businesses paying for waste management. **Data sources:** Kenya Population and Housing Census, 2019 for numbers of households. MSME 2016 for number of licensed businesses.	The analysis focuses on the key driver of revenues collected under this stream – that is, fees for waste management and transportation charged to households and businesses.	A base monthly fee of Kshs. 200 for households and Kshs. 500 for? is used based on reviewing Finance Acts and Bills. This is adjusted by a county multiplier reflecting relevant consumption in each county. Data sources: KIHBS, 2015/16 for consumption.
Game Reserve fees	Number of domestic and international visitors at game reserves. (Only counties with game reserves within their boundaries are included in the analysis). **Data sources:** Economic-Survey, 2020.	According to national statistics, on average half of tourism in the country is international.[23] A multiplier doubling the entrance fee is used to account for additional fees (including permission to camp, to film, etc.). It should be noted that the KWS might be responsible for collecting revenues from some of the game parks included in this analysis. Policy changes are required to ensure that the County Governments can make the most of the game parks within their boundaries.	A base fee of Kshs. 8,000 is used for international tourists and Kshs. 1,500 for domestic tourists based on reviewing Finance Acts and Bills. This stream is relevant to counties with game reserves within their boundaries – in particular, Baringo, Narok, Samburu, West Pokot, and Isiolo.

[23]Ministry of Tourism and Wildlife, 2020. Domestic Tourism Recovery Strategies for Kenya. https://www.tourism.go.ke/wp-content/uploads/2020/07/Domestic-Tourism-Recovery-Strategy-Final.pdf

CHAPTER 5: FINDINGS AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses key findings from the comprehensive OSR potential and tax gap analysis. It starts with an overview of estimates of maximum total revenues that can be generated across the country and for each of the 47 County Governments, as well as a summary of the revenue potential from each of the top streams across Kenya. It also includes summary tables showing actual collections of revenue (drawn from audited County Government financial statements), and estimated revenue potential from the deterministic frontier analysis for each of the top streams and for each county. Finally, it presents and discusses in detail findings on maximum revenues that can be generated for each of the top streams as well as comparisons between these estimates and actual collections.

5.2 Overview of Findings

There have been substantial developments since the research carried out in 2018 on county own-source revenue generation. However, evidence from this study reveals that there is still substantial unrealized potential from top streams across counties.

The deterministic frontier analysis of total revenues that each County Government can generate from all available sources suggests that the total annual revenue potential across counties is around Kshs. 93 billion.[24] According to audited data on actual revenue collections, the counties generated around Kshs. 38 billion annually on average from own sources over the last three financial years (2017/18, 2018/19, and 2019/20), with the remaining Kshs. 55 billion being unrealized.[25]

According to this analysis, Narok, Tana River, Laikipia, and Samburu counties appear to perform best in generating revenues from own sources considering their economic size, as captured by the latest GCP figures from 2020. This high performance, identified in this study, can be attributed to the fact that these counties, with the exception of Tana River, have game reserves. Figure 1 presents the total revenues that could be generated from all streams if all County Governments performed in line with the best performing counties in Kenya. The Nairobi City County Government (not shown in the graph below because it is not comparable with the other counties) collected around Kshs. 9.5 billion on average over the last three financial years, while its potential (considering the size of the county's economy) is estimated at around Kshs. 25 billion. Therefore, if the Nairobi City County Government would generate revenues in line with the best performing counties, it could increase the revenues it generates by nearly Kshs. 15 billion.

Kiambu, Nakuru, and Mombasa are the three counties with the largest revenue potential after Nairobi City, able to generate Kshs. 5.2 billion, 4.5 billion, and 4.4 billion per year, respectively. The estimated annual revenue potential for Machakos, Narok, Kisumu, and Meru are over Kshs. 2.3 billion each. Meru County's potential is around Kshs. 3.2 billion annually but it only collects 20% of the revenues it could potentially generate if it operated in line with top-performing County Governments.

[24] This finding is the output of carrying out deterministic frontier analysis on total revenues from own sources across counties and should not be confused with the findings presented in table 4 summarizing estimates on maximum revenues that can be generated from each specific stream. The findings from the deterministic frontier analysis on total revenues (not taking into consideration the contribution of each specific OSR stream to total revenue) are shown here to provide an indicative summary of overall counties' performance in raising revenue from own sources compared to their potential if all counties operated in line with best practice.

[25] Detailed statistics on actual collections of total revenues across Kenya and the total revenue potential for each county can be found in Appendix D.

Table 6: Estimated potential revenue by county and top OSR stream using deterministic frontier analysis, Kshs. million

	Property Rates	Building Plan Approvals Fees	Trading Licensing	Liquor Licensing Fees	Advertising and Sign Board fees	Parking fees	Agricultural transportation fees	Hospital and Public Health Services fees	Market Trade Center fees	Natural Resource Transportation fees	Environment &Conservancy Administration	Game Park & Reserve fees	Administrative fees and Charges	Fine, Penalties, and Forfeitures	Technical Service fees	Total
Baringo	43.7	10.2	207.6	15.3	35.0	43.3	84.3	626.6	117.7	31.0	64.6	637.9	41.3	6.0	35.4	2,000
Bomet	48.5	61.0	99.2	25.0	33.4	16.1	238.0	1154.3	149.2	153.5	73.7	-	82.2	12.0	70.5	2,217
Bungoma	123.3	31.4	283.7	49.4	18.4	109.3	255.1	421.9	155.1	74.3	129.3	-	111.3	16.3	95.5	1,874
Busia	91.0	44.6	183.3	11.9	33.1	65.4	92.0	958.4	160.8	72.9	78.2	-	48.9	7.1	41.9	1,890
Elgeyo Marakwet	42.0	6.0	32.6	3.6	4.8	11.8	224.0	343.8	123.3	120.0	40.0	-	63.0	9.2	54.1	1,078
Embu	91.3	67.6	177.5	29.1	129.5	43.6	120.7	430.8	82.9	56.2	70.7	-	82.9	12.1	71.1	1,466
Garissa	50.5	12.0	28.7	0.7	208.5	121.2	51.8	8.4	89.0	137.0	31.4	-	32.3	11.5	27.7	811
Homabay	79.6	13.8	365.2	72.5	202.2	65.0	150.3	460.5	106.7	105.5	104.2	-	65.8	9.6	56.4	1,857
Isiolo	22.5	15.2	21.9	7.7	34.4	72.2	12.4	207.6	68.9	9.9	13.8	66.2	14.3	2.1	12.3	582
Kajiado	682.0	74.9	628.7	109.1	1020.7	357.8	60.7	1328.4	148.3	687.7	113.0	-	81.0	11.8	96.7	5,401
Kakamega	213.2	19.5	1252.5	83.5	2665.3	106.5	241.7	385.2	151.9	356.7	169.9	-	115.2	16.8	98.9	5,877
Kericho	114.8	26.8	353.7	93.1	204.3	53.8	217.9	589.1	148.9	36.2	87.9	-	88.7	13.0	76.1	2,104
Kiambu	1149.3	475.8	1009.7	190.3	3432.0	980.7	254.3	1849.3	54.9	1017.3	264.3	-	297.9	43.6	285.5	11,305
Kilifi	266.3	12.3	277.1	44.1	111.3	226.4	218.8	288.5	61.8	824.8	135.9	-	113.0	16.1	94.3	2,691
Kirinyaga	122.5	3.8	159.4	29.0	39.8	78.3	172.5	1072.1	52.4	352.5	87.3	-	70.1	10.3	60.2	2,310
Kisii	152.2	37.3	268.1	71.2	54.3	91.2	247.8	722.9	107.6	101.6	121.3	-	107.3	15.7	92.1	2,191
Kisumu	326.5	94.6	1083.7	197.6	24822.6	253.4	115.3	396.0	99.9	404.7	123.9	-	134.3	19.6	115.2	28,187
Kitui	124.7	18.1	85.5	10.8	42.6	31.0	138.9	664.0	84.4	159.3	96.6	-	73.4	10.7	63.0	1,603
Kwale	139.1	25.4	110.3	38.9	183.7	72.7	117.3	177.4	58.6	2147.4	71.9	-	64.4	9.4	55.3	3,272
Laikipia	96.3	47.2	133.2	28.6	95.2	73.2	76.3	494.0	127.0	28.6	86.1	-	51.0	7.5	43.8	1,388
Lamu	46.7	0.9	55.3	17.9	65.3	-	27.3	74.0	62.3	31.1	14.9	-	17.7	2.6	15.2	431
Machakos	416.7	149.4	1696.0	356.9	2029.0	238.0	147.8	672.6	87.7	2385.4	284.1	-	168.8	24.7	181.0	8,838
Makueni	241.6	25.9	133.6	42.3	17.7	44.3	91.0	330.9	88.8	157.8	99.5	-	59.8	8.7	51.3	1,393

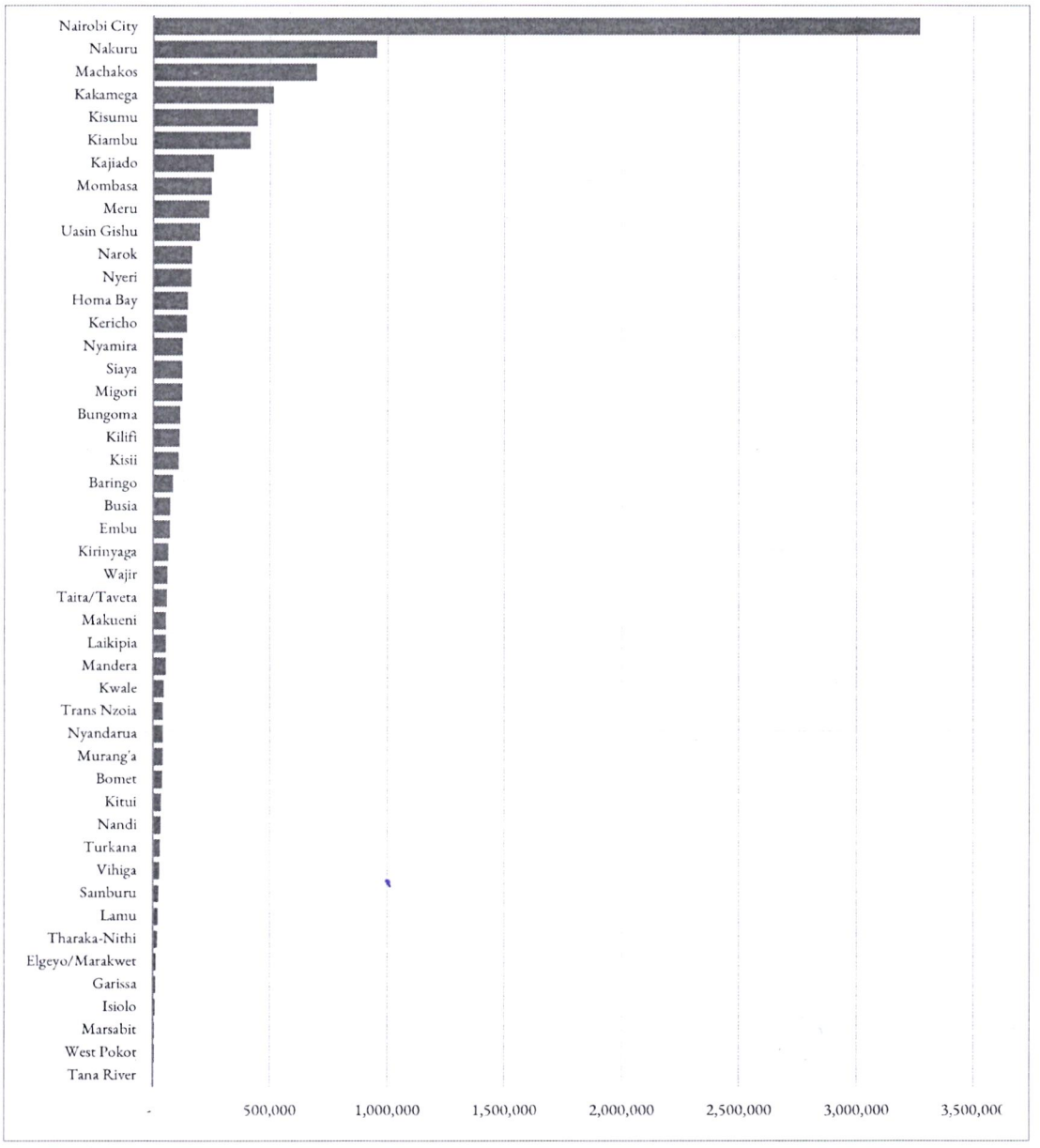
	Property Rates	Building Plan Approvals Fees	Trading Licensing	Liquor Licensing Fees	Advertising and Sign Board fees	Parking fees	Agricultural transportation fees	Hospital and Public Health Services fees	Market Trade Center fees	Natural Resource Transportation fees	Environment &Conservancy Administration	Game Park & Reserve fees	Administrative fees and Charges	Fine, Penalties, and Forfeitures	Technical Service fees	Total
Mandera	47.4	20.6	133.2	5.5	42.8	155.4	61.1	18.6	92.4	44.0	51.4	-	31.7	4.6	27.2	736
Marsabit	36.2	63.5	15.7	2.6	2.0	61.6	48.5	158.0	68.7	17.8	24.6	-	33.1	4.8	28.4	566
Meru	267.9	38.1	580.6	237.2	55.6	79.8	550.5	511.0	72.5	778.2	186.5	-	185.9	27.2	159.5	3,731
Migori	70.1	6.9	303.2	69.4	390.5	96.1	137.1	842.3	101.5	1489.9	104.1	-	65.2	9.5	55.9	3,742
Mombasa	870.5	320.5	609.2	73.8	1335.8	694.5	10.5	631.0	58.1	283.5	167.4	-	733.5	36.8	215.9	6,041
Murang'a	158.4	62.9	120.2	32.5	15.8	68.1	284.7	2034.3	53.0	551.2	128.7	-	108.0	15.8	92.7	3,726
Nairobi City	5913.9	1525.0	7952.8	1936.1	37598.1	2527.1	180.7	6183.9	93.8	186.8	676.2	-	1437.4	210.1	1233.1	67,655
Nakuru	569.5	140.3	2320.2	144.5	4799.5	601.8	352.7	905.8	145.5	201.6	265.8	-	258.7	37.8	221.9	10,966
Nandi	74.6	8.6	81.8	14.3	27.2	34.2	242.1	412.8	124.3	146.6	81.9	-	81.2	11.9	69.6	1,411
Narok	226.2	8.7	407.6	52.0	147.8	57.7	230.6	334.3	146.8	52.6	93.3	2,162.8	89.7	13.1	77.0	4,100
Nyamira	82.6	21.8	309.5	42.0	93.7	27.0	170.5	548.9	111.0	340.5	81.9	-	64.0	9.4	54.9	1,958
Nyandarua	133.5	6.5	102.8	8.5	27.9	38.2	297.9	468.7	47.6	175.4	79.8	-	80.8	11.8	69.3	1,549
Nyeri	187.9	11.4	400.4	48.9	585.5	97.8	242.3	1780.0	51.0	554.6	115.1	-	113.3	16.6	97.2	4,302
Samburu	20.4	5.4	60.0	17.7	21.8	27.1	17.2	205.9	113.4	11.7	26.0	153.5	15.7	2.3	13.5	712
Siaya	101.9	35.9	304.4	23.2	6.6	49.1	115.9	260.0	92.8	-	99.3	-	57.2	8.4	49.1	1,204
Taita/Taveta	85.4	17.0	142.9	34.0	114.6	53.9	53.2	321.9	67.9	179.9	47.4	-	34.2	5.0	29.4	1,187
Tana River	25.1	1.0	11.6	3.2	3.7	43.5	29.0	84.6	62.1	17.4	22.1	-	16.1	2.4	13.8	336
Tharaka-Nithi	34.9	27.3	47.3	10.2	35.1	18.8	58.9	294.6	75.0	45.0	44.0	-	33.4	4.9	28.6	758
Trans-Nzoia	204.4	21.5	102.9	14.1	10.6	102.7	196.0	896.6	115.7	67.5	86.4	-	88.9	13.0	76.3	1,997
Turkana	185.6	26.4	77.4	20.6	33.1	80.9	108.9	321.9	112.5	26.0	96.6	-	58.7	8.6	50.4	1,208
Uasin Gishu	235.9	59.6	486.3	64.3	219.2	293.2	160.5	583.3	122.9	176.4	124.9	-	123.2	19.6	105.7	2,775
Vihiga	59.3	33.0	67.4	4.3	3.5	36.2	103.7	637.9	153.1	412.4	59.4	-	46.0	6.7	39.4	1,662
Wajir	22.3	25.3	148.4	0.4	2.7	101.8	48.9	0.2	90.8	111.2	27.1	-	26.8	3.9	23.0	633
West Pokot	22.1	3.6	14.2	2.8	1.8	18.3	99.3	700.6	112.8	701.2	46.7	30.7	43.4	6.3	37.2	1,841
Total	**14,320**	**3,765**	**23,447**	**4,390**	**81,058**	**8,520**	**7,157**	**32,794**	**4,673**	**16,023**	**5,099**	**3,051**	**5,811**	787	4,662	215,558

5.3 Revenue Potential and Tax Gap From Deterministic Frontier Analysis

5.3.1 Trading Licensing Fees

Businesses are legally required to have a license in order to operate in Kenya. Still, many small businesses are unlicensed. The revenue base is the number of businesses which operate across counties calculated using self-reported data on licensed and unlicensed businesses from MSME 2016. The size of businesses is calculated using numbers of full-time equivalent employees. As show in figure 2, Nairobi City and other urban counties have higher numbers of the population employed in businesses which are required to pay for annual licenses issued by County Governments. Therefore, they are expected to yield substantial revenues from this stream.

Figure 2: Number of employees in licensed and unlicensed businesses across counties



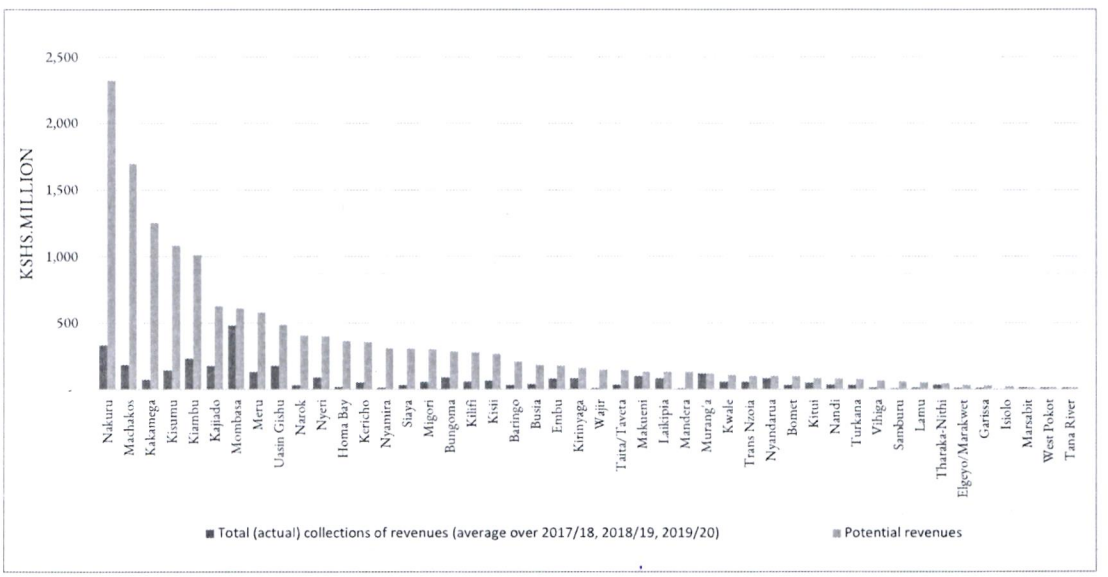
It should be noted that different indicators capturing the numbers of businesses by size across counties were considered. In particular, information on county-specific numbers on business by size (measured using numbers of employees) drawn from MSME 2016[28] and the Kenya 2018 Enterprise Survey from the World Bank[29] was reviewed. However, data from the World Bank survey was incomplete (mainly including a subset of counties rather than all 47 counties in Kenya). In addition, there were discrepancies between available data from different sources, which did not allow for credible estimates of numbers on business by size across counties. To address this limitation, exact employment numbers by county were used as a proxy as they appear to be more credible. The review informing the calculation of the revenue base for this stream also revealed that exact employment numbers capture business activity across counties more precisely. Using employment numbers as a proxy for the economic base for this stream also enables direct comparisons with findings from the 2018 research, thus allowing for consistent benchmarking and performance monitoring over time.

Table 7 shows the revenue potential and tax gap for the counties with the highest unrealized potential. Figure 3 presents potential revenues that could be generated from this stream across counties in Kenya. Nairobi City Government is excluded from the graph because it is an outlier.

Table 7: Potential revenues from Trading Licensing for the counties with highest unrealized potential

County	Actual collections of revenues	Revenue potential estimate	Unrealized potential estimate	Revenue gap
Nairobi City	1,856,185,486	7,952,847,043	6,096,661,557	76%
Nakuru	334,998,721	2,320,191,264	1,985,192,543	85%
Machakos	185,506,812	1,696,033,353	1,510,526,541	89%
Kakamega	74,069,475	1,252,459,040	1,178,389,565	94%
Kisumu	141,927,381	1,083,664,026	941,736,646	86%
Kiambu	231,858,036	1,009,745,892	777,887,856	77%
Kajiado	179,181,415	628,740,986	449,559,572	71%

Figure 3: Revenue potential from Trading Licensing across counties



[28]The basic Micro small and Medium Enterprises(MSME) 2016 report is available here: https://www.knbs.or.ke/?p=572

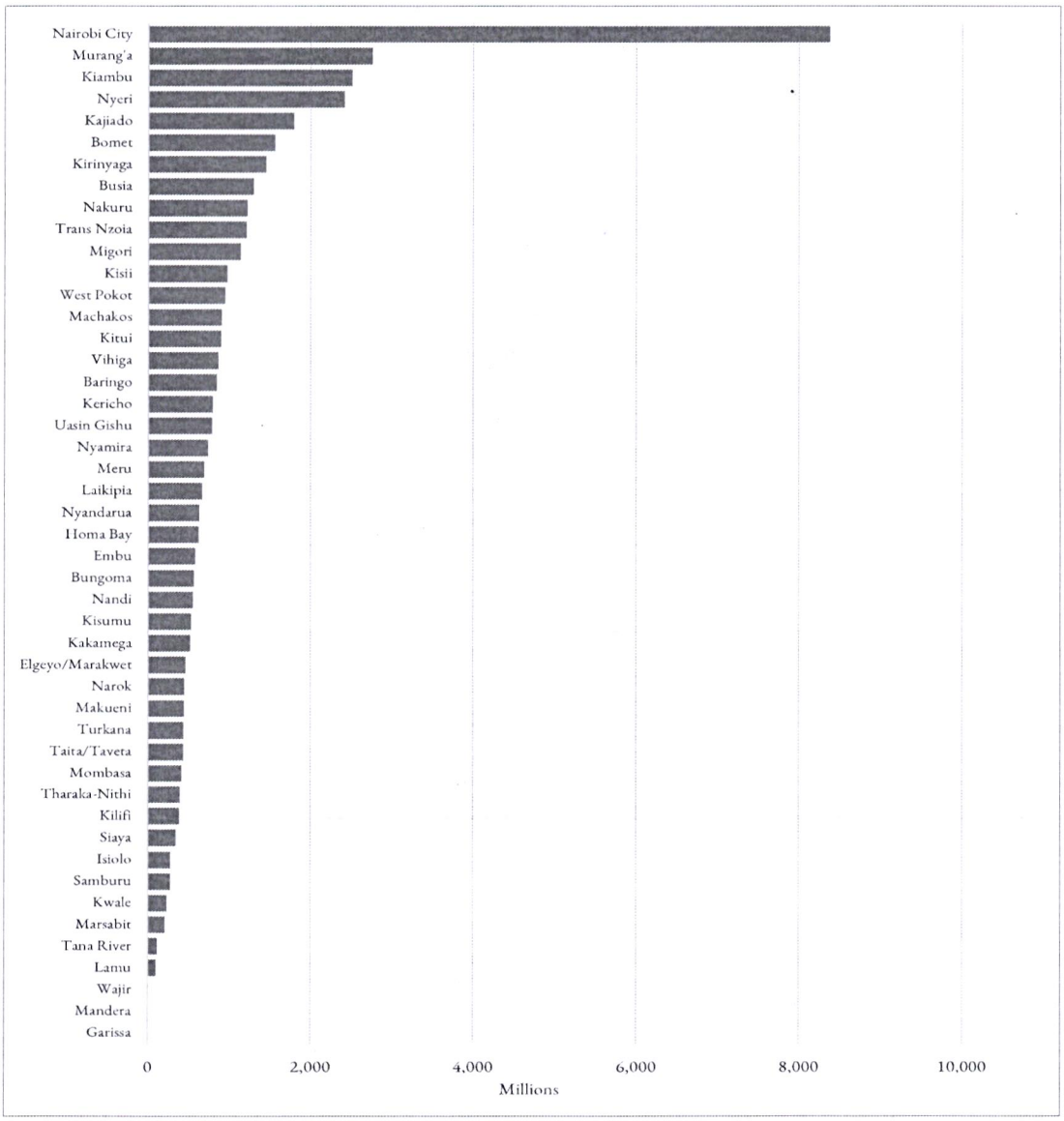
[29]More information on the World Bank survey is available here: https://microdata.worldbank.org/index.php/catalog/3585/related-materials

5.3.2 Hospital and Public Health Services Fees

The revenue base for this stream is the total spending on healthcare services that are charged by County Governments.[30] Data from KHHEUS 2013 was used but excludes Garissa, Mandera, and Wajir. Household expenditure on services provided by public hospitals of Level 4 and above is revenues for the County Governments. Therefore, figure 4 below presents the revenue base which is also the revenue potential for this OSR stream.

As shown in table 8 and figure 5, around Kshs. 6 billion can be generated from this stream in Nairobi City (not shown in figure 5), while in Nyeri and Murang'a the annual revenue potential is around Kshs. 2 billion and Kshs. 1.5 billion. Most County Governments appear to generate less than 10% of their potential revenues.

Figure 4: Annual household expenditure on healthcare services provided by public hospitals

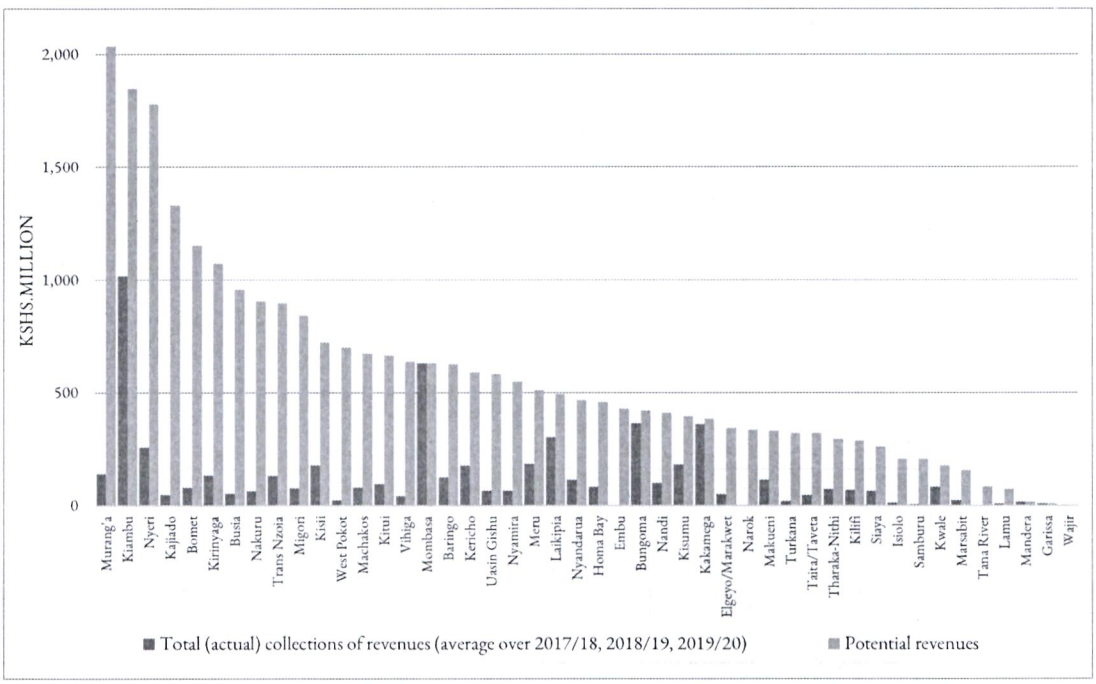


[30]The revenue potential from healthcare services usage estimated and presented here includes revenues that will go back to hospitals to ensure that the healthcare needs are met across countries. The aim of this report is not to calculate 'profits' from healthcare usage for counties, as healthcare services should not be targeted for revenue enhancement. This might create barriers to medical care access, thus creating inequalities within counties. Counties are encouraged to use the information in this chapter to inform future decisions about how to best use these revenues.

Table 8: Potential revenues from Hospital and Public Health Services fees for the counties with highest unrealized potential

County	Actual collections of revenues	Revenue potential estimate	Unrealized potential estimate	Revenue gap
Nairobi City	496,316,790	6,183,850,922	5,687,534,132	92%
Murang'a	141,794,585	2,034,251,035	1,892,456,450	93%
Nyeri	258,298,108	1,780,047,505	1,521,749,397	85%
Kajiado	48,275,472	1,328,428,477	1,280,153,005	96%
Bomet	81,213,968	1,154,272,978	1,073,059,010	93%
Kirinyaga	135,059,755	1,072,143,100	937,083,345	87%
Busia	53,445,076	958,421,057	904,975,982	94%

Figure 5: Revenue potential from Hospital and Public Health Services fees across counties



5.3.3 Property Rates

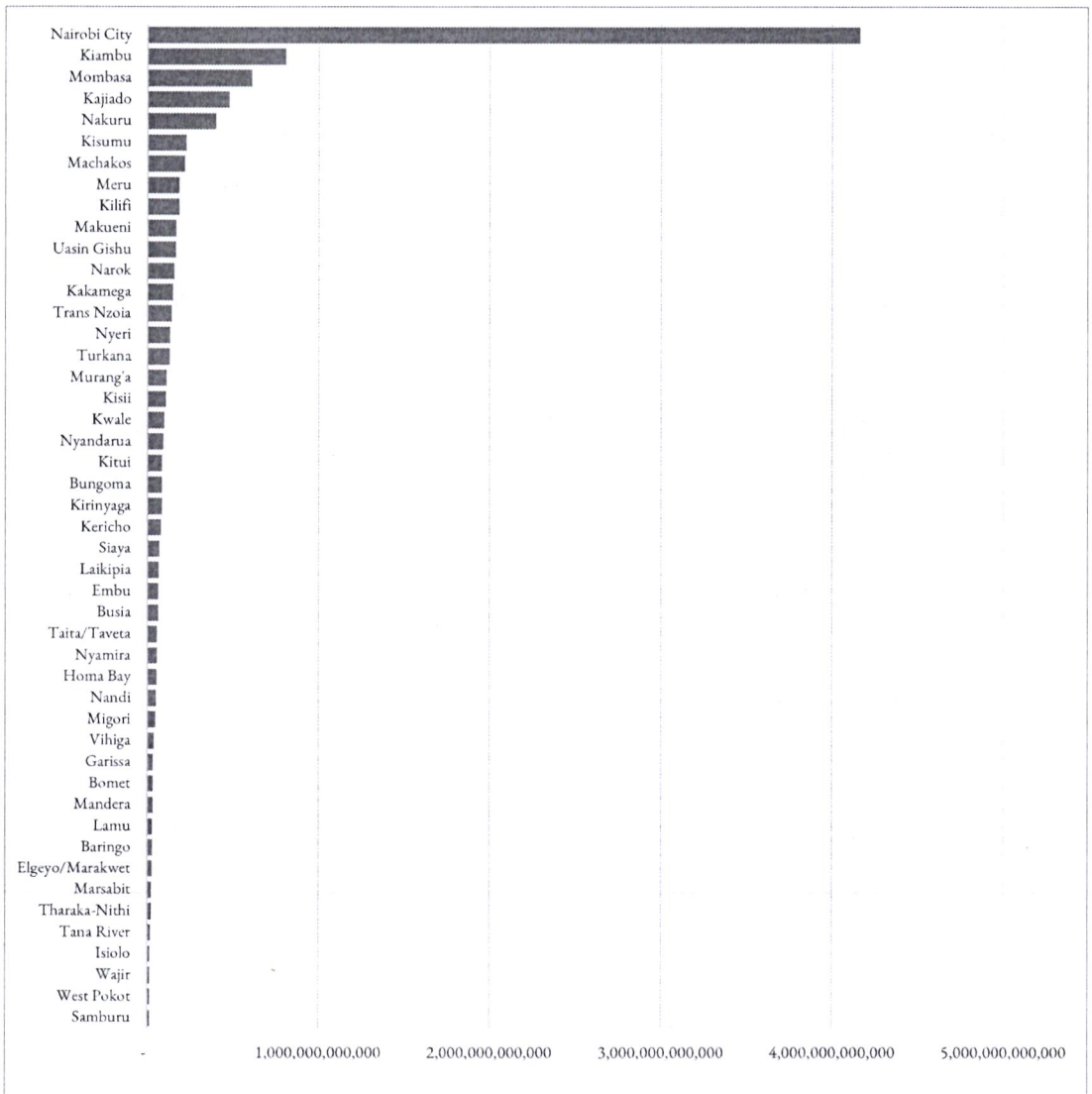
Total improved value of property (including the value of buildings and land) is the tax base for this stream. Figure 6 below presents the distribution of total value of residential and commercial properties across counties using KNBS survey data. Property values in counties which are predominantly rural, such as Wajir, West Pokot, and Samburu, are much lower compared to the value of residential and commercial properties in urban counties with big cities, such as Nairobi City, Kiambu, and Mombasa.

Properties in the top counties (for example, Nairobi City, Kiambu, and Mombasa) account for more than half the total value of properties in the country. The total value of commercial and residential properties in Nairobi City is estimated at around Kshs. 4.1 trillion in 2019/20. It accounts for around 40% of the total value of properties across Kenya. Kiambu and Mombasa jointly account for nearly 15% of total property value in the country.

On the contrary, the combined total value of properties in the bottom ten counties (that is, Lamu, Baringo, Elgeyo/Marakwet, Marsabit, Tharaka-Nithi, Tana River, Isiolo, Wajir, West Pokot, and Samburu) is much lower, accounting for only 2% of the total value of property in the Country.

Values of residential and commercial properties also vary within counties, with rural counties having fewer high-value properties compared to urban counties. Overall, 90% of households in the survey used to calculate the value of residential properties across the county (that is, KIHBS 2015/16) and 90% of establishment owners in the survey used to calculate the value of commercial properties (that is, MSME 2016) reported that their residential property or business site was worth less than Kshs. 600,000. This cut-off point was used to distinguish between high- and low-value residential and commercial properties. Although a flat rate of 0.1% was applied to both categories in line with best international practice, the OSR potential and tax gap modelling framework allows for exploring various policy scenarios.

Figure 6: Estimated commercial and residential property value (excluding agricultural land)

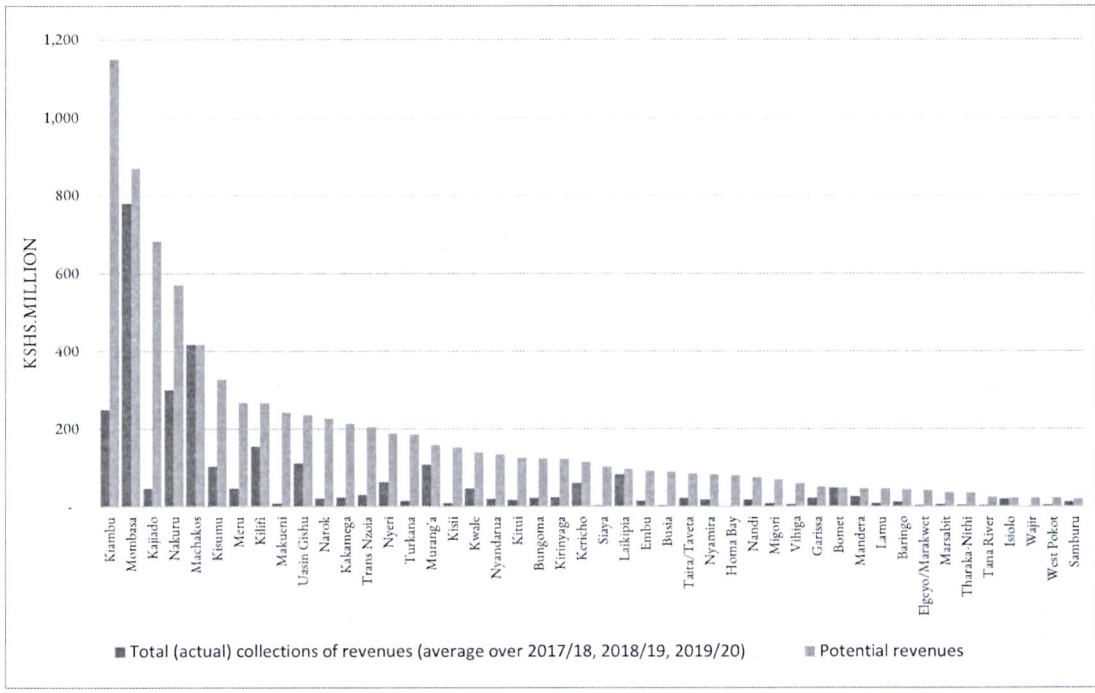


It follows, then, that the revenue potential is significantly larger in urban centers and areas with high estimated property values. Table 9 below presents the revenue potential and gap for the counties with highest unrealized potential. The revenue gap is presented as a share of the maximum revenues that each county can generate from each OSR source (that is, the revenue potential). Figure 7 presents estimates of revenues that can potentially flow from this OSR stream across all counties. Potential revenues in Nairobi City are much higher compared to other counties, thus they are not included in the figure.

Table 9: Potential revenues from Property rates for the counties with highest unrealized potential

County	Actual revenue collections	Revenue potential estimate	Unrealized potential	Revenue gap
Nairobi City	2,068,718,128	5,913,928,908	3,845,210,781	65%
Kiambu	249,664,980	1,149,251,791	899,586,811	78%
Kajiado	46,359,792	681,990,536	635,630,744	93%
Nakuru	299,120,173	569,517,889	270,397,716	47%
Makueni	7,846,411	241,562,091	233,715,680	97%
Kisumu	103,327,434	326,535,270	223,207,836	68%
Meru	46,569,962	267,899,561	221,329,599	83%

Figure 7: Revenue potential from Property rates across counties

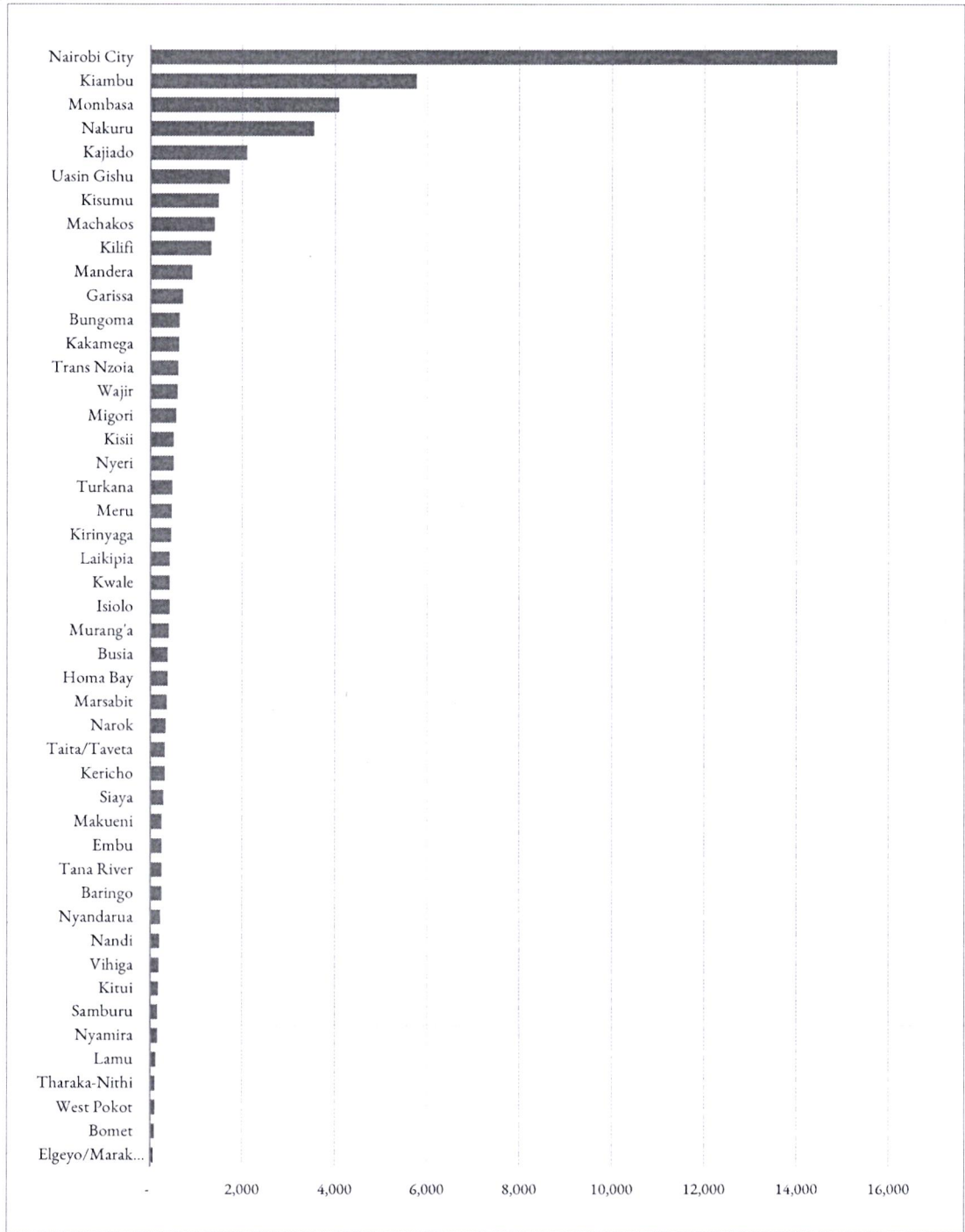


5.3.4 Parking Fees

Numbers of parking spots across counties and their usage serve as the base for this stream. In the absence of better data from counties, these numbers are calculated based on a study carried out in Nairobi City that determines the prevalence of parking spaces in relation to urban population. Given data limitations and gaps in this analysis, the results shown in this section are indicative.

As shown in figure 8 below, the majority of parking spaces are concentrated in the five main urban centers (Nairobi City, Mombasa, Kiambu, Nakuru, and Kisumu), with Nairobi City leading by a wide margin. The majority of predominantly rural counties instead have very low estimated revenue bases and, thus, low revenue potential.

Figure 8: Number of parking spaces per county



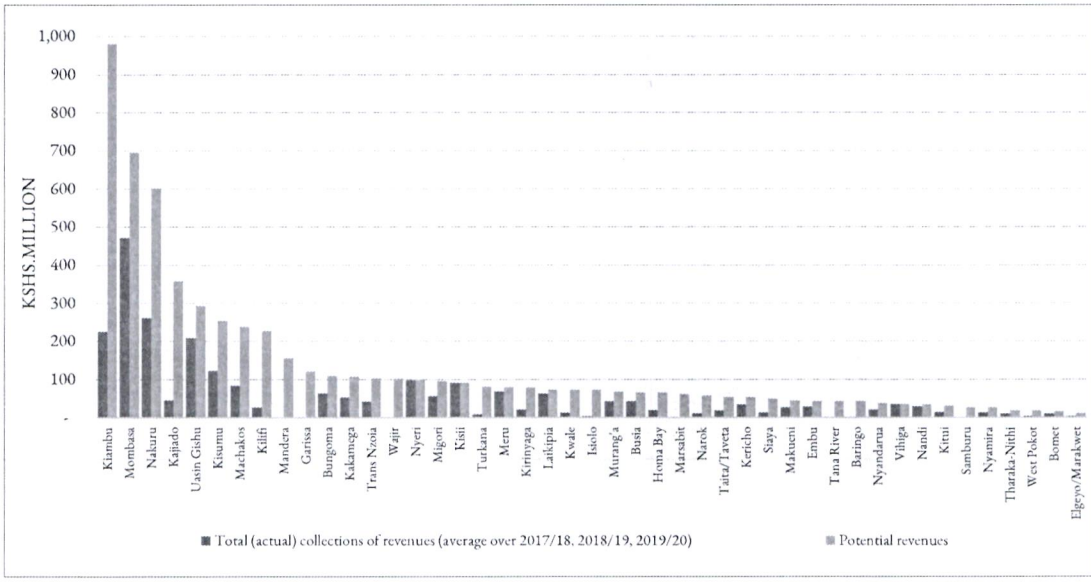
As shown in table 10, the highest revenue potential from this stream is expected to materialize in the 5 urban centers in Kenya. Counties appear to put some effort toward generating revenues under this stream. They currently collect up to 70% of their estimated potential. After Consultation with County Government staff during the validation workshop it was established that the geographical location of Lamu does not allow for parking fees collection hence , the county was excluded from this analysis.

Figure 9 below presents the revenue that can potentially be generated under this stream in 45 County Governments, excluding Nairobi City (an outlier) and Lamu County Government (as it does not collect any revenues from this stream).

Table 10: Potential revenues from Parking fees for the counties with highest unrealized potential

County	Actual collections of revenues	Revenue potential estimate	Unrealized potential estimate	Revenue gap
Nairobi City	1,658,250,556	2,527,149,489	868,898,934	34%
Kiambu	226,106,567	980,660,832	754,554,265	77%
Nakuru	261,183,047	601,792,985	340,609,938	57%
Kajiado	45,505,917	357,842,335	312,336,418	87%
Mombasa	471,736,598	694,470,645	222,734,047	32%
Kilifi	27,696,963	226,381,017	198,684,054	88%
Mandera	740,960	155,446,712	154,705,753	100%

Figure 9: Revenue potential from Parking fees across counties



5.3.5 Agricultural Transportation Fees

The revenue base for this stream in Kenya is the value and size of agricultural produce in each county, with County Governments having complex structures of fees and charges depending on size, value, and type of produce and livestock.

The economic base for this OSR stream is captured by the data on GCP from 2020 in agriculture, forestry, and fishing. As shown in figure 10 below, the revenue base for this stream is largest in rural counties compared to urban centers. Nakuru is an exception, having substantial value of agricultural produce. Agricultural production in the top ten counties, excluding Nakuru (that is, Meru, Nyandarua, Murang'a, Bungoma, Kiambu, Kisii, Nyeri, Nandi, and Kakamega), account for over 40% of the total value of agricultural produce across the country. The bottom ten counties account for only 5% of the agricultural produce in Kenya.

Figure 10: Value of agricultural & livestock produce (GCP 2020) across counties

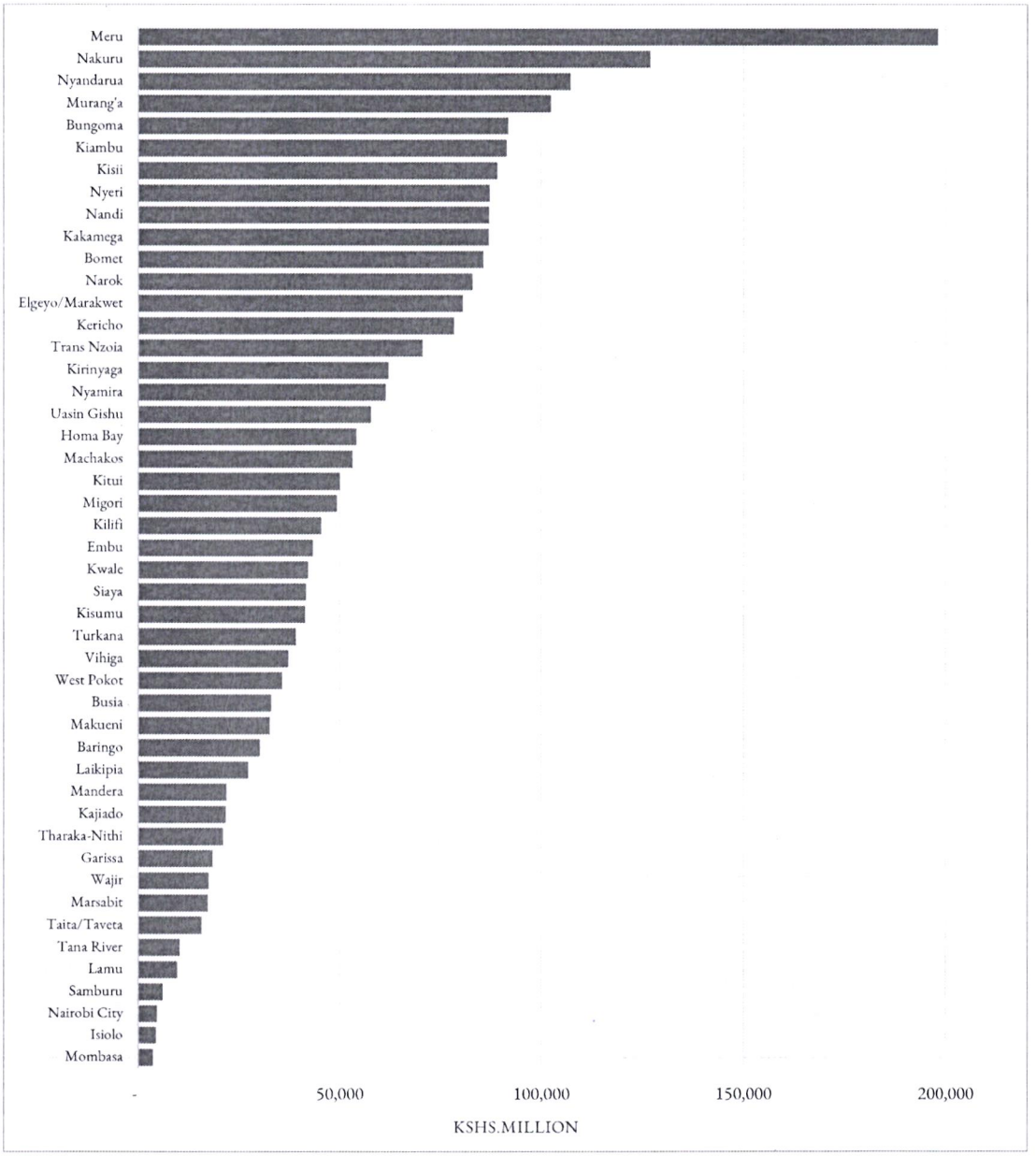


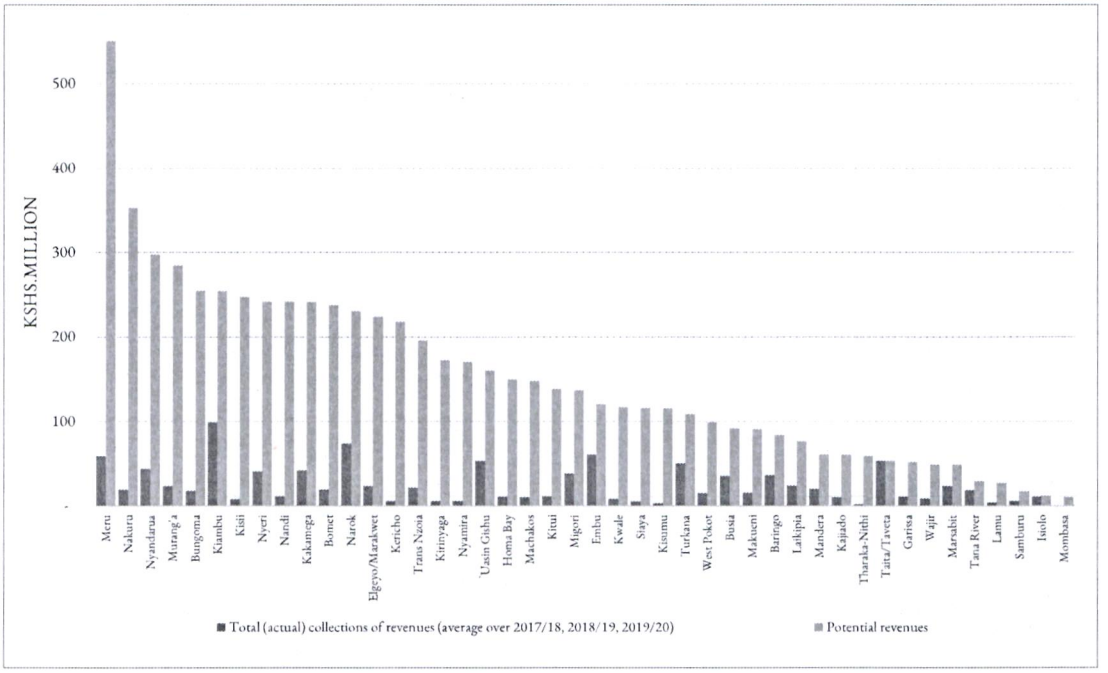
Table 11 below shows the revenue potential and tax gap for the counties with top unrealized potential revenue. High GCP values in agriculture, forestry, and fishing in Meru indicate that the county has a wide revenue base for this stream and, thus, a large revenue gap (that is, 89%). The remaining counties included in table 10 also have substantial unrealized potential, currently collecting only 8% or less of their estimated potential. The exception is Nyandarua, which collects 15% of their potential revenue.

Figure 11 presents the estimated maximum revenues that each County Government can generate from cess. It should be noted that Nairobi City and Kilifi (not included in the chart) appear to collect revenues that are much higher than their estimated potential. This is likely the outcome of these two counties charging cess on agricultural produce coming from neighboring counties.

Table 11: Potential revenues from Cess for the counties with highest unrealized potential

County	Actual collections of revenues	Revenue potential estimate	Unrealized potential estimate	Revenue gap
Meru	59,075,862	550,498,742	491,422,880	89%
Nakuru	19,258,362	352,748,567	333,490,206	95%
Murang'a	23,481,102	284,662,365	261,181,263	92%
Nyandarua	44,343,778	297,862,547	253,518,769	85%
Kisii	8,323,301	247,827,149	239,503,848	97%
Bungoma	17,913,547	255,120,543	237,206,996	93%
Nandi	11,537,418	242,053,859	230,516,441	95%

Figure 11: Revenue potential from Agricultural Transportation fees across counties



Cess fees on agricultural produce (as well as on quarrying and mining products reported under the 'Natural Resource Transportation fees' category) often result in high economic burdens on producers and traders by causing issues of double taxation and risks of excessive costs for products crossing borders. In addition, in many cases there is no clear legislative framework to define cess. Despite the fact that the analysis suggests that County Governments can yield substantial revenues from cess, the relevant authorities need to review the policy rationale of these fees and consider replacing them with other taxes and charges – for example, taxes for agricultural land and special licenses.

5.3.6 Market Trade Center Fees

The revenue base of this OSR stream comprises of businesses and individual traders having their main business location in markets and stalls, thus having to pay fees to access their business location. The revenue base was calculated using self-reported data from MSME 2016.

As shown in figure 12 below, rural counties have the largest revenue bases compared to counties with urban populations. Busia, Bungoma, Vihiga, Kakamega, and Bomet are the top 5 counties with the highest numbers of businesses mainly operating in markets and stalls. On the other hand, Nairobi City is at the bottom with only around 50,000 businesses in this area.

Figure 12: Number of SMEs and individual traders with main location in markets and stalls

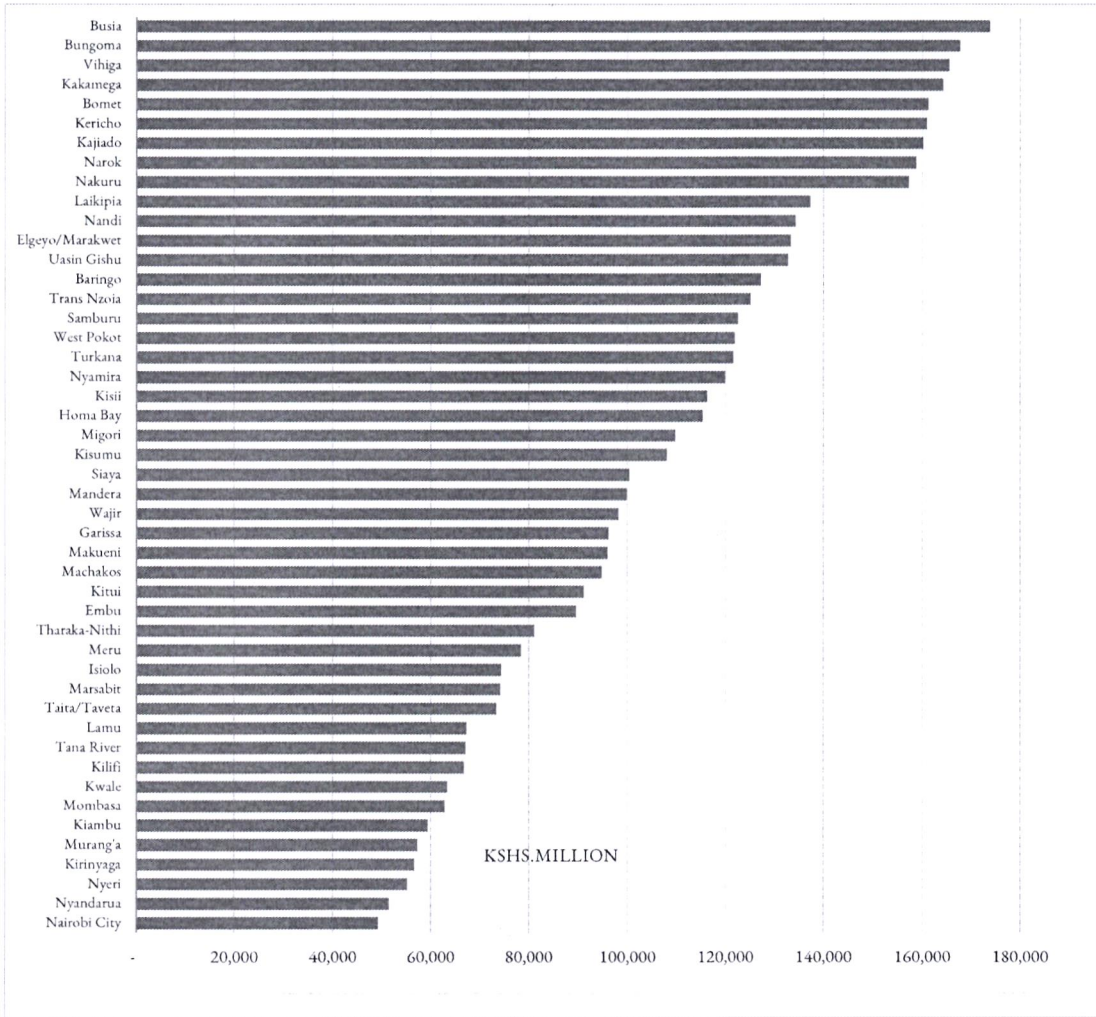


Table 12: Potential revenues from Market Trade center fees for the counties with highest unrealized potential

County	Actual collections of revenues (Kshs.)	Revenue potential estimate (Kshs.)	Unrealized potential estimate (Kshs.)	Revenue gap
Bomet	4,211,890	149,170,945	144,959,055	97%
Busia	16,153,414	160,832,658	144,679,244	90%
Narok	6,270,370	146,817,323	140,546,953	96%
Vihiga	14,014,716	153,118,627	139,103,910	91%
Kericho	24,775,667	148,850,837	124,075,171	83%
Kajiado	28,966,478	148,264,282	119,297,805	80%
Bungoma	35,841,327	155,126,236	119,284,910	77%

Rural counties can generate substantial revenues from this stream. Currently, potential revenues remain largely unrealized. As shown in table 12, most counties are able to collect around 10% of their revenue potential. For example, Busia is estimated to be able to generate a maximum of around Kshs. 161 million in revenues from this OSR stream. The County Government collected around Kshs. 16 million on average over the last three years (that is, 2017/18, 2018/19, and 2019/20), leading to a revenue gap of Kshs. 145 million.

Figure 13: Revenue potential from Market Trade Center fees across counties

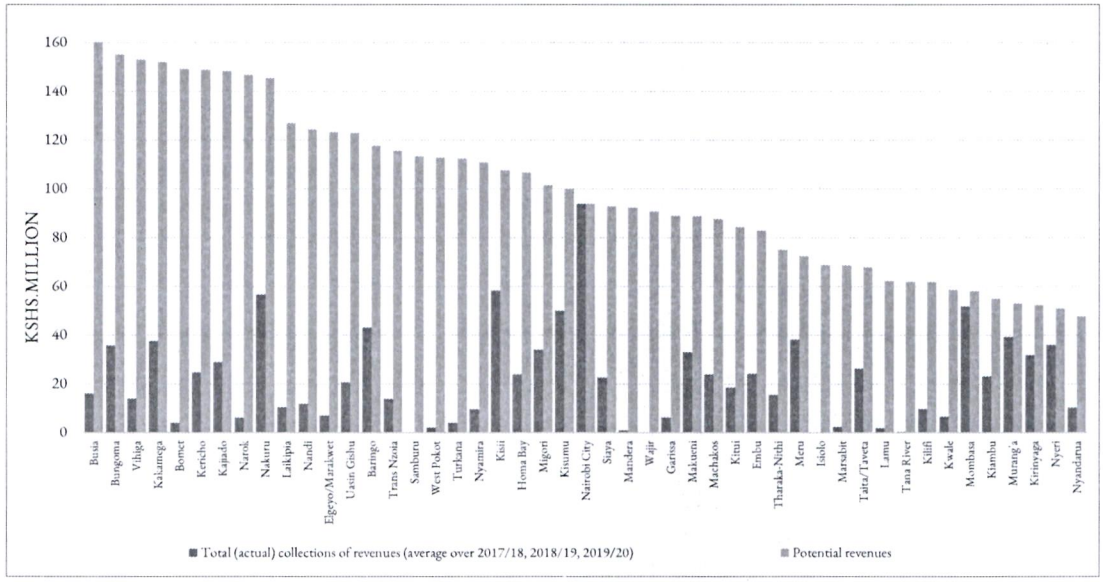


Figure 13 presents the revenue potential from this OSR stream across all 47 counties in Kenya. Nairobi City meets the estimated potential from this stream and is one of the top performing counties. Mombasa also appears to currently generate almost the maximum amount of revenue estimated to flow from this stream.

5.3.7 Natural Resource Transportation Fees

The national Government in Kenya is responsible for establishing a fiscal regime mining and quarrying activities, thus collecting royalties, fees, rents, and levies. The County Governments also have some fiscal instruments for these services. While there is substantial heterogeneity across counties in defining and structuring fees and charges (for example, in some counties there are 'transport fees' for products that are traded across counties), the key fiscal instrument in this area is cess on quarrying and mining products. In line with best practice, the revenue base for this OSR stream is the value of products in this sector captured using the latest figures on GCP in quarrying and mining.

Expectedly, counties with mining and quarrying sites have the largest revenue base for this stream. As shown in figure 14, Machakos (with cement mining sites), Kwale (with limestone and titanium mining sites), Migori (with gold mining activities), Kiambu (with natural gas exploitation and mining of sand and building materials), Kilifi (with ore mining sites), and Meru (with quarrying and sand harvesting activities) are the top 6 counties with the largest revenue base for the Natural Resource Transportation fees stream.

Figure 14: Value of quarrying and mining (GCP 2020) across counties

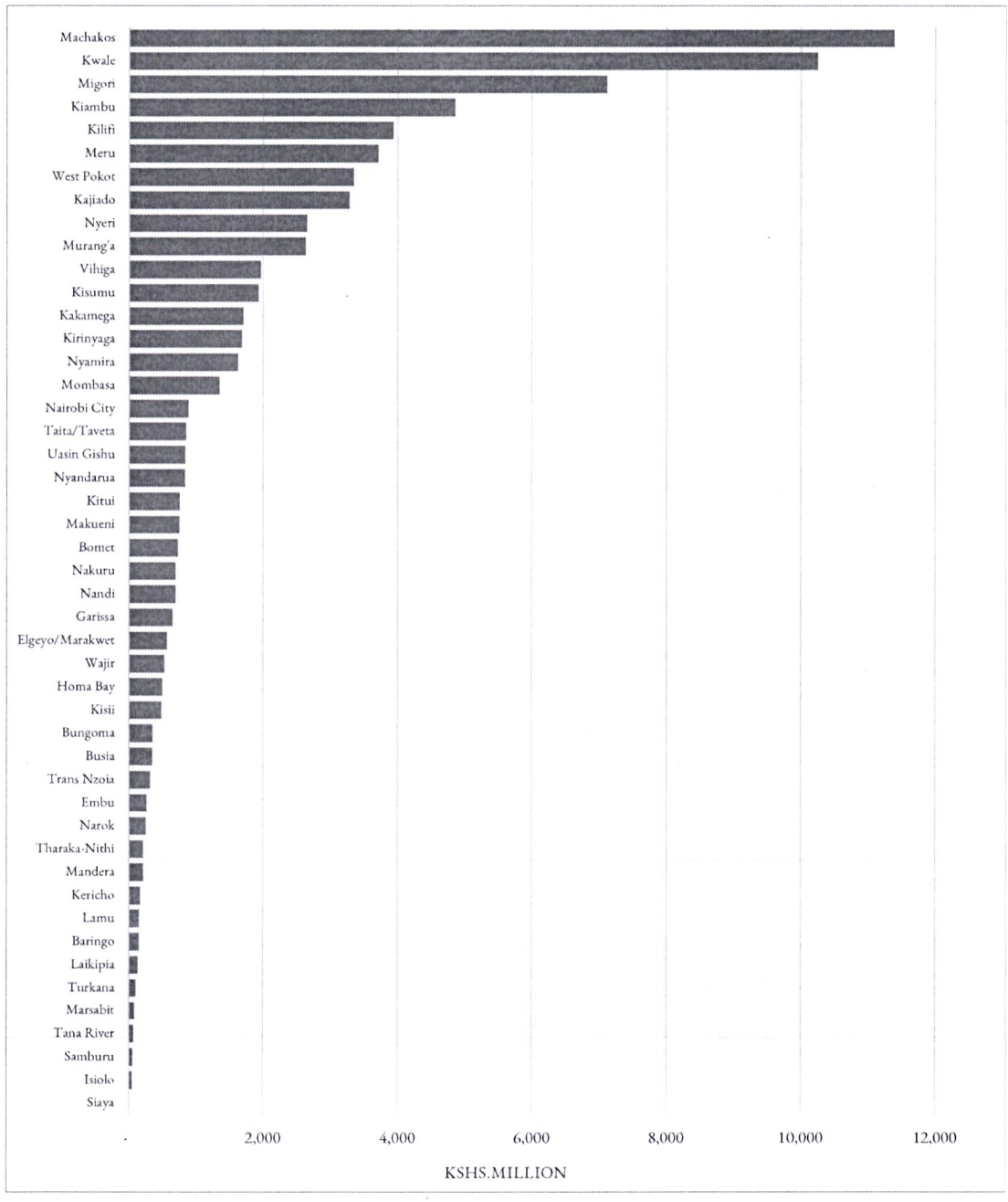


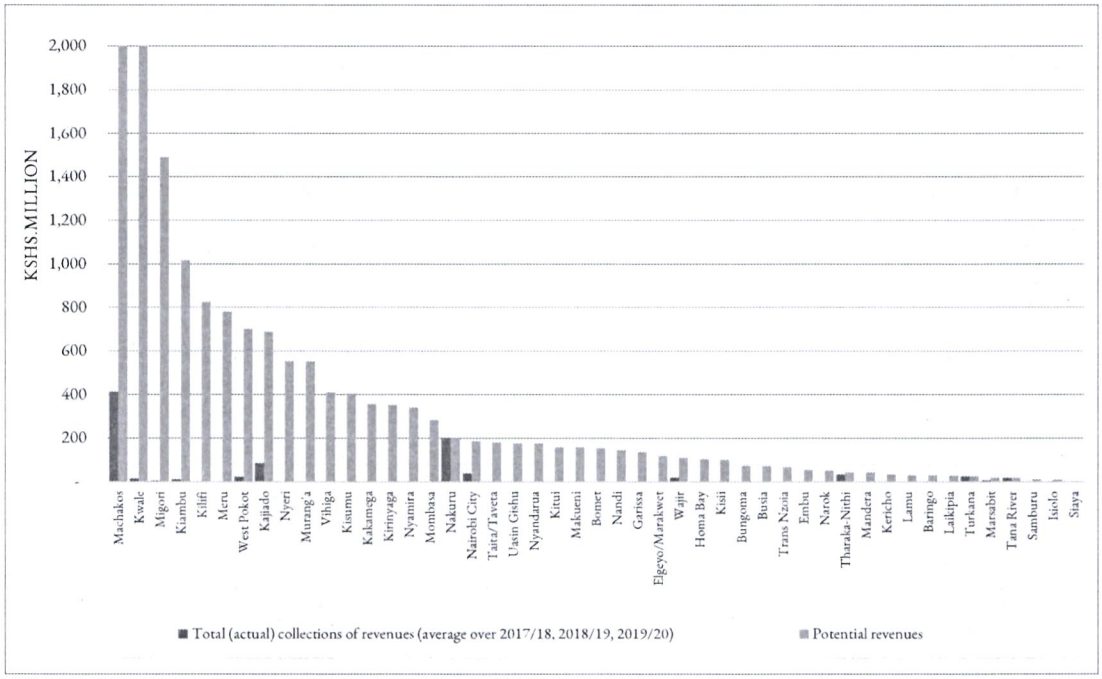
Table 13 presents the revenue potential and tax gap for counties with the highest unrealized potential. As shown in the table, the counties with highest unrealized potential can additionally generate between almost Kshs. 700 million and Kshs. 2.1 billion on an annual basis from cess on mining and quarrying products. Kiambu currently collects only around 1% of its estimated potential, while Machakos appears to generate around 17% of its potential. According to findings presented in the table, many counties do not report on actual revenues collected from this stream despite the fact that mining and quarrying activities of substantial value appear to take place within their boundaries.

Figure 15 presents the maximum revenues that can be generated and the average actual revenues that are generated from this stream across all 47 counties. According to the graph, Machakos and Kwale can generate over Kshs. 2 billion each on an annual basis from this stream.

Table 13: Potential revenues from Natural Resource Transportation fees for the counties with highest unrealized potential

County	Actual collections of revenues (Kshs.)	Revenue potential estimate (Kshs.)	Unrealized potential estimate (Kshs.)	Revenue gap
Kwale	16,630,634	2,147,367,987	2,130,737,353.15	99%
Machakos	413,339,080	2,385,446,091	1,972,107,010.96	83%
Migori	4,527,240	1,489,944,052	1,485,416,811.73	100%
Kiambu	11,374,507	1,017,300,015	1,005,925,508.14	99%
Kilifi	-	824,783,241	824,783,241.00	100%
Meru	-	778,230,066	778,230,066.40	100%
West Pokot	22,361,856	701,207,192	678,845,336.45	97%

Figure 15: Revenue potential from Natural Resource Transportation fees across counties in Kenya

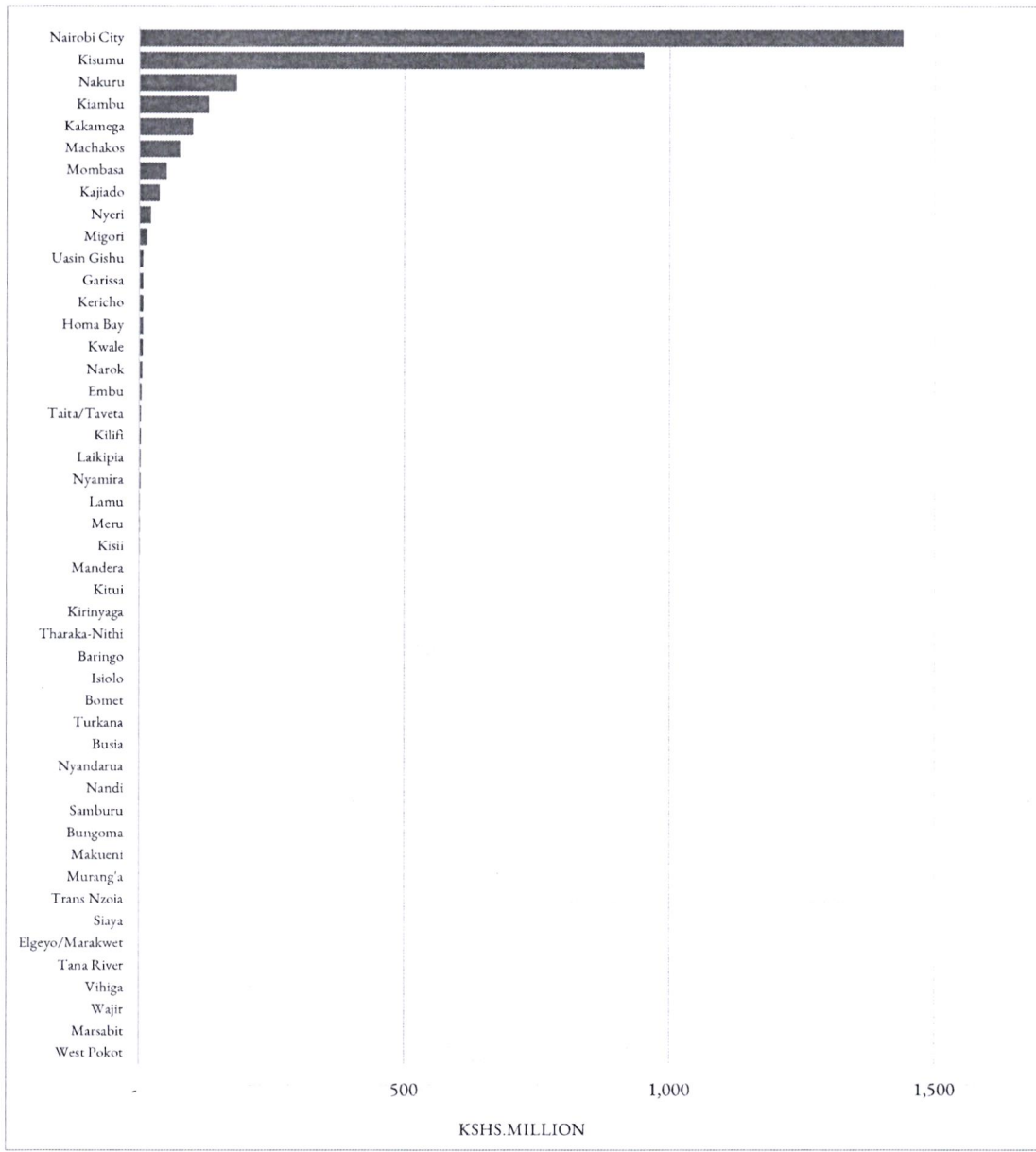


5.3.8 Advertising and Sign Board Fees

Counties charge fees for using advertising services, including public billboards, lighting posts, and other public infrastructure. For the purpose of calculating the revenue potential for this stream, spending on outdoor advertising was calculated based on self-reported evidence from MSME 2016 and latest evidence on trends in spending on outdoor advertising across the country. In this case, the revenue base is equivalent to revenue potential.

As expected, major urban centers in Kenya are estimated to have the highest potential for this stream. In Nairobi City, total spending on outdoor advertising services offered by the county is estimated at around Kshs. 1.4 billion in 2019/20. In Kisumu, total spend almost reaches Kshs. 1 billion, while in Nakuru and Kiambu it is estimated at around Kshs. 180 million and Kshs. 130 million, respectively.

Figure 16: Total annual spend on outdoor advertising services offered by the county



Limitations in the data used to carry out these calculations resulted in indicative, rather than precise, estimates of the revenue potential and tax gap for this stream.

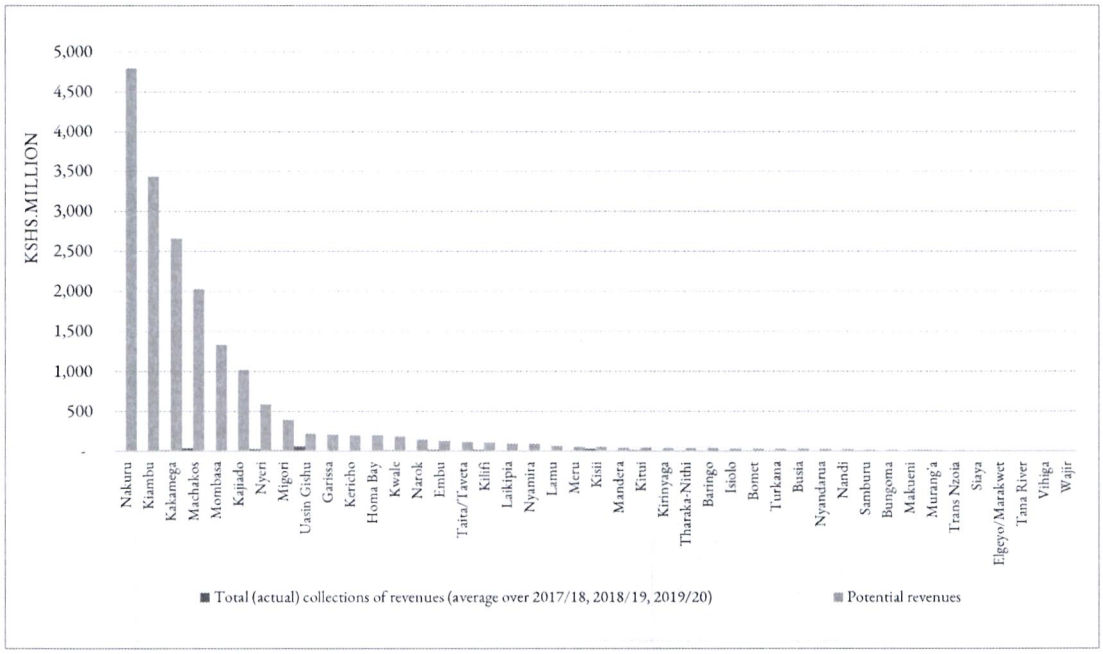
Table 14 presents the revenue potential and gap for counties with highest unrealized revenues. There are many County Governments that do not report on revenues from this stream despite the high revenue potential that they appear to have (for example, Nairobi City, Nakuru, Kiambu, and Mombasa in the table below).

Figure 17 below shows the revenue potential and gap for all County Governments. Maximum revenues from Nairobi City and Kisumu are outliers, thus they are not shown in the graph.

Table 14: Potential revenues from Advertising and Sign Board fees for the counties with highest unrealized potential

County	Actual collections of revenues	Revenue potential estimate	Unrealized potential estimate	Revenue gap
Nairobi City	-	37,598,149,168	37,598,149,168	100%
Kisumu	48,927,654	24,822,587,843	24,773,660,189	100%
Nakuru	-	4,799,459,194	4,799,459,194	100%
Kiambu	-	3,431,996,061	3,431,996,061	100%
Kakamega	14,302,325	2,665,274,057	2,650,971,732	99%
Machakos	35,516,487	2,028,981,771	1,993,465,284	98%
Mombasa	-	1,335,831,721	1,335,831,721	100%

Figure 17: Revenue potential from outdoor Advertising and Sign Board fees across counties



5.3.9 Environment and Conservancy Administration Fees

The key driver of revenues under this stream is fees for waste management and collection services offered by the counties. Therefore, the revenue base for this stream comprises of the households and licensed businesses which are required to pay these fees across the counties. These are calculated using information from the latest census and survey data from MSME 2016. As shown in figure 18 below, Nairobi City has the largest revenue base for this stream with 13% of households and licensed businesses being located there. Nakuru and Kiambu also account for around 11% of the total population of households and licensed businesses.

Figure 18: Number of households and businesses paying for county waste management services

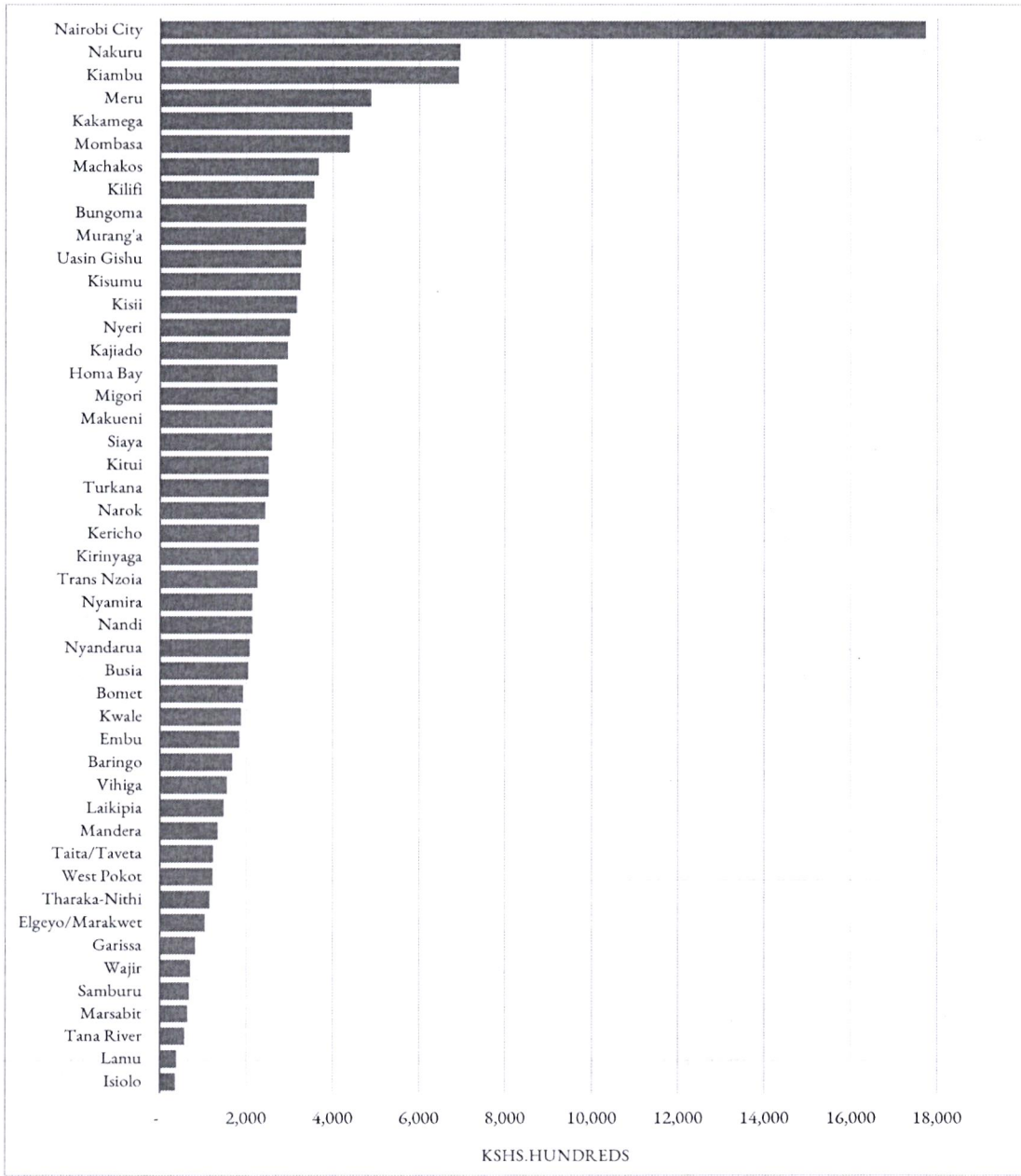


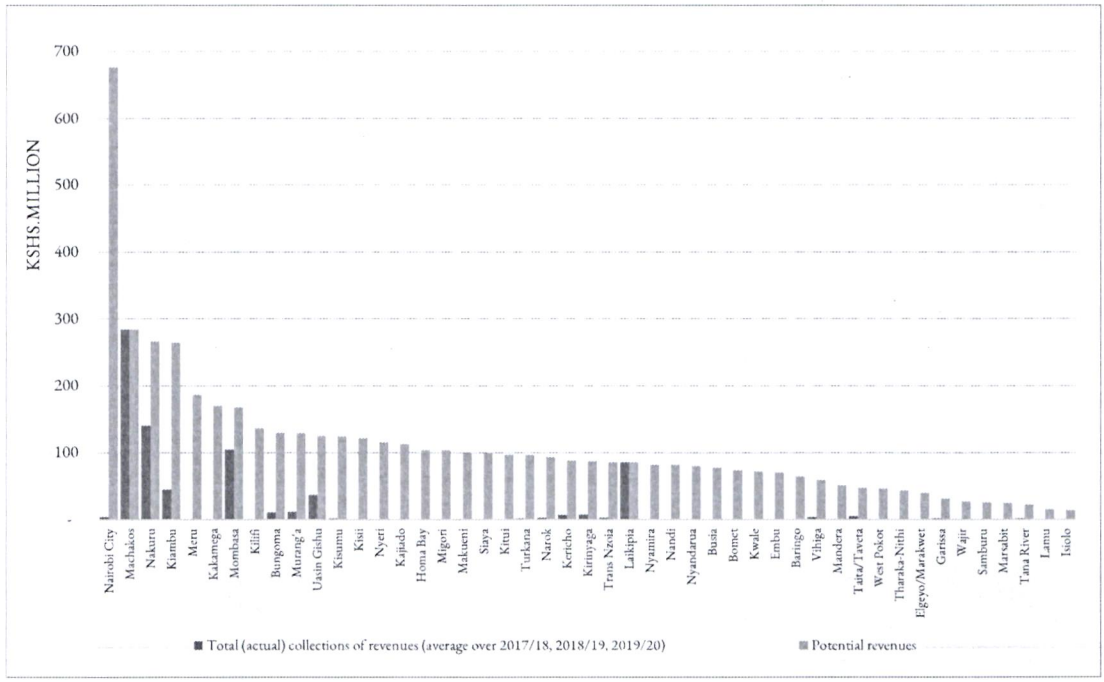
Table 15 presents the revenue potential and gap for the counties with the highest unrealized potential, while figure 19 below shows the estimated revenue potential for all 47 counties. According to the estimates, the Nairobi City County Government can potentially generate around Kshs. 680 million from this stream. Based on audited data, it currently collects around Kshs. 4.5 million from this stream. This is likely the outcome of a lack of an efficient waste disposal system and private companies (rather than the County Government) being responsible for waste management and collection across the county.

Similarly, revenue collections across the counties are quite small compared to estimated revenue potential, suggesting that there is room for improvement in this area. However, this goes beyond generation of revenues from own sources, calling for action to enhance existing strategies and systems for waste disposal. There are some notable exemptions from this trend, namely Machakos, Nakuru, Mombasa, and Laikipia, which all exhibit a revenue gap of less than 50%. These counties might be best practice examples on how to set up efficient systems that are able to collect large parts of the revenue potential of this stream.

Table 15: Potential revenues from Environment & Conservancy Administration for the counties with highest unrealized potential

County	Actual collections of revenues (Kshs.)	Revenue potential estimate (Kshs.)	Unrealized potential estimate (Kshs.)	Revenue gap
Nairobi City	4,540,579	676,216,546	671,675,967.20	99%
Kiambu	44,997,421	264,284,068	219,286,647.26	83%
Meru	278,296	186,497,950	186,219,654.62	100%
Kakamega	-	169,917,733	169,917,733.25	100%
Kilifi	-	135,938,844	135,938,843.86	100%
Nakuru	140,416,731	265,842,722	125,425,991.74	47%
Kisumu	1,939,073	123,906,706	121,967,632.73	98%

Figure 19: Revenue potential from Environment & Conservancy Administration across counties



5.3.10 Liquor Licensing Fees

Similar to business licenses, the revenue base for special licenses required for selling alcoholic beverages is the number of businesses in this area. Fees and charges are defined based on the type and size of businesses selling liquor. For the purpose of estimating the revenue potential from this stream, self-reported data on employment in licensed and unlicensed businesses in this area from MSME 2016 is used as proxy for business size.

As shown in figure 20, numbers of employees occupied in this area are higher in urban centers compared to rural areas. The population of employees in businesses selling liquor in Nairobi City accounts for almost half of the total employee population across the country.

Figure 20: Number of employees in licensed and unlicensed businesses selling liquor across counties

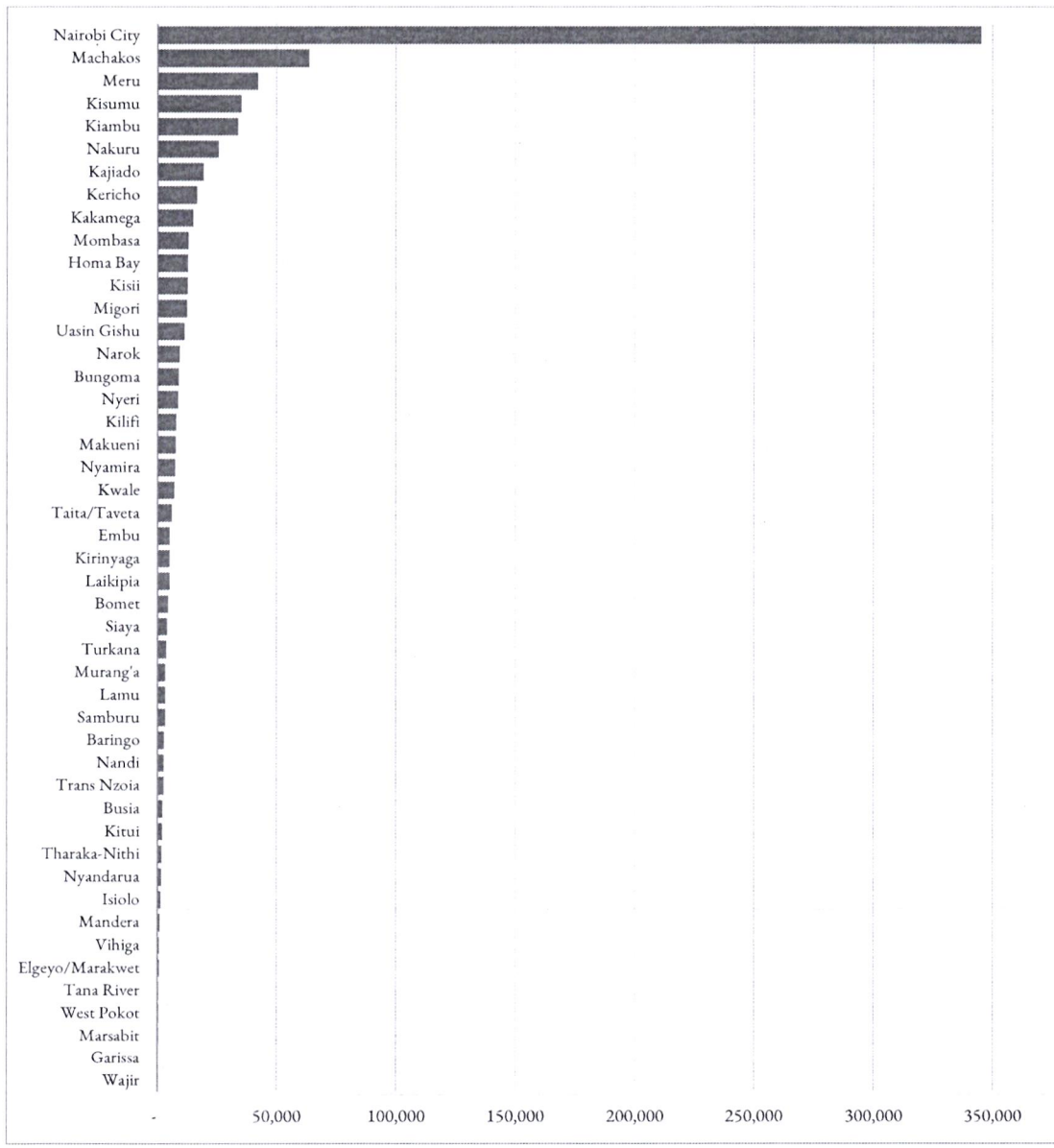


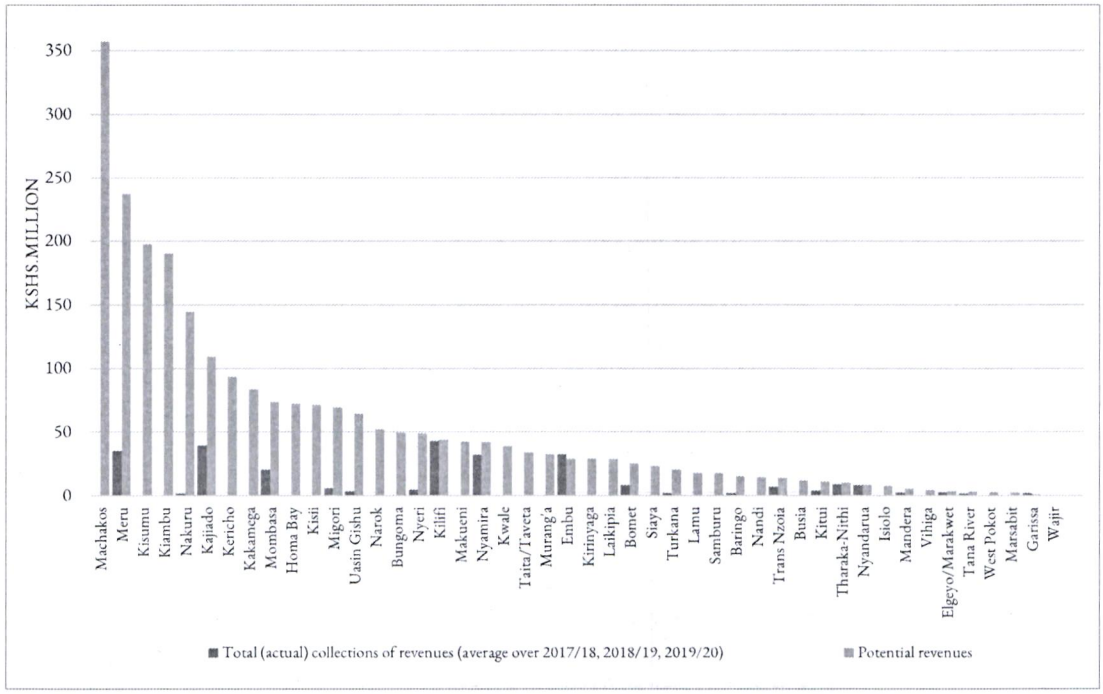
Table 16 presents the revenue potential and gap for counties with the highest unrealized potential. Nairobi City appears to be able to generate substantial revenues from this stream (around Kshs. 2billion annually) even though it does not report any data on revenues collected under this stream.

Overall, there are many County Governments which do not report on data from this stream. Machakos and Kiambu County Governments generate less than 10% of their potential each, while Nakuru manages to collect around 30% of its estimated potential. Figure 21 presents the maximum revenues that can be generated from this stream in each county. Potential revenues from this stream in Nairobi City County Government are much higher compared to other counties, thus not shown in the figure.

Table 16: Potential revenues from Liquor Licensing fees for the counties with highest unrealized potential

County	Actual collections of revenues	Revenue potential estimate	Unrealized potential estimate	Revenue gap
Nairobi City	-	1,936,093,109	1,936,093,109	100%
Machakos	35,054,335	356,862,175	321,807,840	90%
Meru	-	237,236,896	237,236,896	100%
Kisumu	-	197,590,938	197,590,938	100%
Kiambu	1,597,178	190,279,177	188,681,999	99%
Kajiado	-	109,103,834	109,103,834	100%
Nakuru	39,345,240	144,522,103	105,176,863	73%

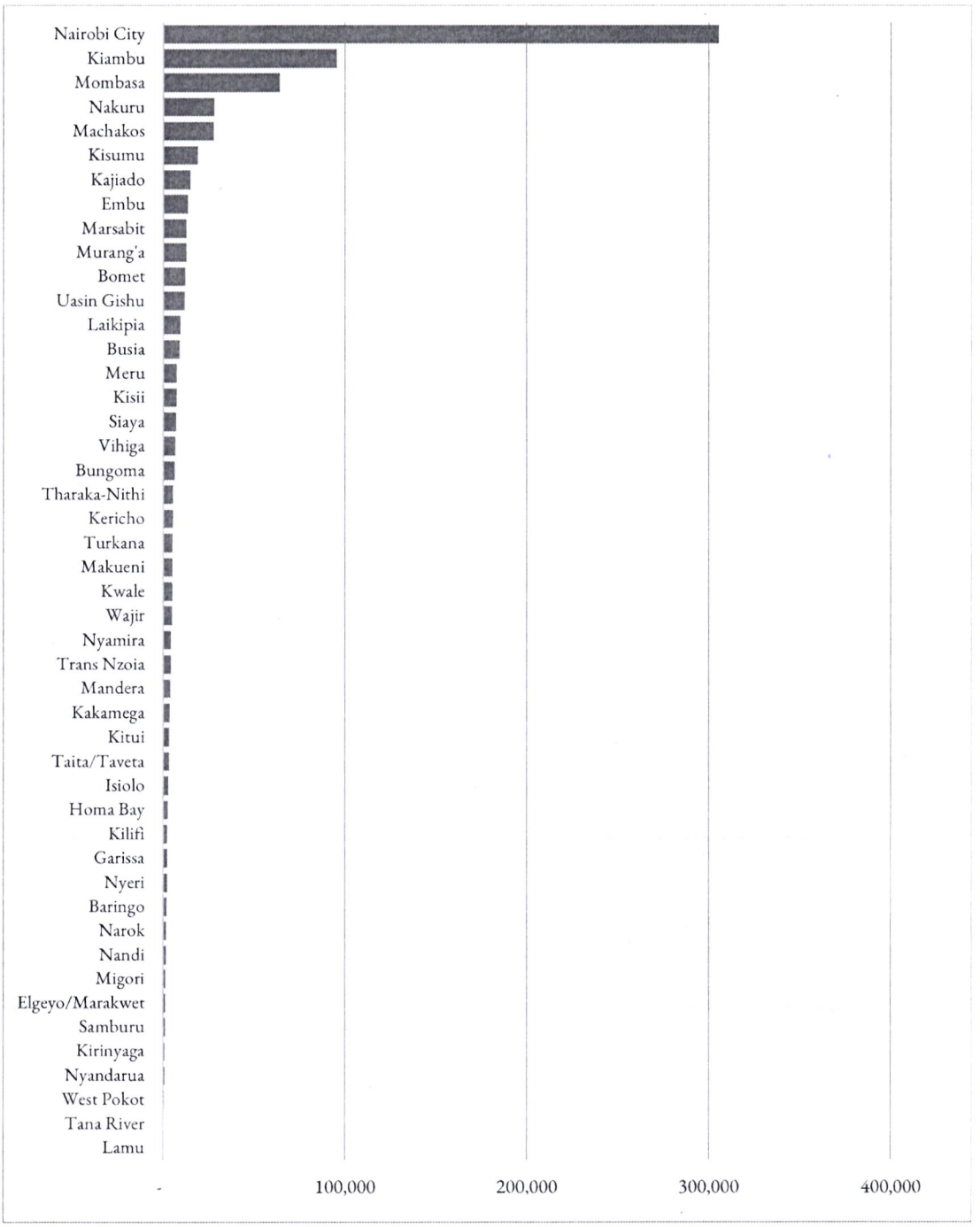
Figure 21: Revenue potential from Liquor Licensing fees across counties



5.3.11 Building Plan Approvals Fees

The revenue base for Building Plan Approvals fees is captured by the value of construction of new buildings in GCP statistics. As shown in figure 22 below, in counties with big urban centers such as Nairobi City, Mombasa, and Kisumu, the revenue base for charges on building permits is quite broad compared to counties with high shares of rural population. In counties with big cities and towns, rapid urbanization results in approvals of expensive construction plans, while in rural counties the size of construction is rather limited.

Figure 22: Value of construction (GCP 2020) across counties



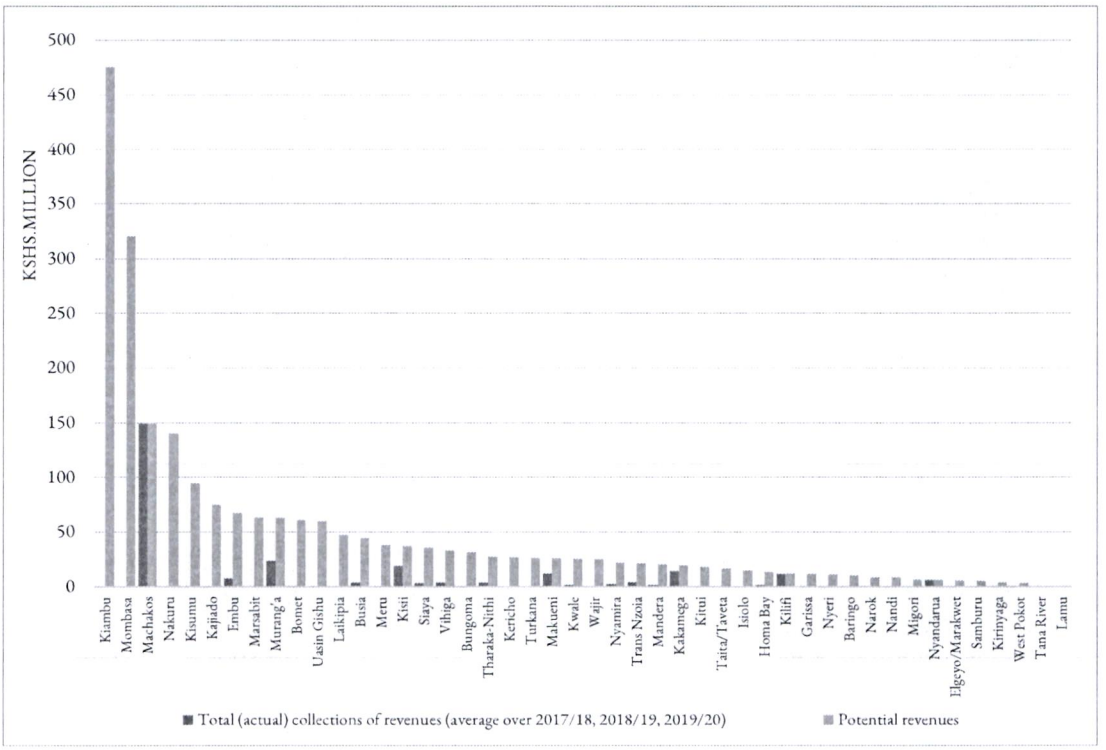
It follows, then, that counties with urban centers are expected to yield higher revenues from this stream compared to counties with mainly rural areas.

Table 17 shows the revenue potential and tax gap for the counties with the highest unrealized potential. As shown in the table, most counties do not report revenues from this stream, so most of the revenue potential is unrealized. Figure 23 presents maximum revenues that could be generated from this stream across counties in Kenya. Nairobi City is an outlier and is excluded from the figure.

Table 17: Potential revenues from Building Plan Approvals fees for the counties with highest unrealized potential

County	Actual collections of revenues	Revenue potential estimate	Unrealized potential estimate	Revenue gap
Nairobi City	-	1,525,033,986	1,525,033,986	100%
Kiambu	-	475,762,887	475,762,887	100%
Mombasa	-	320,548,517	320,548,517	100%
Nakuru	-	140,326,795	140,326,795	100%
Kisumu	-	94,553,309	94,553,309	100%
Kajiado	-	74,855,820	74,855,820	100%
Marsabit	250,933	63,546,423	63,295,489	99%

Figure 23: Revenue potential from Building Plan Approvals fees across counties



5.3.12 Game Reserve Fees

Some County Governments are responsible for collecting revenues from fees for entering game reserves which are within their boundaries. For national parks, Kenya Wildlife Services a national government agency is responsible for collecting similar revenues. The analysis presented here focuses on calculating revenues for the counties with game reserves.

In particular, Narok, Baringo, Samburu, and Laikipia are included in the analysis. The Isiolo County Government also collects revenues from visits to a game reserve that is located within the county. However, data limitations did not allow for an indicative estimate of the revenue base (that is, numbers of annual visits to the reserve) in Isiolo. Further research is required to identify the revenue base, calculate the revenue potential and estimate the tax gap for this source of own revenues.

The revenue base for this stream comprises of domestic and international visitors at game reserves included in KNBS' 2020 Economic Survey. Figure 24 presents numbers of visitors in Narok, Baringo, Samburu, and West Pokot.

Figure 24: Number of visitors at game reserves in 2020

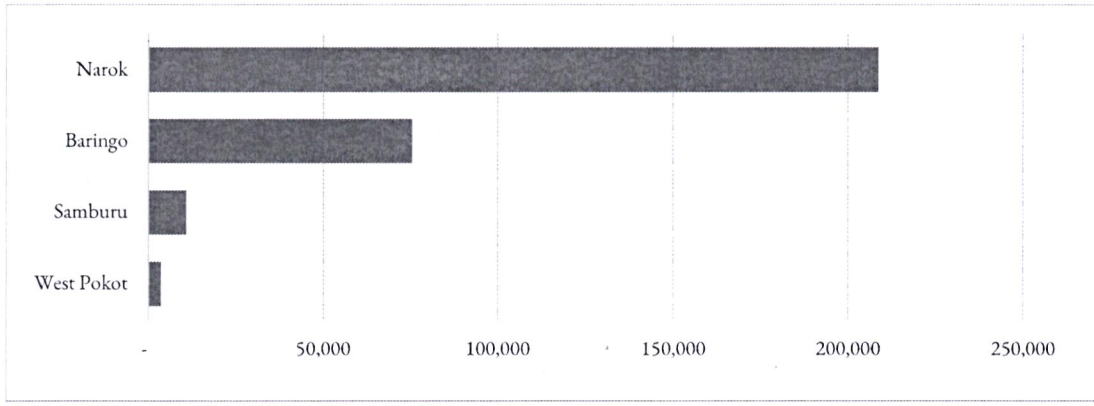
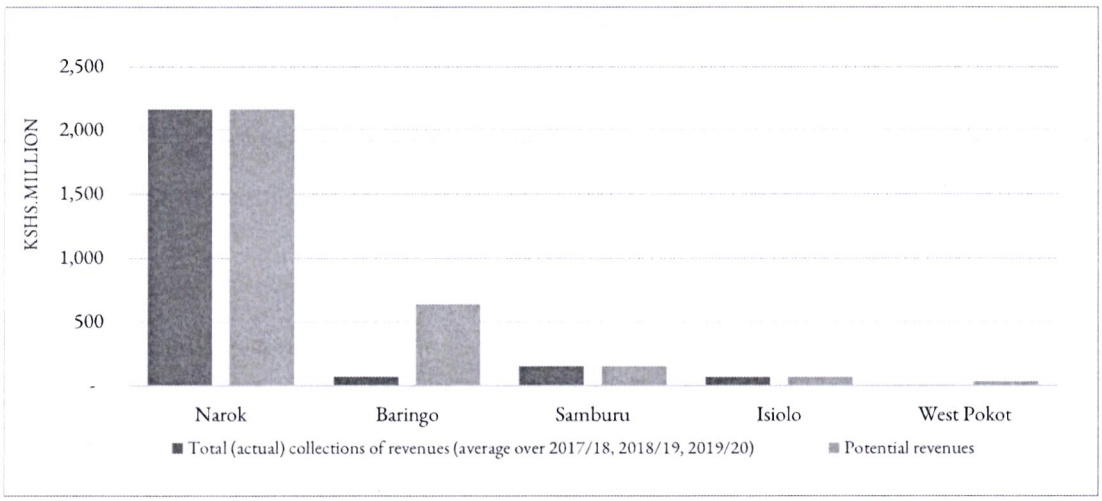


Table 18 presents the revenue potential and gap for the counties with the highest unrealized potential. As shown in table 18 as well as figure 25 (which presents the revenue potential from this stream across all counties), around Kshs. 3 billion in total can be generated from visits to game reserves across the county. Baringo can generate around Kshs. 640 million annually, while in Narok maximum revenues can reach over Kshs. 2 billion on a yearly basis. Samburu can yield about Kshs. 150 million from its game reserve, while West Pokot appears to be able to generate around Kshs. 30 million from visits to the Nasolot National Reserve.

Table 18: Potential revenues from Game Reserves for the counties with game reserves

County	Actual collections of revenues (Kshs.)	Revenue potential estimate (Kshs.)	Unrealized potential estimate (Kshs.)	Revenue gap
Baringo	71,488,457	637,927,335	566,438,878	88%
West Pokot	-	30,652,002	30,652,002	100%
Samburu	153,465,634	153,465,634	-	0%
Narok	2,162,795,772	2,162,795,772	-	0%

Figure 25: Revenue potential from Game Reserves across counties



5.3.13 Administrative Fees, Charges, Fines, Penalties and Technical Services

Tables 19, 20, and 21 below present actual collections of revenues and potential revenues from (i) administrative fees and charges, (ii) fines, penalties, and forfeitures, and (iii) technical services for the 5 counties with the highest untapped potential in each area. Moreover, figures 26, 27, and 28 present the revenue potential and actual levels of generated revenue from each stream respectively across all counties in Kenya.

Potential revenues from fines and penalties, as well as from technical services, are much higher in Nairobi City compared to other County Governments, thus including them in figures 27 and 28 would not allow for observing differences between other counties in Kenya. Therefore, they are not shown in these figures (detailed data on Nairobi City can be found in the tables).

As shown in the tables and figures below, there is substantial variation in the revenue generating performance across counties. While some counties are able to meet their potential, there is room for improvement in others. The results below are indicative of the relative performance of counties and should be used for comparisons between counties for benchmarking purposes. They should not be treated as precise estimates of the maximum revenues that each county can generate.

Table 19: Actual and potential revenues from Administrative fees and charges with highest unrealized potential

County	Actual collections of revenues (Kshs.)	Revenue potential estimate (Kshs.)	Unrealized potential estimate (Kshs.)	Revenue gap
Nairobi City	-	1,437,351,543	1,437,351,543	100%
Kiambu	-	297,885,798	297,885,798	100%
Nakuru	-	258,707,180	258,707,180	100%
Meru	-	185,908,802	185,908,802	100%
Machakos	-	168,810,154	168,810,154	100%

Figure 26: Revenue potential from Administrative fees and charges across counties

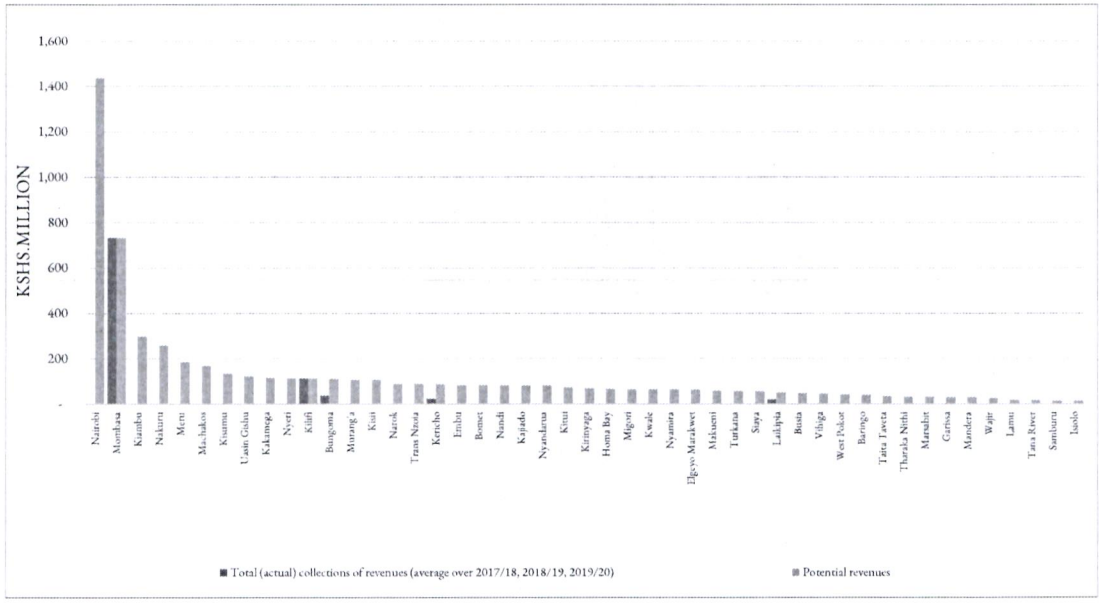


Table 20: Actual and potential revenues from Fines, Penalties, and Forfeitures with highest unrealized potential

County	Actual collections of revenues (Kshs.)	Revenue potential estimate (Kshs.)	Unrealized potential estimate (Kshs.)	Revenue gap
Nairobi City	-	210,143,521	210,143,521	100%
Kiambu	-	43,551,468	43,551,468	100%
Nakuru	-	37,823,480	37,823,480	100%
Meru	1,501,788	27,180,219	25,678,431	94%
Kisumu	-	19,633,565	19,633,565	100%

Figure 27: Revenue potential from Fines, Penalties, and Forfeitures across counties

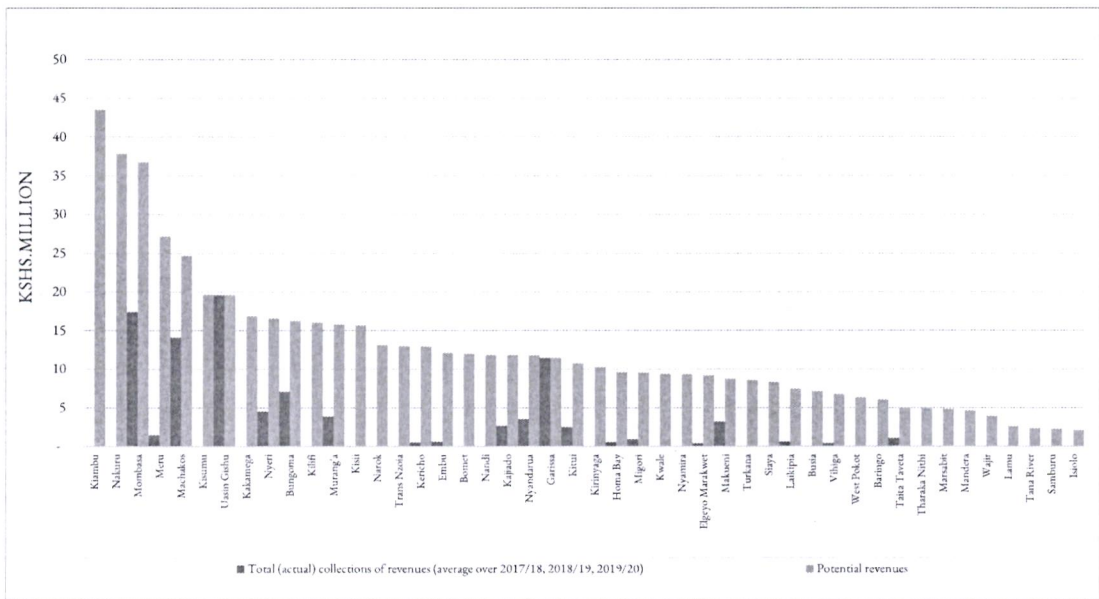
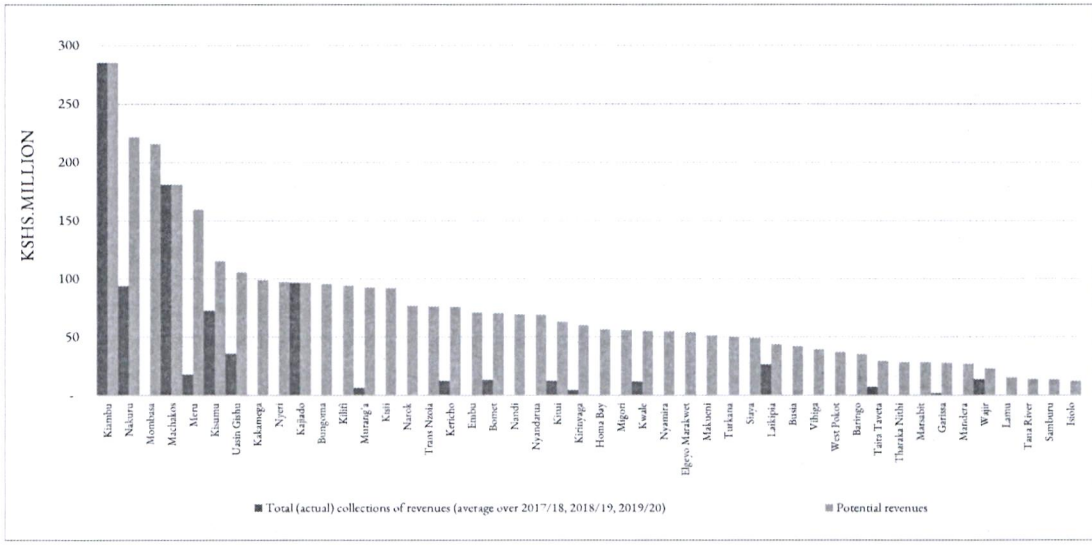


Table 21: Actual and potential revenues from Technical Services with highest unrealized potential

County	Actual collections of revenues (Kshs.)	Revenue potential estimate (Kshs.)	Unrealized potential estimate (Kshs.)	Revenue gap
Nairobi City	334,417,456	1,233,063,521	898,646,065	73%
Mombasa	-	215,866,875	215,866,875	100%
Meru	18,192,003	159,485,940	141,293,938	89%
Nakuru	94,151,210	221,937,624	127,786,414	58%
Kakamega	-	98,867,659	98,867,659	100%

Figure 28: Revenue potential from Technical Services across counties



5.4 Areas for Improvement and Recommendations

Key findings from the comprehensive analysis of the revenue potential and tax gap for top OSR streams across Kenya, as well as from discussions with representatives from County Governments, revealed evidence regarding areas that can be improved to help counties enhance their performance in raising revenues from own sources.

Overall, there is evidence suggesting current practices towards managing OSR revenue generation and collection have improved. For example, the County Governments, adoption of a consistent approach towards reporting on revenues from different streams. In contrast to the Adam Smith International research carried out in 2018, this comprehensive OSR potential and tax gap study relied heavily on audited revenue data for the top OSR streams that were consistently reported across countries.

However, discrepancies between the elements grouped under the different OSR categories across the counties call for further efforts to establish a clear and simple framework for defining OSR sources and reporting on actual collections. There are often gaps in reporting revenues under different streams across the counties and, in many cases, County Governments use the category "Others" to report on revenues from sources that could be grouped under the existing categories – for example, administrative fees and charges, property rates, etc.

Further collaboration between the CRA and County Governments is required to understand the reasons for not reporting data under different OSR categories and using the "Others" group to report on sources that could be included in other standardized groups. It is recommended that key stakeholders, including the CRA, the National Treasury, OCOB, and the Office for the Auditor General support counties to adopt a consistent approach towards OSR revenue reporting and monitoring. Enhancing current practices to arrive at a unified reporting system will be an important development as it will allow counties to understand their potential, assess their performance, and identify areas for improvement.

The counties interviewed suggested that investments aiming to improve the existing County revenue management system and the required infrastructure to collect and analyze data on revenue collections are critical steps towards enhancing performance in generating revenues from own sources across counties. Revenues are collected manually for the most part, mainly relying on cash payments. This approach often results in tax evasion and can also affect revenue collectors' welfare and performance. It is suggested that an automatic and cashless system would improve performance substantially.

Investments in revenue collection and reporting infrastructure also involve training the current County Government workforce and creating an automatic system for collecting data, not only on revenues, but also on the economic indicators that are relevant to the economic base for each stream.

Putting effort toward strengthening collaboration and data-sharing mechanisms between different organizations and departments inside and outside the County Governments is recommended to allow counties to monitor their revenue base, evaluate their revenue raising activities, and adopt an evidence-based approach to OSR policy decision making.

In summary, enhanced collaboration and support between departments, a consistent reporting framework, and an automated and regularly updated database would allow easy and timely access to information and, thus, promote evidence-based decision making.

Existing complexity in the structure of rates, fees, and charges also poses major challenges to counties aiming to enhance their OSR collections. In particular, existing structures create uncertainty and hinder the precise implementation of fiscal instruments, making it difficult for revenue collectors to charge the correct rate for each activity or product.

Further key sources of revenue that counties can use to generate revenue are business permits as well as revenues generated through the exploitation of county natural resources. While the management of natural resources can be profitable for counties, the analysis suggests that County Governments currently only collect around 6% of their potential revenues.

Cess can be replaced with a special type of agricultural land rate, simplifying the process of revenue collections and lifting disincentives for producers and traders. The remaining OSR streams combined could generate nearly Kshs. 32 billion. This means that if all County Governments performed in line with best practice, they could raise revenues from these streams that are 4.5 times higher than their current collections.

It is recommended that County Governments with existing data collections on usage of parking spaces put effort toward strengthening data sharing mechanisms so this information can be used by departments responsible for OSR policy design and implementation to inform decision making. In addition, County Governments not collecting data on parking space usage should be encouraged to collaborate with parking offices and other relevant organizations to ensure parking space data is made available to them on a regular basis.

As discussed in the case of cess on agricultural produce and livestock, it is likely that this OSR stream might create issues of double taxation as a result of overlaps with levies charged by the national government.

Therefore, there is scope for revising current approaches to consider the implementation of taxes that aim to manage the environmental effects of mining and quarrying rather than charge trade and transport of quarrying and mining products. Such an approach would strengthen the policy rationale of fees in this area and also contribute to establishing a fairer tax system.

In line with best practice, County Governments should invest in collecting consistent data on usage of county advertising services from businesses based within the county as well as outside the county borders. For example, relevant departments within County Governments could explore the scope for collaborating with KNBS to design and regularly carry out a new survey to collate information on the use of outdoor advertising services, including expenditure, preferred locations, and means of advertising. Alternatively, existing surveys such as MSME could be enhanced to include more detailed information on outdoor advertising.

APPENDIX A – OSR STREAMS BY COUNTY

Table A1: Contribution of top OSR streams to total revenues (by county)

County	Revenue Stream	2017/18 (% of total)	2018/19 (% of total)	2019/20 (% of total)	Average (% of total)	Cumulative %
Baringo	Hospital and Public Health Services fees	32.58%	39.18%	45.08%	38.95%	38.95%
	Game Reserve fees	23.34%	23.54%	19.17%	22.02%	60.96%
	Market Trade Center fees	15.84%	10.60%	13.95%	13.47%	74.43%
	Agricultural transportation fees	13.25%	10.84%	9.76%	11.29%	85.72%
	Trading Licensing	10.72%	11.34%	7.91%	9.99%	95.71%
	Property Rates	3.60%	3.98%	3.58%	3.72%	99.43%
Bomet	Hospital and Public Health Services fees	38.00%	38.65%	46.07%	40.91%	40.91%
	Property Rates	29.29%	20.82%	23.94%	24.68%	65.59%
	Trading Licensing	0.00%	20.58%	11.52%	10.70%	76.29%
	Vehicle parking fees	4.53%	4.87%	5.65%	5.02%	81.30%
	Agricultural transportation fees	10.72%	0.00%	0.00%	3.57%	84.88%
	Administrative fees and charges	2.79%	2.98%	2.45%	2.74%	87.62%
Bungoma	Hospital and Public Health Services fees	40.77%	50.81%	61.30%	50.96%	50.96%
	Trading Licensing	15.80%	12.50%	12.32%	13.54%	64.50%
	Vehicle parking fees	9.58%	10.92%	7.69%	9.40%	73.90%
	Administrative fees and charges	9.58%	8.06%	0.94%	6.19%	80.09%
	Market Trade Center fees	6.35%	5.07%	4.51%	5.31%	85.40%
	Property Rates	4.69%	3.29%	2.20%	3.39%	88.79%
Busia	Hospital and Public Health Services fees	7.40%	27.24%	29.07%	21.24%	21.24%
	Vehicle parking fees	26.52%	16.11%	14.90%	19.18%	40.42%
	Trading Licensing	18.23%	18.27%	16.02%	17.51%	57.93%
	Agricultural transportation fees	16.21%	12.81%	17.98%	15.67%	73.60%
	Market Trade Center fees	8.83%	6.62%	5.74%	7.06%	80.66%
	Advertising and Sign Board fees	1.81%	3.36%	1.45%	2.21%	82.87%

County	Revenue Stream	2017/18 (% of total)	2018/19 (% of total)	2019/20 (% of total)	Average (% of total)	Cumulative %
Elgeyo Marakwet	Hospital and Public Health Services fees	32.29%	46.03%	40.72%	39.68%	39.68%
	Agricultural transportation fees	19.15%	18.11%	17.60%	18.29%	57.97%
	Trading Licensing	10.76%	9.00%	7.45%	9.07%	67.04%
	Market Trade Center fees	4.68%	5.78%	5.62%	5.36%	72.40%
	Vehicle parking fees	2.99%	3.28%	3.58%	3.29%	75.69%
	Property Rates	3.63%	3.19%	2.07%	2.96%	78.65%
	Environment and Conservancy administration fees	0.83%	0.96%	0.64%	0.81%	79.46%
	Liquor Licensing fees	0.00%	0.00%	1.09%	0.36%	79.82%
	Fine, Penalties, and Forfeitures	0.50%	0.25%	0.32%	0.36%	80.18%
Embu	Administrative fees and charges	43.37%	55.48%	56.10%	51.65%	51.65%
	Trading Licensing	18.21%	14.18%	14.87%	15.75%	67.40%
	Agricultural transportation fees	11.34%	10.29%	13.55%	11.73%	79.13%
	Parking Fees	6.83%	5.11%	4.56%	5.50%	84.63%
	Market Trade Center fees	4.62%	5.14%	4.06%	4.61%	89.23%
	Advertising and Sign Board fees	5.00%	3.52%	1.65%	3.39%	92.62%
Garissa	Property Rates	18.69%	25.54%	18.71%	20.98%	20.98%
	Administrative fees and charges	18.48%	16.95%	18.50%	17.98%	38.95%
	Trading Licensing	11.78%	10.80%	11.79%	11.46%	50.41%
	Fine, Penalties, and Forfeitures	11.14%	10.21%	11.15%	10.83%	61.25%
	Agricultural transportation fees	10.71%	9.82%	10.72%	10.41%	71.66%
	Hospital and Public Health Services fees	8.16%	7.48%	8.17%	7.94%	79.59%
	Market Trade Center fees	6.31%	5.69%	6.21%	6.07%	85.66%
Homabay	Hospital and Public Health Services fees	28.24%	39.04%	57.90%	41.72%	41.72%
	Market Trade Center fees	19.74%	16.09%	9.87%	15.23%	56.96%
	Trading Licensing	12.88%	13.57%	10.30%	12.25%	69.21%
	Vehicle parking fees	13.13%	12.18%	9.86%	11.72%	80.93%
	Agricultural transportation fees	12.79%	6.47%	4.15%	7.80%	88.74%
	County Housing Rent	3.79%	2.62%	1.30%	2.57%	91.30%
Isiolo	Game Reserve Fees	58.34%	60.26%	32.92%	50.51%	50.51%
	Property Rates	10.81%	10.28%	27.80%	16.30%	66.80%
	Hospital and Public Health Services fees	10.62%	6.69%	16.08%	11.13%	77.94%
	Agricultural transportation fees	6.64%	8.32%	11.21%	8.72%	86.66%
	Vehicle parking fees	3.46%	2.83%	3.17%	3.15%	89.81%
	Trading Licensing	5.21%	3.98%	0.00%	3.06%	92.87%

County	Revenue Stream	2017/18 (% of total)	2018/19 (% of total)	2019/20 (% of total)	Average (% of total)	Cumulative %
Kajiado	Trading Licensing	28.56%	19.26%	17.32%	21.71%	21.71%
	Natural Resource Transportation fees	8.32%	7.47%	16.49%	10.76%	32.47%
	Administrative fees and charges	0.00%	0.14%	22.10%	7.41%	39.89%
	Hospital and Public Health Services fees	6.46%	3.20%	9.05%	6.24%	46.13%
	Technical services fees	3.82%	14.64%	0.00%	6.15%	52.28%
	Parking fees	6.29%	4.18%	6.47%	5.65%	57.93%
	Property Rates	9.09%	0.00%	4.35%	4.48%	62.40%
	Market Trade Center fees	2.32%	2.34%	6.25%	3.64%	66.04%
	External Services Fees	2.29%	0.00%	0.00%	0.76%	66.80%
	Agricultural transportation fees	0.00%	1.11%	1.17%	0.76%	67.56%
	Fine, Penalties, and Forfeitures	0.00%	0.00%	0.38%	0.13%	67.69%
	County Housing Rent	0.12%	0.00%	0.00%	0.04%	67.73%
Kakamega	Hospital and Public Health Services fees	38.36%	35.58%	45.18%	39.70%	39.70%
	Trading Licensing	13.68%	8.00%	6.24%	9.31%	49.01%
	Vehicle parking fees	11.10%	5.95%	3.60%	6.88%	55.89%
	Agricultural transportation fees	5.41%	4.93%	4.22%	4.85%	60.74%
	Market Trade Center fees	7.36%	4.54%	2.56%	4.82%	65.56%
	Property Rates	6.13%	1.86%	1.86%	3.28%	68.85%
	Liquor Licensing fees	5.31%	1.79%	1.43%	2.85%	71.69%
	Building Plan Approvals fees	1.64%	1.65%	1.60%	1.63%	73.33%
	County Housing Rent	2.30%	1.32%	1.24%	1.62%	74.95%
	Advertising and Sign Board fees	0.00%	1.75%	0.94%	0.90%	75.84%
Kericho	Hospital and Public Health Services fees	32.17%	42.33%	47.07%	40.52%	40.52%
	Property Rates	9.44%	14.23%	18.01%	13.89%	54.42%
	Trading Licensing	13.02%	11.74%	11.00%	11.92%	66.34%
	Vehicle parking fees	7.49%	7.86%	7.78%	7.71%	74.05%
	County Housing Rent	11.79%	3.08%	2.59%	5.82%	79.86%
	Market Trade Center fees	6.22%	5.44%	5.13%	5.60%	85.46%
Kiambu	Hospital and Public Health Services fees	31.58%	37.82%	58.81%	42.74%	42.74%
	Technical services fees	16.81%	17.05%	3.61%	12.49%	55.23%
	Property Rates	10.74%	11.49%	9.81%	10.68%	65.91%
	Vehicle parking fees	13.39%	7.82%	9.36%	10.19%	76.10%
	Trading Licensing	10.80%	11.57%	7.51%	9.96%	86.06%
	Agricultural transportation fees	5.18%	4.06%	3.85%	4.36%	90.42%

County	Revenue Stream	2017/18 (% of total)	2018/19 (% of total)	2019/20 (% of total)	Average (% of total)	Cumulative %
Kilifi	Agricultural transportation fees	27.96%	27.72%	34.85%	30.17%	30.17%
	Property Rates	25.41%	22.72%	17.63%	21.92%	52.09%
	Administrative fees and charges	12.91%	18.71%	0.00%	10.54%	62.63%
	Trading Licensing	13.84%	7.86%	5.35%	9.02%	71.65%
	Hospital and Public Health Services fees	0.38%	1.56%	24.12%	8.69%	80.34%
	County Housing Rent	4.43%	7.86%	2.00%	4.76%	85.10%
Kirinyaga	Hospital and Public Health Services fees	30.06%	33.93%	41.48%	35.16%	35.16%
	Trading Licensing	24.63%	24.04%	16.64%	21.77%	56.93%
	Market Trade Center fees	9.01%	7.40%	8.69%	8.37%	65.29%
	Property Rates	7.99%	4.91%	5.86%	6.25%	71.55%
	Vehicle parking fees	5.24%	5.45%	5.59%	5.43%	76.97%
	Administrative fees and charges	2.94%	5.84%	4.30%	4.36%	81.33%
Kisii	Hospital fees and Public Health services	47.04%	32.46%	30.33%	36.61%	36.61%
	Vehicle parking fees	14.53%	18.95%	22.41%	18.63%	55.24%
	Trading Licensing	12.07%	16.09%	13.70%	13.95%	69.20%
	Market Trade Center fees	10.25%	12.42%	13.04%	11.90%	81.10%
	Advertising and Sign Board fees	5.83%	6.02%	6.61%	6.16%	87.26%
	Building Plan Approvals fees	2.11%	4.48%	5.11%	3.90%	91.16%
Kisumu	Administrative fees and charges	81.70%	31.62%	0.43%	37.91%	37.91%
	Hospital and Public Health Services fees	0.00%	14.48%	27.33%	13.94%	51.85%
	Property Rates	15.62%	0.92%	20.15%	12.23%	64.08%
	Trading Licensing	0.00%	15.96%	15.19%	10.38%	74.46%
	Vehicle parking fees	0.00%	7.75%	20.69%	9.48%	83.94%
	Market Trade Center fees	0.00%	4.33%	7.02%	3.78%	87.72%
Kitui	Administrative fees and charges	46.37%	22.83%	20.00%	29.73%	29.73%
	Hospital and Public Health Services fees	2.17%	28.97%	39.90%	23.68%	53.41%
	Trading Licensing	20.51%	16.48%	12.78%	16.59%	70.00%
	Market Trade Center fees	9.65%	7.13%	3.25%	6.68%	76.68%
	Property Rates	6.52%	5.75%	4.69%	5.65%	82.34%
	Vehicle parking fees	4.36%	5.66%	3.74%	4.59%	86.92%
Kwale	Hospital and Public Health Services fees	19.37%	34.02%	37.77%	30.39%	30.39%
	Trading Licensing	26.82%	22.05%	15.27%	21.38%	51.77%
	Property Rates	18.73%	17.56%	17.12%	17.80%	69.57%
	Natural Resource Transportation fees	7.82%	5.63%	5.68%	6.38%	75.95%
	Vehicle parking fees	4.59%	4.85%	5.27%	4.90%	80.85%

County	Revenue Stream	2017/18 (% of total)	2018/19 (% of total)	2019/20 (% of total)	Average (% of total)	Cumulative %
	Technical services fees	7.32%	5.50%	0.91%	4.58%	85.43%
Laikipia	Hospital and Public Health Services fees	46.56%	40.99%	40.72%	42.76%	42.76%
	Trading Licensing	13.44%	11.51%	11.02%	11.99%	54.75%
	Property Rates	8.94%	14.49%	10.48%	11.31%	66.05%
	Vehicle parking fees	8.98%	8.75%	8.78%	8.84%	74.89%
	Environment and Conservancy administration fees	0.00%	10.22%	12.22%	7.48%	82.37%
	Technical services fees	2.10%	3.06%	5.80%	3.65%	86.02%
Lamu	Trading Licensing	31.54%	25.32%	31.17%	29.34%	29.34%
	Hospital and Public Health Services fees	23.48%	15.11%	0.00%	12.87%	42.21%
	Property Rates	10.03%	26.45%	0.00%	12.16%	54.37%
	County Housing Rent	0.00%	0.00%	18.44%	6.15%	60.52%
	Agricultural transportation fees	3.80%	13.70%	0.00%	5.83%	66.35%
	Market Trade Center fees	2.85%	3.56%	3.59%	3.34%	69.69%
	Advertising and Sign Board fees	0.00%	0.00%	9.13%	3.04%	72.73%
	Natural Resource Transportation fees	0.00%	0.00%	5.57%	1.86%	74.59%
	Vehicle parking fees	0.78%	0.96%	3.60%	1.78%	76.37%
	Administrative fees and charges	0.00%	0.30%	0.00%	0.10%	76.47%
Machakos	Property Rates	35.05%	31.52%	19.19%	28.59%	28.59%
	Environment and Conservancy administration fees	25.57%	28.79%	1.87%	18.74%	47.33%
	Trading Licensing	15.98%	10.03%	13.63%	13.21%	60.54%
	Natural Resource Transportation fees	0.00%	0.00%	30.04%	10.01%	70.55%
	Hospital and Public Health Services fees	7.74%	4.06%	5.87%	5.89%	76.45%
	Vehicle parking fees	3.78%	6.00%	7.01%	5.60%	82.04%
Makueni	Hospital and Public Health Services fees	12.97%	22.04%	41.17%	25.39%	25.39%
	Trading Licensing	25.82%	24.84%	19.70%	23.45%	48.84%
	Market Trade Center fees	10.53%	7.82%	5.43%	7.93%	56.77%
	Liquor Licensing fees	11.47%	9.32%	2.54%	7.78%	64.55%
	Vehicle parking fees	8.86%	5.55%	5.41%	6.61%	71.15%
	Agricultural transportation fees	4.38%	3.88%	3.00%	3.75%	74.90%
	Building Plan Approvals fees	2.34%	2.80%	3.23%	2.79%	77.70%
	Property Rates	2.42%	1.70%	1.52%	1.88%	79.58%

County	Revenue Stream	2017/18 (% of total)	2018/19 (% of total)	2019/20 (% of total)	Average (% of total)	Cumulative %
	Advertising and Sign Board fees	1.41%	0.87%	2.47%	1.58%	81.16%
Mandera	Property Rates	16.73%	27.60%	34.20%	26.18%	26.18%
	Agricultural transportation fees	29.35%	24.72%	16.81%	23.62%	49.80%
	Hospital and Public Health Services fees	0.37%	27.02%	24.00%	17.13%	66.93%
	Trading Licensing	11.16%	10.26%	9.64%	10.35%	77.28%
	Administrative fees and charges	26.96%	0.00%	0.00%	8.99%	86.27%
	County Housing Rent	15.43%	4.52%	4.09%	8.02%	94.28%
Marsabit	Agricultural transportation fees	31.13%	19.43%	14.27%	21.61%	21.61%
	Hospital and Public Health Services fees	2.58%	4.67%	49.38%	18.88%	40.49%
	Trading Licensing	17.04%	18.78%	6.78%	14.20%	54.69%
	Natural Resource Transportation fees	7.93%	9.04%	3.74%	6.90%	61.59%
	Property Rates	5.96%	4.90%	3.73%	4.86%	66.45%
	County Housing Rent	3.96%	3.74%	3.56%	3.75%	70.20%
	Market Trade Center fees	2.73%	2.27%	1.48%	2.16%	72.36%
	Liquor Licensing fees	2.26%	2.89%	0.03%	1.73%	74.09%
	Building Plan Approvals fees	0.02%	0.19%	0.38%	0.20%	74.29%
Meru	Hospital and Public Health Services fees	30.46%	29.13%	31.13%	30.24%	30.24%
	Trading Licensing	22.60%	24.53%	17.43%	21.52%	51.76%
	Parking fees	11.16%	10.41%	12.63%	11.40%	63.16%
	Agricultural transportation fees	7.88%	9.14%	11.60%	9.54%	72.70%
	Property Rates	9.15%	8.05%	5.82%	7.67%	80.37%
	Market Trade Center fees	6.40%	5.92%	6.56%	6.29%	86.66%
Migori	Hospital and Public Health Services fees	16.15%	27.46%	31.22%	24.94%	24.94%
	Vehicle parking fees	20.50%	19.28%	17.79%	19.19%	44.13%
	Trading Licensing	22.98%	19.31%	15.23%	19.17%	63.31%
	Agricultural transportation fees	11.70%	11.37%	15.77%	12.94%	76.25%
	Market Trade Center fees	14.38%	12.10%	8.50%	11.66%	87.92%
	Advertising and Sign Board fees	4.84%	3.65%	3.48%	3.99%	91.91%
Mombasa	Property Rates	23.63%	29.10%	16.26%	23.00%	23.00%
	Administrative fees and charges	24.46%	18.77%	23.26%	22.16%	45.16%
	Hospital and Public Health Services fees	13.65%	19.10%	23.98%	18.91%	64.07%
	Trading Licensing	15.80%	13.95%	13.62%	14.46%	78.52%
	Vehicle parking fees	14.89%	12.15%	15.71%	14.25%	92.77%

County	Revenue Stream	2017/18 (% of total)	2018/19 (% of total)	2019/20 (% of total)	Average (% of total)	Cumulative %
	Environment and Conservancy administration fees	3.31%	2.98%	3.18%	3.16%	95.93%
Murang'a	Hospital and Public Health Services fees	19.64%	25.34%	28.95%	24.64%	24.64%
	Trading Licensing	30.07%	18.08%	17.86%	22.00%	46.65%
	Property Rates	18.75%	19.06%	19.63%	19.14%	65.79%
	Vehicle parking fees	7.60%	7.75%	7.69%	7.68%	73.47%
	Market Trade Center fees	5.63%	7.21%	7.63%	6.82%	80.29%
	Agricultural transportation fees	9.61%	2.89%	1.25%	4.58%	84.88%
Nairobi City	Property Rates	20.25%	23.45%	21.88%	21.86%	21.86%
	Trading Licensing	17.74%	23.22%	17.76%	19.57%	41.43%
	Vehicle parking fees	18.72%	16.36%	17.34%	17.47%	58.90%
	Administrative fees and charges	18.82%	14.99%	11.03%	14.95%	73.85%
	County Housing Rent	5.70%	4.30%	8.11%	6.04%	79.88%
	Hospital and Public Health Services fees	3.59%	4.33%	8.11%	5.34%	85.22%
Nakuru	Administrative fees and charges	31.57%	51.73%	44.49%	42.60%	42.60%
	Trading Licensing	15.23%	14.11%	10.67%	13.34%	55.93%
	Property Rates	15.32%	11.75%	8.90%	11.99%	67.92%
	Vehicle parking fees	11.38%	9.62%	10.38%	10.46%	78.38%
	Environment and Conservancy administration fees	0.24%	8.06%	7.74%	5.35%	83.73%
	County Housing Rent	4.55%	0.79%	3.92%	3.09%	86.82%
Nandi	Hospital and Public Health Services fees	34.63%	36.99%	48.94%	40.19%	40.19%
	Trading Licensing	13.66%	16.11%	12.61%	14.13%	54.31%
	Vehicle parking fees	17.27%	10.69%	9.25%	12.40%	66.71%
	Property Rates	4.96%	9.21%	7.84%	7.34%	74.05%
	Market Trade Center fees	5.25%	5.11%	4.13%	4.83%	78.88%
	Agricultural transportation fees	4.57%	5.33%	3.83%	4.58%	83.46%
Narok	Game Reserve Fees	93.33%	86.44%	92.40%	90.72%	90.72%
	Agricultural transportation fees	2.12%	3.03%	3.88%	3.01%	93.73%
	Trading Licensing	1.76%	1.57%	0.82%	1.39%	95.12%
	Property Rates	1.07%	0.60%	1.08%	0.92%	96.03%
	Vehicle parking fees	0.41%	0.42%	0.52%	0.45%	96.48%
	Market Trade Center fees	0.29%	0.27%	0.23%	0.26%	96.74%
Nyamira	Hospital and Public Health Services fees	22.36%	43.48%	57.61%	41.15%	41.15%
	Property Rates	19.99%	12.29%	8.30%	13.53%	54.68%
	Trading Licensing	13.94%	9.68%	9.41%	11.01%	65.69%

County	Revenue Stream	2017/18 (% of total)	2018/19 (% of total)	2019/20 (% of total)	Average (% of total)	Cumulative %
	Vehicle parking fees	13.08%	8.04%	7.70%	9.61%	75.29%
	Market Trade Center fees	9.96%	6.19%	4.88%	7.01%	82.30%
	Agricultural transportation fees	4.87%	3.68%	3.64%	4.06%	86.37%
Nyandarua	Hospital and Public Health Services fees	26.22%	30.88%	35.83%	30.98%	30.98%
	Trading Licensing	25.88%	21.81%	21.23%	22.98%	53.95%
	Agricultural transportation fees	12.91%	12.36%	11.08%	12.12%	66.07%
	Vehicle parking fees	5.14%	6.18%	5.51%	5.61%	71.68%
	Property Rates	3.85%	7.20%	4.37%	5.14%	76.82%
	Administrative fees and charges	0.00%	15.21%	0.00%	5.07%	81.89%
Nyeri	Hospital and Public Health Services fees	40.26%	36.44%	24.37%	33.69%	33.69%
	Vehicle parking fees	11.78%	11.89%	15.64%	13.10%	46.79%
	Trading Licensing	13.50%	11.14%	12.17%	12.27%	59.06%
	Property Rates	8.96%	8.04%	7.95%	8.32%	67.38%
	Administrative fees and charges	4.34%	9.10%	8.68%	7.37%	74.75%
	Liquor Licensing fees	5.63%	5.50%	5.88%	5.67%	80.42%
Samburu	Game Reserve fees	68.49%	60.62%	73.77%	67.63%	67.63%
	Property Rates	4.85%	5.53%	6.35%	5.58%	73.21%
	Trading Licensing	5.60%	2.62%	3.43%	3.89%	77.09%
	Hospital and Public Health Services fees	4.12%	3.42%	1.36%	2.97%	80.06%
	Agricultural transportation fees	2.92%	2.17%	2.65%	2.58%	82.64%
	Liquor Licensing fees	1.63%	0.38%	0.51%	0.84%	83.48%
Siaya	Hospital and Public Health Services fees	30.72%	36.23%	46.93%	37.96%	37.96%
	Trading Licensing	25.31%	22.28%	14.20%	20.60%	58.56%
	Market Trade Center fees	17.84%	12.00%	12.57%	14.14%	72.69%
	Vehicle parking fees	9.82%	8.87%	7.58%	8.76%	81.45%
	Agricultural transportation fees	3.13%	4.00%	2.69%	3.28%	84.73%
	County Housing Rent	3.49%	4.78%	1.00%	3.09%	87.82%
Tharaka Nithi	Hospital and Public Health Services fees	35.43%	34.98%	32.65%	34.36%	34.36%
	Natural Resource Transportation fees	18.68%	12.86%	17.56%	16.37%	50.72%
	Trading Licensing	18.08%	10.82%	19.79%	16.23%	66.95%
	Administrative fees and charges	0.80%	15.52%	11.96%	9.43%	76.38%
	Market Trade Center fees	11.54%	7.38%	4.60%	7.84%	84.22%
	Vehicle parking fees	6.97%	4.15%	4.26%	5.13%	89.35%
Taita Taveta	Agricultural transportation fees	18.09%	17.65%	21.60%	19.11%	19.11%

County	Revenue Stream	2017/18 (% of total)	2018/19 (% of total)	2019/20 (% of total)	Average (% of total)	Cumulative %
	Administrative fees and charges	13.24%	20.62%	23.18%	19.01%	38.12%
	Hospital and Public Health Services fees	17.89%	14.45%	18.08%	16.81%	54.93%
	Trading Licensing	14.36%	14.89%	9.76%	13.00%	67.94%
	Market Trade Center fees	6.85%	11.80%	8.84%	9.16%	77.10%
	Property Rates	13.20%	6.52%	6.45%	8.72%	85.82%
Tana River	Agricultural transportation fees	56.57%	28.90%	31.43%	38.97%	38.97%
	Trading Licensing	34.53%	24.48%	12.57%	23.86%	62.83%
	Natural Resource Transportation fees	0.00%	31.58%	22.15%	17.91%	80.74%
	Property Rates	1.06%	3.29%	11.00%	5.12%	85.85%
	County Housing Rent	0.00%	0.00%	15.24%	5.08%	90.93%
	Vehicle parking fees	3.79%	4.94%	1.90%	3.55%	94.48%
Trans-Nzoia	Hospital and Public Health Services fees	27.35%	42.25%	48.88%	39.49%	39.49%
	Trading Licensing	23.77%	18.47%	13.39%	18.54%	58.04%
	Vehicle parking fees	10.00%	11.15%	17.11%	12.76%	70.79%
	Property Rates	11.70%	10.62%	6.25%	9.52%	80.32%
	Agricultural transportation fees	10.24%	5.53%	5.69%	7.15%	87.47%
	Market Trade Center fees	5.32%	4.35%	3.38%	4.35%	91.82%
Turkana	Agricultural transportation fees	26.05%	24.92%	39.43%	30.13%	30.13%
	Trading Licensing	16.87%	20.13%	21.19%	19.40%	49.53%
	Hospital and Public Health Services fees	2.28%	21.06%	10.93%	11.43%	60.95%
	Natural Resource Transportation fees	20.78%	12.65%	0.00%	11.14%	72.10%
	Property Rates	7.91%	9.30%	9.23%	8.81%	80.91%
	Parking fees	8.52%	5.77%	2.23%	5.51%	86.42%
Uasin Gishu	Vehicle parking fees	21.28%	25.52%	28.72%	25.17%	25.17%
	Trading Licensing	24.62%	21.65%	18.52%	21.60%	46.77%
	Property Rates	13.08%	13.36%	13.45%	13.30%	60.06%
	Hospital and Public Health Services fees	8.38%	8.57%	7.15%	8.03%	68.10%
	Advertising and Sign Board fees	7.32%	6.96%	7.26%	7.18%	75.28%
	Agricultural transportation fees	5.64%	5.98%	7.67%	6.43%	81.71%
Vihiga	Hospital and Public Health Services fees	23.11%	25.11%	30.49%	26.24%	26.24%
	Vehicle parking fees	22.87%	24.04%	20.93%	22.61%	48.85%
	Trading Licensing	0.04%	10.91%	17.75%	9.56%	58.41%
	Market Trade Center fees	9.45%	7.68%	9.46%	8.86%	67.28%

County	Revenue Stream	2017/18 (% of total)	2018/19 (% of total)	2019/20 (% of total)	Average (% of total)	Cumulative %
	Agricultural transportation fees	10.23%	1.05%	1.08%	4.12%	71.40%
	Property Rates	2.64%	2.87%	4.83%	3.45%	74.85%
	Building Plan Approvals fees	4.23%	1.38%	2.37%	2.66%	77.51%
	Advertising and Sign Board fees	0.29%	3.26%	2.62%	2.06%	79.57%
	County Housing Rent	2.33%	1.77%	1.28%	1.79%	81.36%
Wajir	Natural Resource Transportation fees	100.0%	2.52%	7.82%	36.78%	36.78%
	Trading Licensing	0.00%	17.55%	21.94%	13.16%	49.94%
	Agricultural transportation fees	0.00%	20.97%	9.39%	10.12%	60.06%
	Technical services fees	0.00%	23.32%	0.00%	7.77%	67.83%
	Property Rates	0.00%	2.12%	0.35%	0.82%	68.65%
	Administrative fees and charges	0.00%	0.00%	1.76%	0.59%	69.24%
	Hospital and Public Health Services fees	0.00%	0.56%	0.06%	0.21%	69.44%
	Environment and Conservancy administration fees	0.00%	0.09%	0.00%	0.03%	69.47%
West Pokot	Hospital and Public Health Services fees	11.99%	19.49%	40.80%	24.10%	24.10%
	Natural Resource Transportation fees	22.24%	25.41%	17.20%	21.61%	45.71%
	Agricultural transportation fees	30.08%	9.90%	8.20%	16.06%	61.77%
	Trading Licensing	7.70%	14.65%	13.95%	12.10%	73.88%
	Property Rates	2.51%	8.17%	3.05%	4.58%	78.45%
	Vehicle parking fees	5.24%	4.27%	2.56%	4.02%	82.48%

Table A2: OSR streams categorized as 'Others' across counties

County	Streams Categorized as others
Baringo	Marigat AMS
	Koibatek ATC
Bomet	Profits and dividends
	Other local levies
	Other miscellaneous
Busia	AMS-Busia
	Busia Hills water supply
	Busijo water supply
	Butula water supply
	Munana water supply
Bungoma	Other miscellaneous receipts
	Sale of council assets
	Other education related receipts
Elgeyo Marakwet	Other miscellaneous revenue
	Water supply administration
	Other education related fees
	Animal stock auction fees
	Trade applications fees
	Clearance fees
	Hides and skins
	Promotion/advert
	Trade
	VSD Funds
	Youth affairs and sports
	Agriculture
	Tourism
	Recoveries
	Other fees and charges
Embu	Hospital fees and Public Health Services
	Fines ,penalties, and forfeitures
Garissa	Other receipts classified elsewhere

County	Streams Categorized as others
	Hospital fees and Public Health Services
	Public health facilities operations
	Slaughterhouse administration
Homabay	Stock auction fees
	Landing fees
	Administration certification fees
	Noise pollution
	Hire of equipment
	Water supply administration
	Weights and measures fees
	Miscellaneous income
	Missing revenue stream
Isiolo	Water supply
	Branding
	Tractor hire
	Weight and measures
	Transfer and approvals
	Clearance
	Stand premium
	Miscellaneous charges
	Miscellaneous receipt
	Public works
	Livestock auction
	Miraa export
Kajiado	Other local levies
	Other miscellaneous receipts
	Education related receipts
	Other revenue not classified anywhere
Kakamega	Interest/dividends
	Other local receipts
	Bukura ATC
	Farm inputs

County	Streams Categorized as others
	Sugar fund receipts
Kericho	Other miscellaneous receipts
	Profit and dividends
	0ther education related receipts
	Profits and dividends
Kilifi	Not reporting any streams under the "Other" category
Kiambu	Agriculture, livestock, and fisheries
	Other local levies
	Grader
	Other miscellaneous receipts
	Water supply administration
Kirinyaga	Other miscellaneous receipts
	Sale of incidental goods
	Local levies
Kisii	Plot transfer fees
	Miscellaneous income
	Impounding charges
	Quarry extraction fee
	Fire compliance fee
	Agricultural Training Center
	Devolved functions revenue
	Admin fees
Kisumu	Other education related receipts
Kitui	Agriculture goods
Laikipia	Education related receipts
	Miscellaneous receipts
	Encroachment fees
Lamu	Fund raising event- donations
	Sale of flowers, plants, and firewood
	Miscellaneous income
	Meter rent
	Insurance claims

County	Streams Categorized as others
	Hides and skin
	Council vehicle hire
	Fisheries License
	Plot subdivision
	Sign board
	Tractor services
	Advertisement
	Training centers
	Sale of flowers, plants, and firewood
	Salary commission
	Water distillation plant
Machakos	Miscellaneous revenue
	Various fees
	Other local fees
	Receipts not classified elsewhere
	Water supply administration
	Interest received
	Machakos noise pollution
	Motorcycle registration
	Agriculture farm
	Salary refunds
	House loan repayment
	Tourism
	Social services
	Firefighting /Ambulance management
Makueni	Not reporting any streams under the "Other" category
Mandera	Water supply admin
	Agriculture mechanization services
	Tender and quantity survey fees
	Others
	Missing figure
Marsabit	Scrap metal

County	Streams Categorized as others
	Cement
	Miscellaneous charges
	AMS
	Water Bill
	Sale of tender documents
	Weights and measures
	Livestock fees
Meru	Other miscellaneous receipts
	Karugu ATC
	AMS Matunguu
	Local levies
Samburu	Public works charges
	Mararal Camel Derby
	Sale of motor vehicle
	Hide and skins
	AMS
	Hawker fees
	Weight and measures
	Direct debits
Kwale	Unbanked CRF
Migori	Agriculture
	Burial permits
	Trade
	Sale of tender assets
	Entry/exit fees at Isibania border
	Fisheries
	Transport on land
	Fuel LEVY
	Other education related receipts
	Weight and measures
	Physical planning, surveys, and public works
Mombasa	Other education related fees
Murang'a	Self-help group

County	Streams Categorized as others
	Other miscellaneous receipts
	Education related revenues
	Mariira Farm
	Coop audit
	Water supply admin
	Livestock
	Weights and measures
	Others
	Fire fighting
Nairobi City	Other local levies
	Other miscellaneous
	Insurance claims
	Other revenues from financial asset loans
	Donations
	Long-term loans
	Education related fees
	school fees
	Other education related fees
	Other education revenues
	Missing figures
Nakuru	Fund raising events
	Other education related receipts
	Water supply admin
	Missing figure
	Various fees/ miscellaneous income
Nandi	Miscellaneous
	Kiborgok tea proceeds
	ATC-Kaimosi
Narok	Miscellaneous receipts
	Miscellaneous income
Nyamira	Other local levies
	Imprest recoveries
	Water supply admin
Nyandarua	Grants

County	Streams Categorized as others
	Other education related receipts
	Other miscellaneous
	Water supply admin
	Cattle dips
	Groups renewal
	Hire of machines
	Sub-division of land
	Plan inspection fees
	Site indication
	Change of user
	Change of business
	Dev-PPA forms
	Clearance certificates
	Weights & measures
	Water fee
	Grave fee
	Survey fees
	Hire of water tanker
	C.O.T
	Lease extension
	Betting
	Compliance certificate
	Search fees
	ATC
	Cooperative audit
	Fisheries
	Motorcycle mortgage fees
	Fertilizer -subsidized
	Miscellaneous
	Fire certificate
	Logging fees
	Physical planning
	Project management

County	Streams Categorized as others
Nyeri	School fees
	Other miscellaneous revenue
	Agricultural produce/ sale of agricultural goods
	Other receipts
Siaya	Grants
	Reserve funds
	Other miscellaneous
	Other local levies
	Grader
	Agricultural income
	Approvals
	Education related fees
	Weighta and measures
	Physical planning
	Fire inspection
	School fees
	Miscellaneous
	Trade income
	Cattle auction
	Receipts classified elsewhere
Taita Taveta	Other local levies
	Water supply administration
Tana River	Receipts from sale of Incidental goods
	Other miscellaneous receipts
Tharaka Nithi	Nursery school fees
	Mt. Kenya Tourism Lodge
	Coop Audit
	Veterinary fees
	Weights and Measures
Trans-Nzoia	Cemetery charges
	Audit cooperatives
	Way leave charges

County	Streams Categorized as others
	Livestock auction
	Amusement permits
	Fire Inspection
	Noise control pollution
	Tree harvesting permit
	Temporary occupation license
	Weights and measures fees
	Agricultural mechanization
	Plot sub-division
	Survey fees
Turkana	Other miscellaneous receipts
	Other education related receipts
	Fundraising events
	Local levies
Uasin Gishu	Water supply admin
	Miscellaneous
Vihiga	Fertilizer
	Sale of tender documents
	Plans inspection fees

County	Streams Categorized as others
	Weights and measures
	Way leave
	Search fees
	Renovation fees
	Group registration
	Miscellaneous income/receipts
	Inspection of buildings
	Land boundary disputes
	Noise emission
	Water supply admin fees
	Licenses
	Vihiga FM receipts
Wajir	Transfer from reserve funds
	Local levies
	Medium term loans
	School fees
	Other education related receipts
West Pokot	Miscellaneous income
	Other miscellaneous receipts

APPENDIX B – STAKEHOLDER ENGAGEMENT STRATEGY

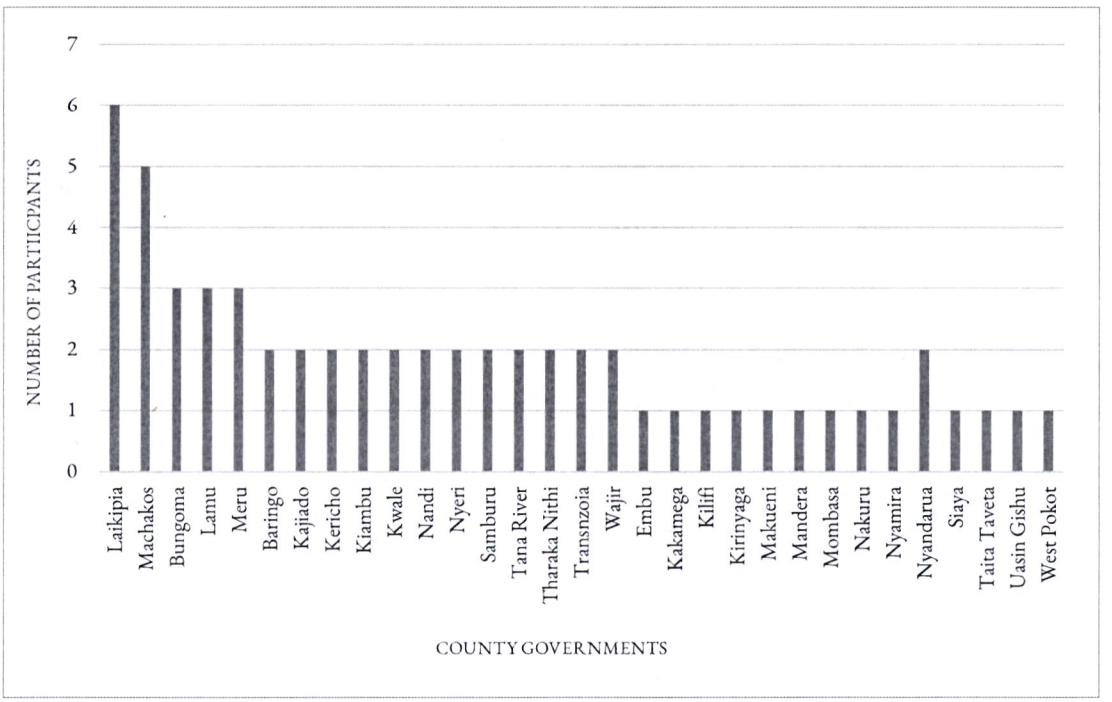
Table B1: Stakeholder engagement results

Level of engagement	Number of counties	Counties
Completed round 1 and 2, and shared requested documentation	21	Baringo, Garissa, Isiolo, Kakamega, Kericho, Kitui, Kwale, Lamu, Machakos, Makueni, Meru, Nairobi City, Nandi, Nyamira, Nyandarua, Nyeri, Siaya, Taita/Taveta, Trans Nzoia, Vihiga, Wajir
Completed round 1 and 2, but did not share documentation	5	Kilifi, Murang'a, Tana River, West Pokot, Uasin Gishu
Completed round 1	15	Bomet, Bungoma, Elgeyo/Marakwet, Embu, Kiambu, Kirinyaga, Kisii, Kisumu, Laikipia, Mandera, Marsabit, Mombasa, Nakuru, Narok, Turkana
No response	6	Busia, Homabay, Kajiado, Migori, Samburu, Tharaka-Nithi

Table B2: Data shared by county representatives

	OSR revenues	Summary statistics from latest valuation roll	Numbers of vehicles & use of parking spaces	Numbers/value of new properties	Use of healthcare services	Size of agricultural produce sold in the county	Numbers/value of properties rented by the county	Numbers of tourists/ visits	Use of administrative services	Fines issued by type
Baringo	X	X						X		
Bungoma			X	X						
Elgeyo Marakwet	X									
Garissa	X									
Isiolo	X									
Kakamega	X	X								
Kericho	X	X	X				X			
Kisumu	X									
Kitui	X									
Kwale	X									
Lamu	X									
Machakos	X	X								
Makueni	X	X								
Meru	X									
Nairobi City	X									
Nakuru	X		X							
Nandi	X									
Nyamira	X									
Nyandarua	X									
Nyeri	X									
Trans-Nzoia	X									
Uasin Gishu	X									
Vihiga	X						X			
Wajir	X									

Figure B1: County Governments representation during the validation workshop



APPENDIX C – TOP-DOWN ANALYSIS & KEY OUTPUTS

Estimated Revenue Potential Across Streams and Counties

Table C1: Estimated potential revenue by county and top OSR stream using top-down analysis, Kshs. million

	Property Rates	Building Plan Approvals Fees	Trading Licensing	Liquor Licensing Fees	Advertising and Sign Board fees	Parking fees	Agricultural transportation fees	Hospital and Public Health Services fees	Market Trade Center fees	Natural Resource Transportation fees	Environment &Conservancy Administration	Game Park & Reserve fees	Total
Baringo	30.8	40.9	169.3	27.1	1.3	56.8	151.7	849.0	878.4	3.0	462.7	1073.9	3,745
Bomet	33.6	244.5	62.8	34.4	1.3	16.4	428.2	1563.9	3142.4	14.7	395.7	-	5,938
Bungoma	86.8	125.9	201.2	75.9	0.7	124.7	459.0	571.6	3502.8	7.1	754.3	-	5,910
Busia	64.0	178.5	92.7	13.1	1.3	53.2	165.5	1298.6	1309.8	7.0	364.4	-	3,548
Elgeyo Marakwet	29.6	24.0	23.7	5.7	0.2	13.8	403.1	465.8	2444.9	11.5	240.2	-	3,662
Embu	64.3	270.9	151.2	53.7	5.0	59.8	217.1	583.7	885.2	5.4	538.9	-	2,835
Garissa	35.6	48.0	18.7	1.0	8.0	126.8	93.2	-	407.9	13.1	167.3	-	919
Homabay	56.1	55.3	276.3	118.9	7.7	79.1	270.4	623.9	1419.6	10.1	763.3	-	3,681
Isiolo	15.8	60.9	18.8	14.4	1.3	99.7	22.4	281.3	75.9	0.9	100.6	-	692
Kajiado	480.2	299.9	694.3	261.3	39.1	635.9	109.2	1799.9	796.7	65.7	1176.9	-	6,359
Kakamega	150.1	77.9	863.1	124.7	102.1	118.1	434.8	521.9	3249.1	34.1	1055.0	-	6,731
Kericho	80.8	107.4	263.6	150.4	7.8	64.5	392.1	798.2	2871.1	3.5	565.6	-	5,305
Kiambu	809.2	1906.2	1267.1	517.8	131.5	1980.3	457.5	2505.7	1235.3	97.1	3042.9	-	13,951
Kilifi	187.5	49.2	255.4	88.1	4.3	335.8	227.1	390.9	690.8	78.8	1078.5	-	3,386
Kirinyaga	86.3	15.4	156.4	61.8	1.5	123.6	310.3	1452.7	800.0	33.7	784.9	-	3,827
Kisii	107.1	149.4	190.0	109.4	2.1	99.3	445.9	979.5	2359.2	9.7	742.2	-	5,194
Kisumu	229.9	378.8	1176.8	465.3	950.9	442.8	207.5	536.6	1020.3	38.6	1219.7	-	6,667
Kitui	87.8	72.5	58.7	16.0	1.6	34.3	249.9	899.7	1037.7	15.2	557.2	-	3,031
Kwale	97.9	101.9	82.7	63.2	7.0	87.7	211.1	240.4	609.0	205.1	459.0	-	2,165
Laikipia	67.8	189.0	110.1	51.3	3.6	97.3	137.3	669.3	858.1	2.7	408.1	-	2,595
Lamu	32.9	3.4	54.3	38.1	2.5	-	49.1	100.2	150.5	3.0	151.4	-	585
Machakos	220.9	554.2	1780.2	812.3	77.7	402.0	266.0	911.4	1147.2	227.8	1302.9	-	7,703

	Property Rates	Building Plan Approvals Fees	Trading Licensing	Liquor Licensing Fees	Advertising and Sign Board fees	Parking fees	Agricultural transportation fees	Hospital and Public Health Services fees	Market Trade Center fees	Natural Resource Transportation fees	Environment &Conservancy Administration	Game Park & Reserve fees	Total
Makueni	170.1	103.6	104.8	72.0	0.7	55.9	163.7	448.4	715.1	15.1	690.7	-	2,540
Mandera	33.4	82.4	67.8	6.1	1.6	127.4	109.8	-	499.4	4.2	253.0	-	1,185
Marsabit	25.5	254.6	9.3	3.7	0.1	64.4	87.2	214.1	294.7	1.7	128.4	-	1,084
Meru	188.6	152.8	518.8	459.7	2.1	114.8	990.4	692.4	3534.1	74.3	1646.0	-	8,374
Migori	49.3	27.7	199.6	99.1	15.0	101.8	246.6	1141.3	1231.4	142.3	638.0	-	3,892
Mombasa	613.0	1284.3	887.2	233.0	51.2	1627.5	18.9	420.4	54.2	27.1	2131.3	-	7,348
Murang'a	111.5	252.2	80.6	32.7	0.6	88.4	512.1	2756.2	1335.5	52.6	844.2	-	6,067
Nairobi City	4164.2	6110.4	15827.1	8355.7	1440.3	8093.1	23.5	8378.6	52.7	17.8	12623.3	-	65,087
Nakuru	401.0	562.2	2530.4	341.8	183.9	1056.1	634.6	1227.3	4541.3	14.0	2780.7	-	14,273
Nandi	52.5	34.5	57.1	21.6	1.0	38.4	435.5	559.3	2662.5	14.0	476.6	-	4,353
Narok	159.3	35.0	430.9	119.2	5.7	98.1	414.8	453.0	2996.2	5.0	853.8	2972.8	8,544
Nyamira	58.2	87.3	237.7	69.9	3.6	33.4	306.8	743.7	1675.1	32.5	600.9	-	3,849
Nyandarua	94.0	15.2	88.4	15.9	1.1	52.9	535.9	635.0	1255.1	16.7	590.7	-	3,301
Nyeri	132.3	45.8	472.9	125.1	22.4	164.7	435.9	2411.8	1093.8	53.0	1197.4	-	6,155
Samburu	14.4	21.7	32.5	20.7	0.8	23.6	30.9	279.0	172.5	1.1	123.0	155.3	875
Siaya	71.8	143.8	236.4	39.1	0.3	61.3	208.5	352.3	952.1	-	637.5	-	2,703
Taita/Taveta	60.1	67.9	125.7	64.9	4.4	76.3	79.4	436.1	265.4	17.2	405.6	-	1,603
Tana River	17.7	3.8	7.6	4.6	0.1	45.7	52.1	114.6	159.3	1.3	115.5	-	522
Tharaka-Nithi	24.6	109.5	43.2	20.1	1.3	27.6	105.9	399.1	391.0	4.3	340.7	-	1,467
Trans-Nzoia	143.9	86.2	89.2	26.6	.4	143.3	352.6	1214.9	2007.4	6.4	634.2	-	4,705
Turkana	130.7	106.0	43.5	25.0	1.3	73.1	195.9	436.1	1084.4	2.1	432.4	-	2,530
Uasin Gishu	166.1	239.0	415.3	119.0	8.4	402.9	288.7	790.3	1745.2	16.8	1030.6	-	5,222
Vihiga	41.8	132.2	42.0	5.9	0.1	33.7	186.6	864.3	1405.5	39.4	313.8	-	3,065
Wajir	15.7	101.3	79.3	0.4	0.1	87.5	88.0	-	393.2	10.6	114.7	-	891
West Pokot	15.5	14.2	8.1	3.4	0.0	16.8	178.6	949.3	991.6	67.0	211.3	51.6	2,507
Total	**10,010**	**15,028**	**30,603**	**13,389**	**3,105**	**17,761**	**12,392**	**43,962**	**62,400**	**1,524**	**46,146**	**4,254**	**260,574**

APPENDIX D – DETAILED COUNTY-LEVEL FINDINGS

Table D1: Actual revenues & potential revenue estimates, Kshs. million - Baringo (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	12.1	43.7	30.8
Building Plan Approvals fees	-	10.2	40.9
Trading Licensing	32.6	207.6	169.3
Liquor Licensing fees	-	15.3	27.1
Advertising and Sign Board fees	-	35.0	1.3
Parking fees	-	43.3	56.8
Agricultural transportation fees	36.4	84.3	151.7
Hospital and Public Health Services fees	125.8	626.6	849.0
Market Trade Centre fees	43.0	117.7	878.4
Natural Resource Transportation fees	-	31.0	3.0
Environment and Conservancy administration fees	-	64.6	462.7
Game Reserve fees	71.5	637.9	1,073.9
Administrative fees and charges	-	41.3	-
Fines, Penalties and Forfeitures	-	6.0	-
Technical Services fees	-	35.4	-
Total	**321.4**	**2,000.0**	**3,744.9**

Table D2: Actual revenues & potential revenue estimates, Kshs. million - Bomet (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	48.5	48.5	33.6
Building Plan Approvals fees	-	61.0	244.5
Trading Licensing	33.4	99.2	62.8
Liquor Licensing fees	-	25.0	34.4
Advertising and Sign Board fees	-	33.4	1.3
Parking fees	10.0	16.1	16.4
Agricultural transportation fees	19.5	238.0	428.2
Hospital and Public Health Services fees	81.2	1,154.3	1,563.9
Market Trade Centre fees	4.2	149.2	3,142.4
Natural Resource Transportation fees	-	153.5	14.7
Environment and Conservancy administration fees	-	73.7	395.7
Game Reserve fees	-	-	-
Administrative fees and charges	-	82.2	-
Fines, Penalties and Forfeitures	-	12.0	-
Technical Services fees	-	70.5	-
Total	**196.8**	**2,216.7**	**5,937.9**

Table D3: Actual revenues & potential revenue estimates, Kshs. million - Bungoma (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	22.2	123.3	86.8
Building Plan Approvals fees	-	31.4	125.9
Trading Licensing	92.1	283.7	201.2
Liquor Licensing fees	4.8	49.4	75.9
Advertising and Sign Board fees	-	18.4	0.7
Parking fees	64.0	109.3	124.7
Agricultural transportation fees	17.9	255.1	459.0
Hospital and Public Health Services fees	364.0	421.9	571.6
Market Trade Centre fees	35.8	155.1	3,502.8
Natural Resource Transportation fees	-	74.3	7.1
Environment and Conservancy administration fees	11.0	129.3	754.3
Game Reserve fees	-	-	-
Administrative fees and charges	38.2	111.3	-
Fines, Penalties and Forfeitures	7.1	16.3	-
Technical Services fees	13.3	95.5	-
Total	**670.5**	**1,874.3**	**5,910.1**

Table D4: Actual revenues & potential revenue estimates, Kshs. million - Busia (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	2.8	91.0	64.0
Building Plan Approvals fees	4.0	44.6	178.5
Trading Licensing	41.1	183.3	92.7
Liquor Licensing fees	4.0	11.9	13.1
Advertising and Sign Board fees	5.5	33.1	1.3
Parking fees	43.0	65.4	53.2
Agricultural transportation fees	35.9	92.0	165.5
Hospital and Public Health Services fees	53.4	958.4	1,298.6
Market Trade Centre fees	16.2	160.8	1,309.8
Natural Resource Transportation fees	-	72.9	7.0
Environment and Conservancy administration fees	-	78.2	364.4
Game Reserve fees	-	-	-
Administrative fees and charges	-	48.9	-
Fines, Penalties and Forfeitures	-	7.1	-
Technical Services fees	-	41.9	-
Total	**205.9**	**1,889.6**	**3,548.1**

Table D5: Actual revenues & potential revenue estimates, Kshs. million - Elgeyo_Marakwet (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	3.8	42.0	29.6
Building Plan Approvals fees	0.03	6.0	24.0
Trading Licensing	11.6	32.6	23.7
Liquor Licensing fees	1.6	3.6	5.7
Advertising and Sign Board fees	-	4.8	0.2
Parking fees	4.3	11.8	13.8
Agricultural transportation fees	23.7	224.0	403.1
Hospital and Public Health Services fees	52.4	343.8	465.8
Market Trade Centre fees	7.0	123.3	2,444.9
Natural Resource Transportation fees	-	120.0	11.5
Environment and Conservancy administration fees	1.0	40.0	240.2
Game Reserve fees	-	-	-
Administrative fees and charges	-	63.0	-
Fines, Penalties and Forfeitures	0.4	9.2	-
Technical Services fees	-	54.1	-
Total	**105.9**	**1,078.2**	**3,662.5**

Table D6: Actual revenues & potential revenue estimates, Kshs. million - Embu (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	14.4	91.3	64.3
Building Plan Approvals fees	7.7	67.6	270.9
Trading Licensing	81.4	177.5	151.2
Liquor Licensing fees	-	29.1	53.7
Advertising and Sign Board fees	17.4	129.5	5.0
Parking fees	28.4	43.6	59.8
Agricultural transportation fees	61.1	120.7	217.1
Hospital and Public Health Services fees	1.3	430.8	583.7
Market Trade Centre fees	24.4	82.9	885.2
Natural Resource Transportation fees	-	56.2	5.4
Environment and Conservancy administration fees	-	70.7	538.9
Game Reserve fees	-	-	-
Administrative fees and charges	-	82.9	-
Fines, Penalties and Forfeitures	0.6	12.1	-
Technical Services fees	-	71.1	-
Total	**236.7**	**1,465.9**	**2,835.2**

Table D7: Actual revenues & potential revenue estimates, Kshs. million - Garissa (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	22.5	50.5	35.6
Building Plan Approvals fees	-	12.0	48.0
Trading Licensing	12.1	28.7	18.7
Liquor Licensing fees	-	0.7	1.0
Advertising and Sign Board fees	-	208.5	8.0
Parking fees	-	121.2	126.8
Agricultural transportation fees	11.0	51.8	93.2
Hospital and Public Health Services fees	8.4	8.4	-
Market Trade Centre fees	6.4	89.0	407.9
Natural Resource Transportation fees	-	137.0	13.1
Environment and Conservancy administration fees	1.5	31.4	167.3
Game Reserve Fees	-	-	-
Administrative fees and charges	-	32.3	-
Fines, Penalties and Forfeitures	11.5	11.5	-
Technical Services fees	1.9	27.7	-
Total	**75.4**	**810.6**	**919.5**

Table D8: Actual revenues & potential revenue estimates, Kshs. million - Homa Bay (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	2.4	79.6	56.1
Building Plan Approvals fees	1.8	13.8	55.3
Trading Licensing	20.7	365.2	276.3
Liquor Licensing fees	-	72.5	118.9
Advertising and Sign Board fees	0.1	202.2	7.7
Parking fees	19.7	65.0	79.1
Agricultural transportation fees	11.5	150.3	270.4
Hospital and Public Health Services fees	82.6	460.5	623.9
Market Trade Centre fees	24.0	106.7	1,419.6
Natural Resource Transportation fees	2.5	105.5	10.1
Environment and Conservancy administration fees	0.2	104.2	763.3
Game Reserve fees	-	-	-
Administrative fees and charges	-	65.8	-
Fines, Penalties and Forfeitures	0.6	9.6	-
Technical Services fees	-	56.4	-
Total	**166.0**	**1,857.4**	**3,680.6**

Table D9: Actual revenues & potential revenue estimates, Kshs. million - Isiolo (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	20.2	22.5	15.8
Building Plan Approvals fees	0.4	15.2	60.9
Trading Licensing	6.0	21.9	18.8
Liquor Licensing fees	2.6	7.7	14.4
Advertising and Sign Board fees	0.8	34.4	1.3
Parking fees	4.0	72.2	99.7
Agricultural transportation fees	11.2	12.4	22.4
Hospital and Public Health Services fees	13.7	207.6	281.3
Market Trade Centre fees	-	68.9	75.9
Natural Resource Transportation fees	-	9.9	0.9
Environment and Conservancy administration fees	-	13.8	100.6
Game Reserve fees	66.2	66.2	-
Administrative fees and charges	-	14.3	-
Fines, Penalties and Forfeitures	-	2.1	-
Technical Services fees	-	12.3	-
Total	**125.1**	**581.5**	**692.0**

Table D10: Actual revenues & potential revenue estimates, Kshs. million - Kajiado (urban)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	46.4	682.0	480.2
Building Plan Approvals fees	-	74.9	299.9
Trading Licensing	179.2	628.7	694.3
Liquor Licensing fees	-	109.1	261.3
Advertising and Sign Board fees	-	1,020.7	39.1
Parking fees	45.5	357.8	635.9
Agricultural transportation fees	10.5	60.7	109.2
Hospital and Public Health Services fees	48.3	1,328.4	1,799.9
Market Trade Centre fees	29.0	148.3	796.7
Natural Resource Transportation fees	86.4	687.7	65.7
Environment and Conservancy administration fees	-	113.0	1,176.9
Game Reserve fees	-	-	-
Administrative fees and charges	-	81.0	-
Fines, Penalties and Forfeitures	2.7	11.8	-
Technical Services fees	96.7	96.7	-
Total	**544.5**	**5,400.8**	**6,359.1**

Table D11: Actual revenues & potential revenue estimates, Kshs. million - Kakamega (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	23.8	213.2	150.1
Building Plan Approvals fees	14.6	19.5	77.9
Trading Licensing	74.1	1,252.5	863.1
Liquor Licensing fees	20.5	83.5	124.7
Advertising and Sign Board fees	14.3	2,665.3	102.1
Parking fees	52.6	106.5	118.1
Agricultural transportation fees	42.1	241.7	434.8
Hospital and Public Health Services fees	360.5	385.2	521.9
Market Trade Centre fees	37.5	151.9	3,249.1
Natural Resource Transportation fees	-	356.7	34.1
Environment and Conservancy administration fees	-	169.9	1,055.0
Game Reserve fees	-	-	-
Administrative fees and charges	-	115.2	-
Fines, Penalties and Forfeitures	-	16.8	-
Technical Services fees	-	98.9	-
Total	**639.8**	**5,876.8**	**6,731.0**

Table D12: Actual revenues & potential revenue estimates, Kshs. million - Kericho (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	60.8	114.8	80.8
Building Plan Approvals fees	-	26.8	107.4
Trading Licensing	52.8	353.7	263.6
Liquor Licensing fees	-	93.1	150.4
Advertising and Sign Board fees	-	204.3	7.8
Parking fees	34.1	53.8	64.5
Agricultural transportation fees	6.0	217.9	392.1
Hospital and Public Health Services fees	178.4	589.1	798.2
Market Trade Centre fees	24.8	148.9	2,871.1
Natural Resource Transportation fees	4.2	36.2	3.5
Environment and Conservancy administration fees	6.7	87.9	565.6
Game Reserve fees	-	-	-
Administrative fees and charges	24.5	88.7	-
Fines, Penalties and Forfeitures	0.5	13.0	-
Technical Services fees	12.7	76.1	-
Total	**405.5**	**2,104.2**	**5,305.0**

Table D13: Actual revenues & potential revenue estimates, Kshs. million - Kiambu (urban)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	249.7	1,149.3	809.2
Building Plan Approvals fees	-	475.8	1,906.2
Trading Licensing	231.9	1,009.7	1,267.1
Liquor Licensing fees	1.6	190.3	517.8
Advertising and Sign Board fees	-	3,432.0	131.5
Parking fees	226.1	980.7	1,980.3
Agricultural transportation fees	99.1	254.3	457.5
Hospital and Public Health Services fees	1,018.6	1,849.3	2,505.7
Market Trade Centre fees	23.3	54.9	1,235.3
Natural Resource Transportation fees	11.4	1,017.3	97.1
Environment and Conservancy administration fees	45.0	264.3	3,042.9
Game Reserve fees	-	-	-
Administrative fees and charges	-	297.9	-
Fines, Penalties and Forfeitures	-	43.6	-
Technical Services fees	285.5	285.5	-
Total	**2,192.1**	**11,304.6**	**13,950.8**

Table D14: Actual revenues & potential revenue estimates, Kshs. million - Kilifi (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	154.6	266.3	187.5
Building Plan Approvals fees	11.8	12.3	49.2
Trading Licensing	60.1	277.1	255.4
Liquor Licensing fees	-	44.1	88.1
Advertising and Sign Board fees	20.6	111.3	4.3
Parking fees	27.7	226.4	335.8
Agricultural transportation fees	218.8	218.8	227.1
Hospital and Public Health Services fees	68.9	288.5	390.9
Market Trade Centre fees	10.0	61.8	690.8
Natural Resource Transportation fees	-	824.8	78.8
Environment and Conservancy administration fees	-	135.9	1,078.5
Game Reserve fees	-	-	-
Administrative fees and charges	113.0	113.0	-
Fines, Penalties and Forfeitures	-	16.1	-
Technical Services fees	-	94.3	-
Total	**685.5**	**2,690.7**	**3,386.4**

Table D15: Actual revenues & potential revenue estimates, Kshs. million - Kirinyaga (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	23.6	122.5	86.3
Building Plan Approvals fees	-	3.8	15.4
Trading Licensing	83.6	159.4	156.4
Liquor Licensing fees	-	29.0	61.8
Advertising and Sign Board fees	-	39.8	1.5
Parking fees	20.8	78.3	123.6
Agricultural transportation fees	5.9	172.5	310.3
Hospital and Public Health Services fees	135.1	1,072.1	1,452.7
Market Trade Centre fees	31.8	52.4	800.0
Natural Resource Transportation fees	-	352.5	33.7
Environment and Conservancy administration fees	7.7	87.3	784.9
Game Reserve fees	-	-	-
Administrative fees and charges	-	70.1	-
Fines, Penalties and Forfeitures	-	10.3	-
Technical Services fees	4.4	60.2	-
Total	**312.9**	**2,310.1**	**3,826.6**

Table D16: Actual revenues & potential revenue estimates, Kshs. million - Kisii (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	10.2	152.2	107.1
Building Plan Approvals fees	19.0	37.3	149.4
Trading Licensing	68.5	268.1	190.0
Liquor Licensing fees	6.0	71.2	109.4
Advertising and Sign Board fees	30.2	54.3	2.1
Parking fees	91.2	91.2	99.3
Agricultural transportation fees	8.3	247.8	445.9
Hospital and Public Health Services fees	180.9	722.9	979.5
Market Trade Centre fees	58.4	107.6	2,359.2
Natural Resource Transportation fees	0.2	101.6	9.7
Environment and Conservancy administration fees	-	121.3	742.2
Game Reserve fees	-	-	-
Administrative fees and charges	-	107.3	-
Fines, Penalties and Forfeitures	0.0	15.7	-
Technical Services fees	-	92.1	-
Total	**472.9**	**2,190.6**	**5,193.8**

Table D17: Actual revenues & potential revenue estimates, Kshs. million - Kisumu (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	103.3	326.5	229.9
Building Plan Approvals fees	-	94.6	378.8
Trading Licensing	141.9	1,083.7	1,176.8
Liquor Licensing fees	-	197.6	465.3
Advertising and Sign Board fees	48.9	24,822.6	950.9
Parking fees	122.5	253.4	442.8
Agricultural transportation fees	3.4	115.3	207.5
Hospital and Public Health Services fees	183.3	396.0	536.6
Market Trade Centre fees	50.2	99.9	1,020.3
Natural Resource Transportation fees	-	404.7	38.6
Environment and Conservancy administration fees	1.9	123.9	1,219.7
Game Reserve fees	-	-	-
Administrative fees and charges	-	134.3	-
Fines, Penalties and Forfeitures	-	19.6	-
Technical Services fees	72.8	115.2	-
Total	**728.3**	**28,187.3**	**6,667.2**

Table D18: Actual revenues & potential revenue estimates, Kshs. million - Kitui (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	17.3	124.7	87.8
Building Plan Approvals fees	-	18.1	72.5
Trading Licensing	49.4	85.5	58.7
Liquor Licensing fees	8.9	10.8	16.0
Advertising and Sign Board fees	11.2	42.6	1.6
Parking fees	15.0	31.0	34.3
Agricultural transportation fees	11.8	138.9	249.9
Hospital and Public Health Services fees	97.2	664.0	899.7
Market Trade Centre fees	18.6	84.4	1,037.7
Natural Resource Transportation fees	-	159.3	15.2
Environment and Conservancy administration fees	-	96.6	557.2
Game Reserve fees	-	-	-
Administrative fees and charges	-	73.4	-
Fines, Penalties and Forfeitures	2.5	10.7	-
Technical Services fees	12.5	63.0	-
Total	**244.4**	**1,603.1**	**3,030.7**

Table D19: Actual revenues & potential revenue estimates, Kshs. million - Kwale (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	47.1	139.1	97.9
Building Plan Approvals fees	1.8	25.4	101.9
Trading Licensing	56.4	110.3	82.7
Liquor Licensing fees	-	38.9	63.2
Advertising and Sign Board fees	14.8	183.7	7.0
Parking fees	13.0	72.7	87.7
Agricultural transportation fees	8.5	117.3	211.1
Hospital and Public Health Services fees	82.4	177.4	240.4
Market Trade Centre fees	6.8	58.6	609.0
Natural Resource Transportation fees	16.6	2,147.4	205.1
Environment and Conservancy administration fees	-	71.9	459.0
Game Reserve fees	-	-	-
Administrative fees and charges	-	64.4	-
Fines, Penalties and Forfeitures	-	9.4	-
Technical Services fees	12.1	55.3	-
Total	**259.5**	**3,271.9**	**2,165.0**

Table D20: Actual revenues & potential revenue estimates, Kshs. million - Laikipia (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	83.0	96.3	67.8
Building Plan Approvals fees	-	47.2	189.0
Trading Licensing	85.3	133.2	110.1
Liquor Licensing fees	8.2	28.6	51.3
Advertising and Sign Board fees	-	95.2	3.6
Parking fees	63.3	73.2	97.3
Agricultural transportation fees	23.9	76.3	137.3
Hospital and Public Health Services fees	304.7	494.0	669.3
Market Trade Centre fees	10.6	127.0	858.1
Natural Resource Transportation fees	-	28.6	2.7
Environment and Conservancy administration fees	86.1	86.1	408.1
Game Reserve fees	-	-	-
Administrative fees and charges	22.3	51.0	-
Fines, Penalties and Forfeitures	0.6	7.5	-
Technical Services fees	26.7	43.8	-
Total	**714.8**	**1,388.0**	**2,594.7**

Table D21: Actual revenues & potential revenue estimates, Kshs. million - Lamu (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	8.6	46.7	32.9
Building Plan Approvals fees	-	0.9	3.4
Trading Licensing	16.0	55.3	54.3
Liquor Licensing fees	-	17.9	38.1
Advertising and Sign Board fees	2.7	65.3	2.5
Parking fees	-	-	-
Agricultural transportation fees	4.1	27.3	49.1
Hospital and Public Health Services fees	8.7	74.0	100.2
Market Trade Centre fees	1.8	62.3	150.5
Natural Resource Transportation fees	1.7	31.1	3.0
Environment and Conservancy administration fees	-	14.9	151.4
Game Reserve fees	-	-	-
Administrative fees and charges	-	17.7	-
Fines, Penalties and Forfeitures	-	2.6	-
Technical Services fees	-	15.2	-
Total	**43.6**	**431.0**	**585.4**

Table D22: Actual revenues & potential revenue estimates, Kshs. million - Machakos (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	416.7	416.7	220.9
Building Plan Approvals fees	149.4	149.4	554.2
Trading Licensing	185.5	1,696.0	1,780.2
Liquor Licensing fees	35.1	356.9	812.3
Advertising and Sign Board fees	35.5	2,029.0	77.7
Parking fees	83.7	238.0	402.0
Agricultural transportation fees	10.9	147.8	266.0
Hospital and Public Health Services fees	81.6	672.6	911.4
Market Trade Centre fees	24.0	87.7	1,147.2
Natural Resource Transportation fees	413.3	2,385.4	227.8
Environment and Conservancy administration fees	284.1	284.1	1,302.9
Game Reserve fees	-	-	-
Administrative fees and charges	-	168.8	-
Fines, Penalties and Forfeitures	14.1	24.7	-
Technical Services fees	181.0	181.0	-
Total	**1,914.9**	**8,838.2**	**7,702.5**

Table D23: Actual revenues & potential revenue estimates, Kshs. million - Makueni (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	7.8	241.6	170.1
Building Plan Approvals fees	12.3	25.9	103.6
Trading Licensing	100.7	133.6	104.8
Liquor Licensing fees	32.2	42.3	72.0
Advertising and Sign Board fees	6.8	17.7	0.7
Parking fees	27.4	44.3	55.9
Agricultural transportation fees	16.0	91.0	163.7
Hospital and Public Health Services fees	115.5	330.9	448.4
Market Trade Centre fees	33.1	88.8	715.1
Natural Resource Transportation fees	-	157.8	15.1
Environment and Conservancy administration fees	-	99.5	690.7
Game Reserve fees	-	-	-
Administrative fees and charges	-	59.8	-
Fines, Penalties and Forfeitures	3.2	8.7	-
Technical Services fees	-	51.3	-
Total	**354.9**	**1,393.3**	**2,540.1**

Table D24: Actual revenues & potential revenue estimates, Kshs. million - Mandera (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	26.1	47.4	33.4
Building Plan Approvals fees	1.7	20.6	82.4
Trading Licensing	9.4	133.2	67.8
Liquor Licensing fees	-	5.5	6.1
Advertising and Sign Board fees	-	42.8	1.6
Parking fees	0.7	155.4	127.4
Agricultural transportation fees	20.3	61.1	109.8
Hospital and Public Health Services fees	18.6	18.6	-
Market Trade Centre fees	1.1	92.4	499.4
Natural Resource Transportation fees	-	44.0	4.2
Environment and Conservancy administration fees	-	51.4	253.0
Game Reserve fees	-	-	-
Administrative fees and charges	-	31.7	-
Fines, Penalties and Forfeitures	-	4.6	-
Technical Services fees	-	27.2	-
Total	**78.0**	**736.1**	**1,185.2**

Table D25: Actual revenues & potential revenue estimates, Kshs. million - Marsabit (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	5.4	36.2	25.5
Building Plan Approvals fees	0.3	63.5	254.6
Trading Licensing	15.7	15.7	9.3
Liquor Licensing fees	1.9	2.6	3.7
Advertising and Sign Board fees	-	2.0	0.1
Parking fees	-	61.6	64.4
Agricultural transportation fees	23.7	48.5	87.2
Hospital and Public Health Services fees	24.8	158.0	214.1
Market Trade Centre fees	2.4	68.7	294.7
Natural Resource Transportation fees	7.7	17.8	1.7
Environment and Conservancy administration fees	-	24.6	128.4
Game Reserve fees	-	-	-
Administrative fees and charges	-	33.1	-
Fines, Penalties and Forfeitures	-	4.8	-
Technical Services fees	-	28.4	-
Total	**81.8**	**565.6**	**1,083.8**

Table D26: Actual revenues & potential revenue estimates, Kshs. million - Meru (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	46.6	267.9	188.6
Building Plan Approvals fees	-	38.1	152.8
Trading Licensing	133.1	580.6	518.8
Liquor Licensing fees	-	237.2	459.7
Advertising and Sign Board fees	-	55.6	2.1
Parking fees	69.5	79.8	114.8
Agricultural transportation fees	59.1	550.5	990.4
Hospital and Public Health Services fees	184.7	511.0	692.4
Market Trade Centre fees	38.3	72.5	3,534.1
Natural Resource Transportation fees	-	778.2	74.3
Environment and Conservancy administration fees	0.3	186.5	1,646.0
Game Reserve fees	-	-	-
Administrative fees and charges	-	185.9	-
Fines, Penalties and Forfeitures	1.5	27.2	-
Technical Services fees	18.2	159.5	-
Total	**551.3**	**3,730.7**	**8,374.0**

Table D27: Actual revenues & potential revenue estimates, Kshs. million - Migori (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	8.2	70.1	49.3
Building Plan Approvals fees	-	6.9	27.7
Trading Licensing	56.2	303.2	199.6
Liquor Licensing fees	3.8	69.4	99.1
Advertising and Sign Board fees	11.6	390.5	15.0
Parking fees	57.0	96.1	101.8
Agricultural transportation fees	38.7	137.1	246.6
Hospital and Public Health Services fees	77.5	842.3	1,141.3
Market Trade Centre fees	34.2	101.5	1,231.4
Natural Resource Transportation fees	4.5	1,489.9	142.3
Environment and Conservancy administration fees	0.1	104.1	638.0
Game Reserve fees	-	-	-
Administrative fees and charges	-	65.2	-
Fines, Penalties and Forfeitures	0.9	9.5	-
Technical Services fees	-	55.9	-
Total	**292.8**	**3,741.8**	**3,892.0**

Table D28: Actual revenues & potential revenue estimates, Kshs. million - Mombasa (urban)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	779.1	870.5	613.0
Building Plan Approvals fees	-	320.5	1,284.3
Trading Licensing	481.7	609.2	887.2
Liquor Licensing fees	-	73.8	233.0
Advertising and Sign Board fees	-	1,335.8	51.2
Parking fees	471.7	694.5	1,627.5
Agricultural transportation fees	-	10.5	18.9
Hospital and Public Health Services fees	631.0	631.0	420.4
Market Trade Centre fees	51.7	58.1	54.2
Natural Resource Transportation fees	-	283.5	27.1
Environment and Conservancy administration fees	105.1	167.4	2,131.3
Game Reserve fees	-	-	-
Administrative fees and charges	733.5	733.5	-
Fines, Penalties and Forfeitures	17.4	36.8	-
Technical Services fees	-	215.9	-
Total	**3,271.2**	**6,041.1**	**7,348.0**

Table D29: Actual revenues & potential revenue estimates, Kshs. million - Murang'a (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	108.7	158.4	111.5
Building Plan Approvals fees	24.0	62.9	252.2
Trading Licensing	120.2	120.2	80.6
Liquor Licensing fees	32.5	32.5	32.7
Advertising and Sign Board fees	12.4	15.8	0.6
Parking fees	43.6	68.1	88.4
Agricultural transportation fees	23.5	284.7	512.1
Hospital and Public Health Services fees	141.8	2,034.3	2,756.2
Market Trade Centre fees	39.3	53.0	1,335.5
Natural Resource Transportation fees	-	551.2	52.6
Environment and Conservancy administration fees	11.5	128.7	844.2
Game Reserve fees	-	-	-
Administrative fees and charges	-	108.0	-
Fines, Penalties and Forfeitures	3.9	15.8	-
Technical Services fees	6.5	92.7	-
Total	**567.8**	**3,726.3**	**6,066.7**

Table D30: Actual revenues & potential revenue estimates, Kshs. million - Nairobi City (urban)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	2,068.7	5,913.9	4,164.2
Building Plan Approvals fees	-	1,525.0	6,110.4
Trading Licensing	1,856.2	7,952.8	15,827.1
Liquor Licensing fees	-	1,936.1	8,355.7
Advertising and Sign Board fees	-	37,598.1	1,440.3
Parking fees	1,658.3	2,527.1	8,093.1
Agricultural transportation fees	180.7	180.7	23.5
Hospital and Public Health Services fees	496.3	6,183.9	8,378.6
Market Trade Centre fees	93.8	93.8	52.7
Natural Resource Transportation fees	40.3	186.8	17.8
Environment and Conservancy administration fees	4.5	676.2	12,623.3
Game Reserve fees	-	-	-
Administrative fees and charges	-	1,437.4	-
Fines, Penalties and Forfeitures	-	210.1	-
Technical Services fees	334.4	1,233.1	-
Total	**6,733.3**	**67,655.2**	**65,086.7**

Table D31: Actual revenues & potential revenue estimates, Kshs. million - Nakuru (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	299.1	569.5	401.0
Building Plan Approvals fees	-	140.3	562.2
Trading Licensing	335.0	2,320.2	2,530.4
Liquor Licensing fees	39.3	144.5	341.8
Advertising and Sign Board fees	-	4,799.5	183.9
Parking fees	261.2	601.8	1,056.1
Agricultural transportation fees	19.3	352.7	634.6
Hospital and Public Health Services fees	64.9	905.8	1,227.3
Market Trade Centre fees	56.6	145.5	4,541.3
Natural Resource Transportation fees	201.6	201.6	14.0
Environment and Conservancy administration fees	140.4	265.8	2,780.7
Game Reserve fees	-	-	-
Administrative fees and charges	-	258.7	-
Fines, Penalties and Forfeitures	-	37.8	-
Technical Services fees	94.2	221.9	-
Total	**1,511.6**	**10,965.7**	**14,273.3**

Table D32: Actual revenues & revenue potential estimates, Kshs. million - Nandi (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	19.1	74.6	52.5
Building Plan Approvals fees	-	8.6	34.5
Trading Licensing	35.7	81.8	57.1
Liquor Licensing fees	6.9	14.3	21.6
Advertising and Sign Board fees	-	27.2	1.0
Parking fees	29.9	34.2	38.4
Agricultural transportation fees	11.5	242.1	435.5
Hospital and Public Health Services fees	101.9	412.8	559.3
Market Trade Centre fees	12.0	124.3	2,662.5
Natural Resource Transportation fees	-	146.6	14.0
Environment and Conservancy administration fees	-	81.9	476.6
Game Reserve fees	-	-	-
Administrative fees and charges	-	81.2	-
Fines, Penalties and Forfeitures	-	11.9	-
Technical Services fees	-	69.6	-
Total	**217.0**	**1,411.0**	**4,353.2**

Table D33: Actual revenues & potential revenue estimates, Kshs. million - Narok (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	21.0	226.2	159.3
Building Plan Approvals fees	-	8.7	35.0
Trading Licensing	33.0	407.6	430.9
Liquor Licensing fees	-	52.0	119.2
Advertising and Sign Board fees	-	147.8	5.7
Parking fees	10.8	57.7	98.1
Agricultural transportation fees	74.0	230.6	414.8
Hospital and Public Health Services fees	-	334.3	453.0
Market Trade Centre fees	6.3	146.8	2,996.2
Natural Resource Transportation fees	-	52.6	5.0
Environment and Conservancy administration fees	3.1	93.3	853.8
Game Reserve fees	2,162.8	2,162.8	2,972.8
Administrative fees and charges	-	89.7	-
Fines, Penalties and Forfeitures	-	13.1	-
Technical Services fees	-	77.0	-
Total	**2,310.9**	**4,100.2**	**8,543.8**

Table D34: Actual revenues & potential revenue estimates, Kshs. million - Nyamira (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	18.5	82.6	58.2
Building Plan Approvals fees	2.5	21.8	87.3
Trading Licensing	15.8	309.5	237.7
Liquor Licensing fees	-	42.0	69.9
Advertising and Sign Board fees	-	93.7	3.6
Parking fees	13.5	27.0	33.4
Agricultural transportation fees	5.9	170.5	306.8
Hospital and Public Health Services fees	67.2	548.9	743.7
Market Trade Centre fees	9.7	111.0	1,675.1
Natural Resource Transportation fees	-	340.5	32.5
Environment and Conservancy administration fees	-	81.9	600.9
Game Reserve fees	-	-	-
Administrative fees and charges	-	64.0	-
Fines, Penalties and Forfeitures	-	9.4	-
Technical Services fees	-	54.9	-
Total	**133.1**	**1,957.6**	**3,849.2**

Table D35: Actual revenues & potential revenue estimates, Kshs. million - Nyandarua (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	19.3	133.5	94.0
Building Plan Approvals fees	6.5	6.5	15.2
Trading Licensing	83.7	102.8	88.4
Liquor Licensing fees	-	8.5	15.9
Advertising and Sign Board fees	4.1	27.9	1.1
Parking fees	20.7	38.2	52.9
Agricultural transportation fees	44.3	297.9	535.9
Hospital and Public Health Services fees	114.7	468.7	635.0
Market Trade Centre fees	10.3	47.6	1,255.1
Natural Resource Transportation fees	-	175.4	16.7
Environment and Conservancy administration fees	0.3	79.8	590.7
Game Reserve fees	-	-	-
Administrative fees and charges	-	80.8	-
Fines, Penalties and Forfeitures	3.5	11.8	-
Technical Services fees	-	69.3	-
Total	**307.5**	**1,548.6**	**3,300.9**

Table D36: Actual revenues & potential revenue estimates, Kshs. million - Nyeri (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	62.9	187.9	132.3
Building Plan Approvals fees	-	11.4	45.8
Trading Licensing	92.5	400.4	472.9
Liquor Licensing fees	42.7	48.9	125.1
Advertising and Sign Board fees	23.4	585.5	22.4
Parking fees	97.8	97.8	164.7
Agricultural transportation fees	41.2	242.3	435.9
Hospital and Public Health Services fees	258.3	1,780.0	2,411.8
Market Trade Centre fees	35.9	51.0	1,093.8
Natural Resource Transportation fees	-	554.6	53.0
Environment and Conservancy administration fees	-	115.1	1,197.4
Game Reserve fees	-	-	-
Administrative fees and charges	-	113.3	-
Fines, Penalties and Forfeitures	4.5	16.6	-
Technical Services fees	-	97.2	-
Total	**659.2**	**4,302.0**	**6,155.1**

Table D37: Actual revenues & potential revenue estimates, Kshs. million - Samburu (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	12.7	20.4	14.4
Building Plan Approvals fees	-	5.4	21.7
Trading Licensing	8.8	60.0	32.5
Liquor Licensing fees	1.9	17.7	20.7
Advertising and Sign Board fees	0.3	21.8	0.8
Parking fees	0.9	27.1	23.6
Agricultural transportation fees	5.8	17.2	30.9
Hospital and Public Health Services fees	6.8	205.9	279.0
Market Trade Centre fees	-	113.4	172.5
Natural Resource Transportation fees	1.9	11.7	1.1
Environment and Conservancy administration fees	-	26.0	123.0
Game Reserve fees	153.5	153.5	155.3
Administrative fees and charges	-	15.7	-
Fines, Penalties and Forfeitures	-	2.3	-
Technical Services fees	-	13.5	-
Total	**192.6**	**711.7**	**875.5**

Table D38: Actual revenues & potential revenue estimates, Kshs. million - Siaya (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	3.4	101.9	71.8
Building Plan Approvals fees	3.4	35.9	143.8
Trading Licensing	33.2	304.4	236.4
Liquor Licensing fees	1.9	23.2	39.1
Advertising and Sign Board fees	3.0	6.6	0.3
Parking fees	14.3	49.1	61.3
Agricultural transportation fees	5.5	115.9	208.5
Hospital and Public Health Services fees	64.2	260.0	352.3
Market Trade Centre fees	22.7	92.8	952.1
Natural Resource Transportation fees	-	-	-
Environment and Conservancy administration fees	0.1	99.3	637.5
Game Reserve fees	-	-	-
Administrative fees and charges	-	57.2	-
Fines, Penalties and Forfeitures	-	8.4	-
Technical Services fees	0.1	49.1	-
Total	**151.8**	**1,203.6**	**2,702.9**

Table D39: Actual revenues & potential revenue estimates, Kshs. million - Taita-Taveta (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	22.6	85.4	60.1
Building Plan Approvals fees	-	17.0	67.9
Trading Licensing	35.9	142.9	125.7
Liquor Licensing fees	-	34.0	64.9
Advertising and Sign Board fees	-	114.6	4.4
Parking fees	18.2	53.9	76.3
Agricultural transportation fees	53.2	53.2	79.4
Hospital and Public Health Services fees	46.0	321.9	436.1
Market Trade Centre fees	26.5	67.9	265.4
Natural Resource Transportation fees	-	179.9	17.2
Environment and Conservancy administration fees	5.1	47.4	405.6
Game Reserve fees	-	-	-
Administrative fees and charges	-	34.2	-
Fines, Penalties and Forfeitures	1.1	5.0	-
Technical Services fees	7.6	29.4	-
Total	**216.0**	**1,186.6**	**1,603.1**

Table D40: Actual revenues & potential revenue estimates, Kshs. million - Tana River (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	3.2	25.1	17.7
Building Plan Approvals fees	-	1.0	3.8
Trading Licensing	11.6	11.6	7.6
Liquor Licensing fees	-	3.2	4.6
Advertising and Sign Board fees	-	3.7	0.1
Parking fees	1.9	43.5	45.7
Agricultural transportation fees	19.0	29.0	52.1
Hospital and Public Health Services fees	0.1	84.6	114.6
Market Trade Centre fees	0.4	62.1	159.3
Natural Resource Transportation fees	17.4	17.4	1.3
Environment and Conservancy administration fees	1.7	22.1	115.5
Game Reserve fees	-	-	-
Administrative fees and charges	-	16.1	-
Fines, Penalties and Forfeitures	-	2.4	-
Technical Services fees	0.3	13.8	-
Total	**55.5**	**335.5**	**522.3**

Table D41: Actual revenues & potential revenue estimates, Kshs. million - Tharaka-Nithi (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	4.9	34.9	24.6
Building Plan Approvals fees	4.0	27.3	109.5
Trading Licensing	35.2	47.3	43.2
Liquor Licensing fees	8.2	10.2	20.1
Advertising and Sign Board fees	-	35.1	1.3
Parking fees	10.5	18.8	27.6
Agricultural transportation fees	2.4	58.9	105.9
Hospital and Public Health Services fees	74.6	294.6	399.1
Market Trade Centre fees	15.6	75.0	391.0
Natural Resource Transportation fees	35.1	45.0	4.3
Environment and Conservancy administration fees	-	44.0	340.7
Game Reserve fees	-	-	-
Administrative fees and charges	-	33.4	-
Fines, Penalties and Forfeitures	-	4.9	-
Technical Services fees	-	28.6	-
Total	**190.4**	**758.1**	**1,467.5**

Table D42: Actual revenues & potential revenue estimates, Kshs. million - Trans Nzoia (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	30.3	204.4	143.9
Building Plan Approvals fees	4.6	21.5	86.2
Trading Licensing	58.5	102.9	89.2
Liquor Licensing fees	0.2	14.1	26.6
Advertising and Sign Board fees	10.4	10.6	0.4
Parking fees	42.5	102.7	143.3
Agricultural transportation fees	22.1	196.0	352.6
Hospital and Public Health Services fees	133.2	896.6	1,214.9
Market Trade Centre fees	13.8	115.7	2,007.4
Natural Resource Transportation fees	1.7	67.5	6.4
Environment and Conservancy administration fees	3.3	86.4	634.2
Game Reserve fees	-	-	-
Administrative fees and charges	-	88.9	-
Fines, Penalties and Forfeitures	-	13.0	-
Technical Services fees	0.0	76.3	-
Total	**320.7**	**1,996.6**	**4,705.2**

Table D43: Actual revenues & potential revenue estimates, Kshs. million - Turkana (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	14.6	185.6	130.7
Building Plan Approvals fees	-	26.4	106.0
Trading Licensing	32.3	77.4	43.5
Liquor Licensing fees	-	20.6	25.0
Advertising and Sign Board fees	-	33.1	1.3
Parking fees	8.8	80.9	73.1
Agricultural transportation fees	50.2	108.9	195.9
Hospital and Public Health Services fees	19.8	321.9	436.1
Market Trade Centre fees	4.1	112.5	1,084.4
Natural Resource Transportation fees	26.0	26.0	2.1
Environment and Conservancy administration fees	1.5	96.6	432.4
Game Reserve fees	-	-	-
Administrative fees and charges	-	58.7	-
Fines, Penalties and Forfeitures	-	8.6	-
Technical Services fees	-	50.4	-
Total	**157.2**	**1,207.7**	**2,530.4**

Table D44: Actual revenues & potential revenue estimates, Kshs. million - Uasin Gishu (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	110.4	235.9	166.1
Building Plan Approvals fees	-	59.6	239.0
Trading Licensing	179.6	486.3	415.3
Liquor Licensing fees	-	64.3	119.0
Advertising and Sign Board fees	59.5	219.2	8.4
Parking fees	208.8	293.2	402.9
Agricultural transportation fees	53.1	160.5	288.7
Hospital and Public Health Services fees	67.0	583.3	790.3
Market Trade Centre fees	20.7	122.9	1,745.2
Natural Resource Transportation fees	-	176.4	16.8
Environment and Conservancy administration fees	37.3	124.9	1,030.6
Game Reserve fees	-	-	-
Administrative fees and charges	-	123.2	-
Fines, Penalties and Forfeitures	19.6	19.6	-
Technical Services fees	35.8	105.7	-
Total	**791.8**	**2,775.0**	**5,222.4**

Table D45: Actual revenues &potential revenue estimates, Kshs. million - Vihiga (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	5.4	59.3	41.8
Building Plan Approvals fees	4.1	33.0	132.2
Trading Licensing	15.3	67.4	42.0
Liquor Licensing fees	2.6	4.3	5.9
Advertising and Sign Board fees	3.4	3.5	0.1
Parking fees	36.2	36.2	33.7
Agricultural transportation fees	6.3	103.7	186.6
Hospital and Public Health Services fees	41.7	637.9	864.3
Market Trade Centre fees	14.0	153.1	1,405.5
Natural Resource Transportation fees	-	412.4	39.4
Environment and Conservancy administration fees	3.4	59.4	313.8
Game Reserve fees	-	-	-
Administrative fees and charges	-	46.0	-
Fines, Penalties and Forfeitures	0.4	6.7	-
Technical Services fees	-	39.4	-
Total	**132.8**	**1,662.3**	**3,065.3**

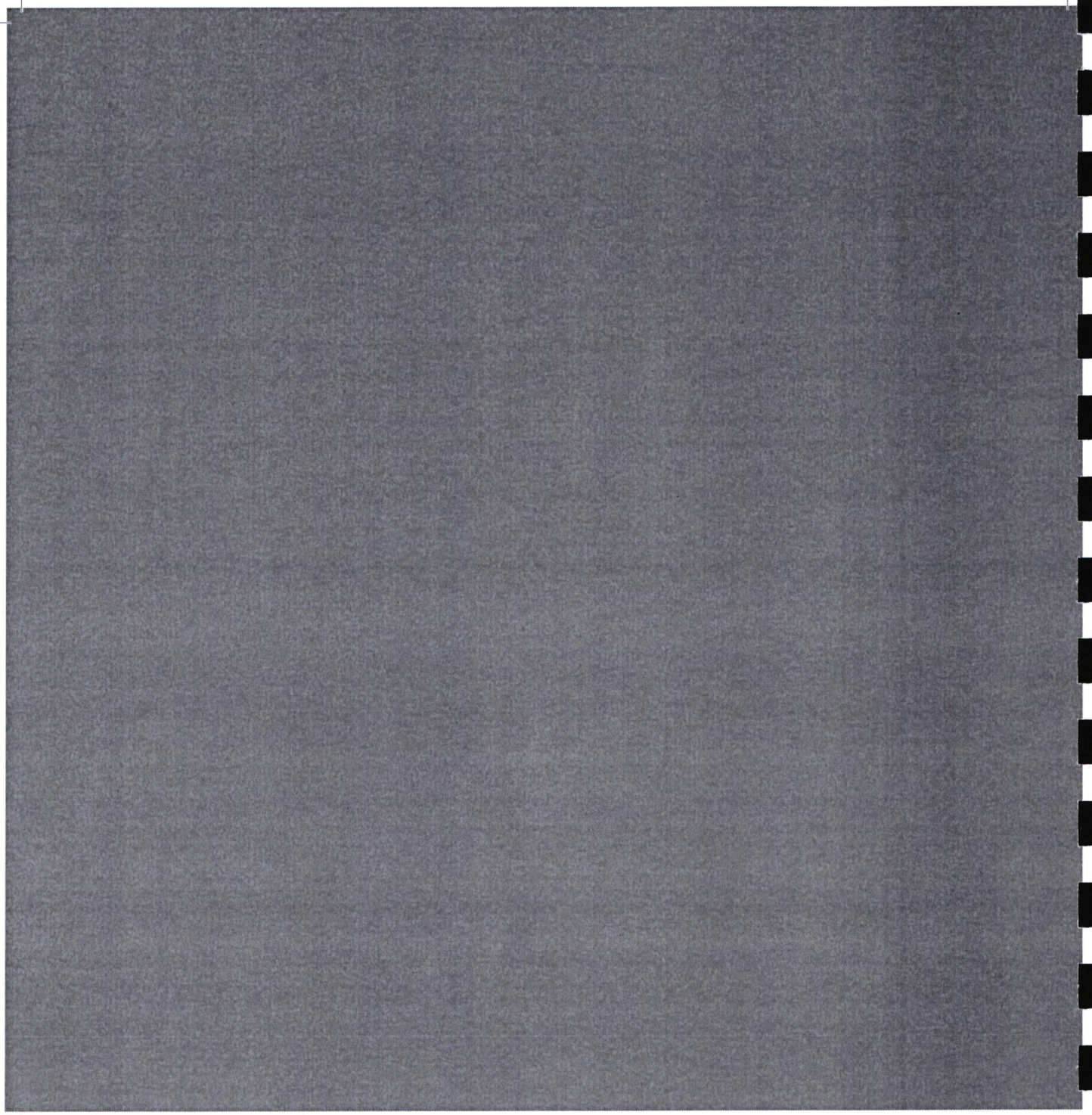
Table D46: Actual revenues & potential revenue estimates, Kshs. million - Wajir (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	0.7	22.3	15.7
Building Plan Approvals fees	-	25.3	101.3
Trading Licensing	11.9	148.4	79.3
Liquor Licensing fees	-	0.4	0.4
Advertising and Sign Board fees	-	2.7	0.1
Parking fees	-	101.8	87.5
Agricultural transportation fees	9.1	48.9	88.0
Hospital and Public Health Services fees	0.2	0.2	-
Market Trade Centre fees	-	90.8	393.2
Natural Resource Transportation fees	20.9	111.2	10.6
Environment and Conservancy administration fees	0.1	27.1	114.7
Game Reserve fees	-	-	-
Administrative fees and charges	1.1	26.8	-
Fines, Penalties and Forfeitures	-	3.9	-
Technical Services fees	14.0	23.0	-
Total	**58.0**	**632.7**	**890.8**

Table D47: Actual revenues & potential revenue estimates, Kshs. million - West Pokot (rural)

	Actual collections of revenues	Deterministic Frontier Analysis Revenue Potential	Top-Down Revenue Potential
Property Rates	5.0	22.1	15.5
Building Plan Approvals fees	0.5	3.6	14.2
Trading Licensing	12.8	14.2	8.1
Liquor Licensing fees	0.3	2.8	3.4
Advertising and Sign Board fees	1.8	1.8	0.0
Parking fees	4.1	18.3	16.8
Agricultural transportation fees	15.6	99.3	178.6
Hospital and Public Health Services fees	25.1	700.6	949.3
Market Trade Centre fees	2.2	112.8	991.6
Natural Resource Transportation fees	22.4	701.2	67.0
Environment and Conservancy administration fees	1.1	46.7	211.3
Game Reserve fees	-	30.7	51.6
Administrative fees and charges	-	43.4	-
Fines, Penalties and Forfeitures	-	6.3	-
Technical Services fees	-	37.2	-
Total	**90.7**	**1,840.9**	**2,507.5**


Turkana
Marsabit
Mandera
Wajir
West Pokot
Samburu
Isiolo
Trans-Nzoia
Elgeyo-Marakwet
Bungoma
Baringo
Uasin Gishu
Busia
Kakamega
Laikipia
Meru
Vihiga
Nandi
Siaya
Kisumu
Nyandarua
Tharaka-Nithi
Kericho
Nakuru
Nyeri
Garissa
Homa Bay
Nyamira
Kirinyaga
Embu
Kisii
Bomet
Murang'a
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Kiambu
Narok
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Machakos
Kitui
Tana River
Makueni
Lamu
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