



Counties' Efforts Towards Revenue Mobilisation

A Stock of the Last Six Years



Commission on Revenue Allocation

Counties' Efforts Towards Revenue Mobilisation

A Stock of the Last Six Years



TABLE OF CONTENT

LIST OF TABLES AND FIGURES	iv
ABBREVIATION	v
FOREWORD	vii
EXECUTIVE SUMMARY	viii
INTRODUCTION	1
COUNTY REVENUE COLLECTION BY CLUSTER	2
SIX YEARS REVENUE GROWTH	4
REVENUE CAPACITY GAP	6
REVENUE STREAMS THAT DRIVE COUNTY COLLECTION	7
OSR COLLECTION AND COUNTY ECONOMIC SIZE	8
COUNTY FINANCING OWN BUDGETS	10
ABILITY TO FINANCE BUDGET AND FISCAL EFFORTS OF COUNTIES	12
COUNTY ECONOMIC ACTIVITIES AND REVENUE COLLECTION	15
CONCLUSION AND RECOMMENDATIONS	19
REFERENCES	21

LIST OF TABLES AND FIGURES

LIST OF TABLES

Table 1: Proportion of OSR to GDP of total counties collection	7
--	---

LIST OF FIGURES

Figure 1: Annual Revenue for County Governments from Financial Year 2013-14 and 2018-19	1
Figure 2: Map of Average Revenue Collection (2013/14-2018/19) by Cluster	2
Figure 3: Compound revenue growth from 2013-14 to 2018-19	4
Figure 4: Average OSR Collection as a % of the Estimated Revenue Potential	6
Figure 5: County Governments' own-source revenue categories 2016-17	7
Figure 6: 2018/19 OSR collection against GCP 2017 for counties that collected more than Kshs. 1 Billion	8
Figure 7: 2018/19 OSR collection against GCP 2017 for counties that collected less than 1 Billion	8
Figure 8: Percentage of County Budgets financed by OSR collection	10
Figure 9: County OSR 2018/19 as a proportion of its budget and county OSR as a percentage of GCP	12
Figure 10: OSR proportion of total revenue against OSR percentage of GCP	13
Figure 11: Real GCP per Capita 2017	14
Figure 13: Sector Contribution to GCP for Counties Collecting below Kshs. 200 million in OSR	15
Figure 14: Sector Contribution to GCP for Counties that collected between Kshs.201 & 400 million in OSR..	16
Figure 15: Sector contribution to GCP for counties that collected between Kshs.401 & 600 million in OSR....	17
Figure 16: Sector Contribution to GCP for counties that collected between Kshs. 601 & 900 million in OSR..	17
Figure 17: Sector Contribution to GCP for counties that collect more than 1 billion	18



ABBREVIATIONS

FISIM	Financial Intermediation Services Indirectly Measured
GCP	Gross County Product
GDP	Gross Domestic Product
Kshs	Kenyan Shillings
OECD	Organisation for Economic Co-operation and Development
OSR	Own Source Revenue



FOREWORD

One of the Commission's mandate articulated in Article 216(3b) is to define and enhance the revenue sources of national and county governments. In discharging this mandate, the commission works closely with county governments and provides advisory and technical support in revenue automation, revenue forecasting and capacity building for county staff.

In addition to programs above, the commission has now started a series of biannual analytical reports to track progress since the onset of devolution and which can be used to inform policy making at both levels of government. The first in this series of analytical reports; *"Counties Efforts Towards Revenue Mobilisation: taking Stock of the Last Six Years"*; tracks progress in county own source revenue mobilization effort over the last six years in the forty-seven counties.

The key highlight and an issue of concern from the report is the five counties which have seen a reduction or stagnation in OSR performance compared to 2013 / 2014 revenue collections. The five counties include; Homa Bay, Busia, Wajir, Mandera and Nairobi. Of considerable concern is that Nairobi City, the county with the highest own sources revenue potential in the entire country falls in this category.

The report recommends a comprehensive revenue potential study that includes all revenue streams and takes into account the counties Gross County Product's data; Agriculture-dominated counties to consider value addition with a view of attracting investors to generate more OSR through single business permits; collaboration between the Commission and other bodies responsible for OSR to work with counties with negative or no growth in OSR with a view of coming up with county specific interventions aligned with their OSR challenges. Further, the report mentions the need to evaluate the effectiveness of cess on the agricultural products as a stream of own source revenue.

In line with the Commission's constitutional mandate, CRA remains committed to spearheading the counties' OSR enhancement agenda and we trust that you will find this publication an excellent resource in understanding the counties OSR scenario in Kenya. Together we can ensure that ***we leave no Kenyan behind.***

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

EXECUTIVE SUMMARY

Many developed and developing economies have focused on decentralisation of government operations with the objective of ensuring efficiency and effectiveness of public resources. Strengthening local revenue performance is essential to creating fiscal space for local developmental needs. Further, monitoring and assessing local revenue performance assists in designing effective and efficient policies.

This report focuses on assessing growth of county Own-Source Revenue (OSR) for the last six years; revenue capacity gap analysis; revenue streams; revenue mobilisation efforts; OSR financing county budgets; relationship of OSR to Gross County Product (GCP), county economic structure and revenue collection. **The report highlights counties that have significantly increased revenue collections over the past six years. Embu and Garissa Counties dramatically tripled their revenue collections growing by 202 and 254 per cent respectively from 2013/14 financial year. In the same analysis, 15 counties doubled their revenue after six years: Tana River, West Pokot, Lamu, Kirinyaga, Mombasa, Nandi, Kiambu, Elgeyo-Marakwet, Laikipia, Taita-Taveta, Marsabit, Makueni, Kakamega, Tharaka-Nithi, and Nyandarua. Further, four counties are receding after six years: Busia, Wajir, Homabay, and Mandera have had declining revenue growth. Nairobi county, although raising the highest Own-Source Revenue has lackadaisically grown by less than 1 per cent after six years, yet it has the potential to finance 40 per cent of its budget.**

All counties are raising less than 40 per cent of their estimated revenue potential except counties with game parks. Management of game parks appears to advantage counties in terms of OSR collection. Narok County collects more than a 1 billion shillings annually similar to city counties. Notable is Samburu county that has surpassed its estimated potential while Isiolo, Laikipia and Baringo are among the counties that collect more than 40 per cent of their estimated revenue potential.

Main own-source revenue streams for county's are business permits, property-related revenue and vehicle parking fees. Agriculture-dominated counties are disadvantaged by the narrowness of the significant revenue stream cess, which accounts for only 3 per cent of total county collections.

Despite the gap to their estimated revenue potential, city counties have the potential to be weaned off the equitable share. This is due to their ability to finance their budgets to a significant level in comparison to other counties that have a high dependence on national governments to fund their budgets. Counties can wean off this dependency on national transfers by undertaking revenue reforms that enhance OSR and take advantage of their diverse economy.

Counties that have a larger economic size (county GCP) have higher revenue collections than small economic sized counties. Similarly, counties collecting more than Kshs.1 billion OSR annually collect OSR as a percent of GCP that is above the average of all counties. Conversely, the majority of counties collecting less than Kshs. 400 million are below average using the same parameters.

Counties with higher economic diversification collect more own-source revenue compared to counties with lower economic diversification. Counties with a higher share of agriculture have recorded lower OSR-to-GCP ratios, whereas counties with more diversified economies have higher OSR-to-GCP ratios.

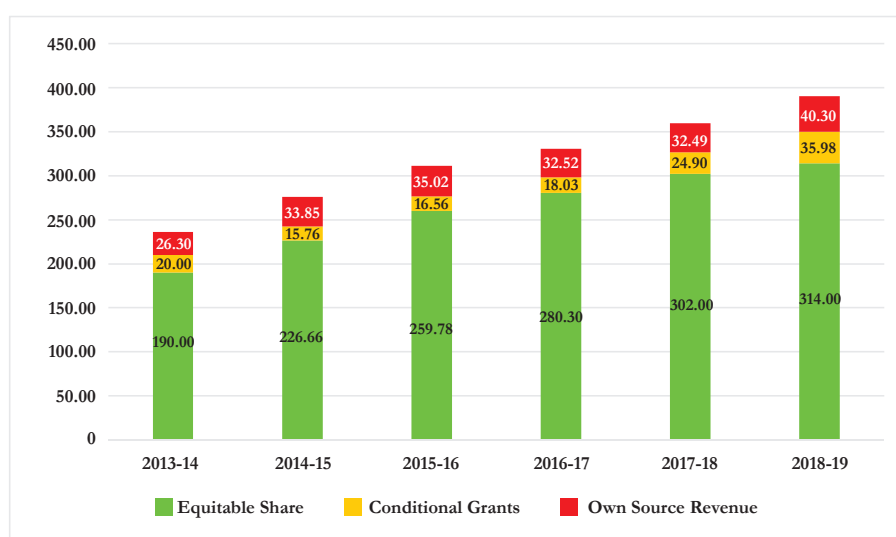
INTRODUCTION

The Constitution of Kenya 2010 identifies various sources of revenue for County Governments: transfers from nationally raised revenues; raising their own revenue; and borrowing subject to Article 212. County Governments are empowered to generate revenue from their own sources which consist of: property rates, entertainment taxes and any other tax that they are authorized to impose through an Act of Parliament. Further, Counties are also permitted to levy charges for services provided (Article 209 (3), Constitution of Kenya).

The Commission on Revenue Allocation has a constitutional duty to advise County Governments to enhance their own-source revenue collection. Article 216 (3)(b) stipulates that in making the recommendation, the Commission shall seek, when appropriate, to define and enhance the revenue sources of both levels of Governments. To accomplish this objective, the Commission works with all 47 county governments with the objective of developing a sustainable mechanism of collecting and managing their own-source revenue.

In Kenya, most of the revenue received by County Governments comes as transfers by the National Government as shown in **Figure 1 : Annual Revenue for County Governments from Financial Year 2013-14 and 2018-19 in Kshs. Billions**. National Government allocates to County Governments equitable share and conditional grants. In the six years between financial years 2013-14 and 2018-19, the share of revenue counties raised to fund their budget constitute between 9 % and 12 % making transfers from National Government to be between 88 and 91 % of total revenue received by County Governments.

Figure 1 : Annual Revenue for County Governments from Financial Year 2013-14 and 2018-19 in Kshs. Billions

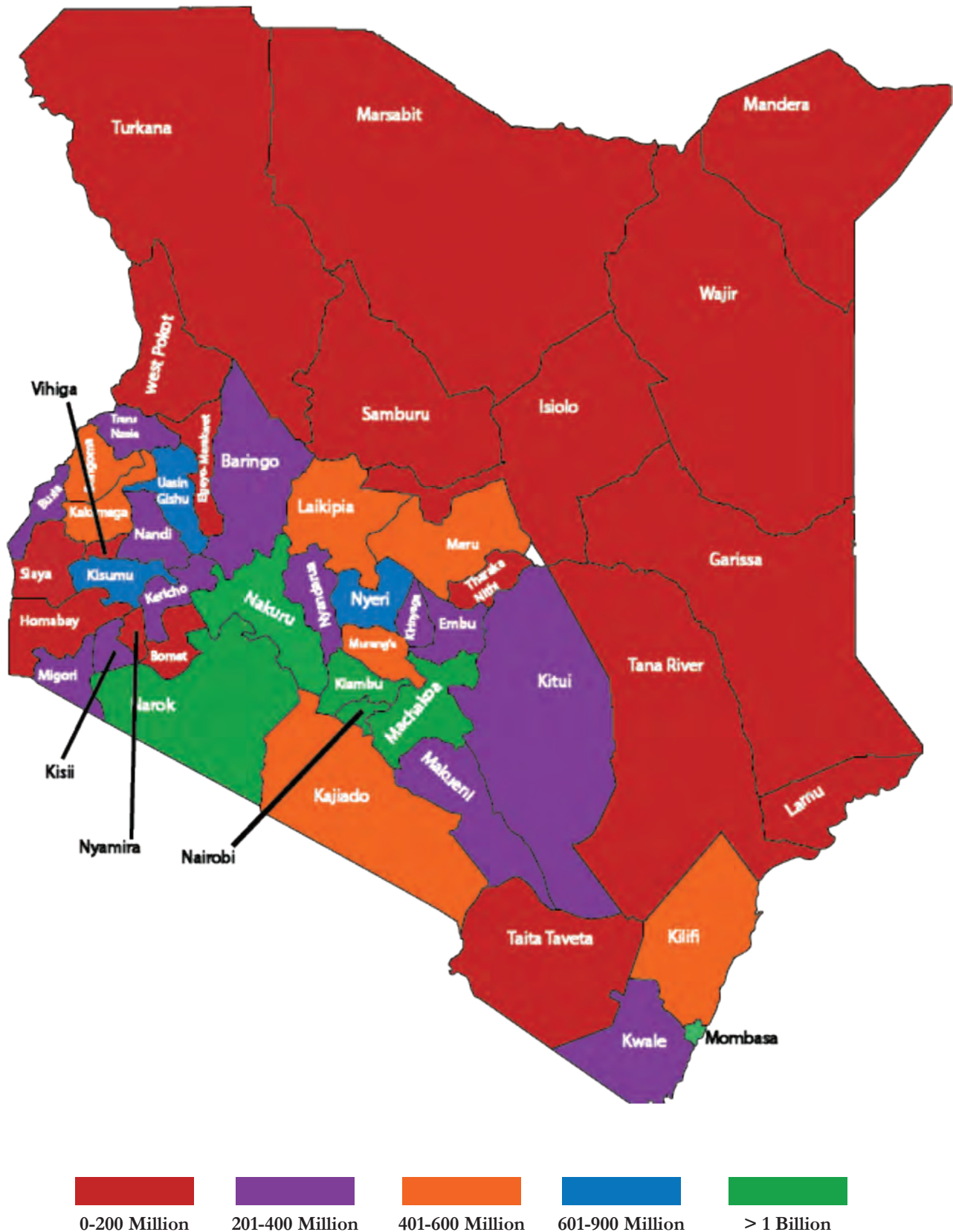


Adequate mobilisation of OSR is key to counties' improved ability to provide various public goods and services, eradicate poverty and achieve development goals. In the face of rising public debt and increasing expenditure needs, enhancing OSR mobilisation is expected to enable counties bridge funding gaps occasioned by inadequate disbursements from the national government. Moreover, strengthening OSR mobilisation can improve fiscal autonomy through more predictable access to revenue, thereby allowing counties to have greater ownership and control over their development agenda.

In this report, focus is on assessing growth of OSR for the last six years; revenue capacity gap analysis; revenue streams; revenue mobilisation efforts; OSR financing county budgets; OSR to GCP relation and county economic structure and revenue collection. In the last section of the report, the Commission provides some recommendations that can enhance revenue mobilisation at the county level.

COUNTY REVENUE COLLECTION BY CLUSTER

Figure 2: Map of Average Revenue Collection (2013/14-2018/19) by Cluster



County Categorisation by OSR collection

For the purpose of this report, counties revenue collection over the past six years from 2013/14 to 2018/19 has been averaged and categorised into five major clusters.

First category counties- are counties that collected OSR of more than Ksh. 1 billion on average annually. These counties are coloured green in **Figure 2: Map of Average Revenue Collection (2013/14-2018/19) by Cluster**. They are Nairobi, Mombasa, Machakos, Nakuru, Kiambu, and Narok.

Second category counties- are counties that collected OSR of between Kshs. 601 and 900 million on average annually. These counties are coloured blue in **Figure 2: Map of Average Revenue Collection (2013/14-2018/19) by Cluster**. They are Nyeri, Uasin-Gishu, and Kisumu.

Third category counties-are counties that collected OSR of between Kshs. 401 and 600 million on average annually. These counties are coloured orange in **Figure 2: Map of Average Revenue Collection (2013/14-2018/19) by Cluster** and include Kilifi, Kajiado, Murang'a, Meru, Laikipia, Kakamega and Bungoma.

Fourth category counties- are counties that collected OSR of between Kshs. 201 and 400 million on average annually. These counties are coloured purple in **Figure 2: Map of Average Revenue Collection (2013/14-2018/19) by Cluster** and include Kwale, Kitui, Makueni, Embu, Kirinyaga, Nyandarua, Baringo, Kericho, Nandi, Migori, Trans nzoia and Busia.

Fifth category counties- are counties that collected OSR of less than Kshs. 200 million on average annually. These counties are coloured red on **Figure 2: Map of Average Revenue Collection (2013/14-2018/19) by Cluster** which are Siaya, Homabay, Bomet, Kisii, Nyamira, Elgeyo-Marakwet, West Pokot, Turkana, Marsabit, Samburu, Isiolo, Wajir, Mandera, Garissa, Tana-River, Lamu, Taita-Taveta and Tharaka-Nithi.

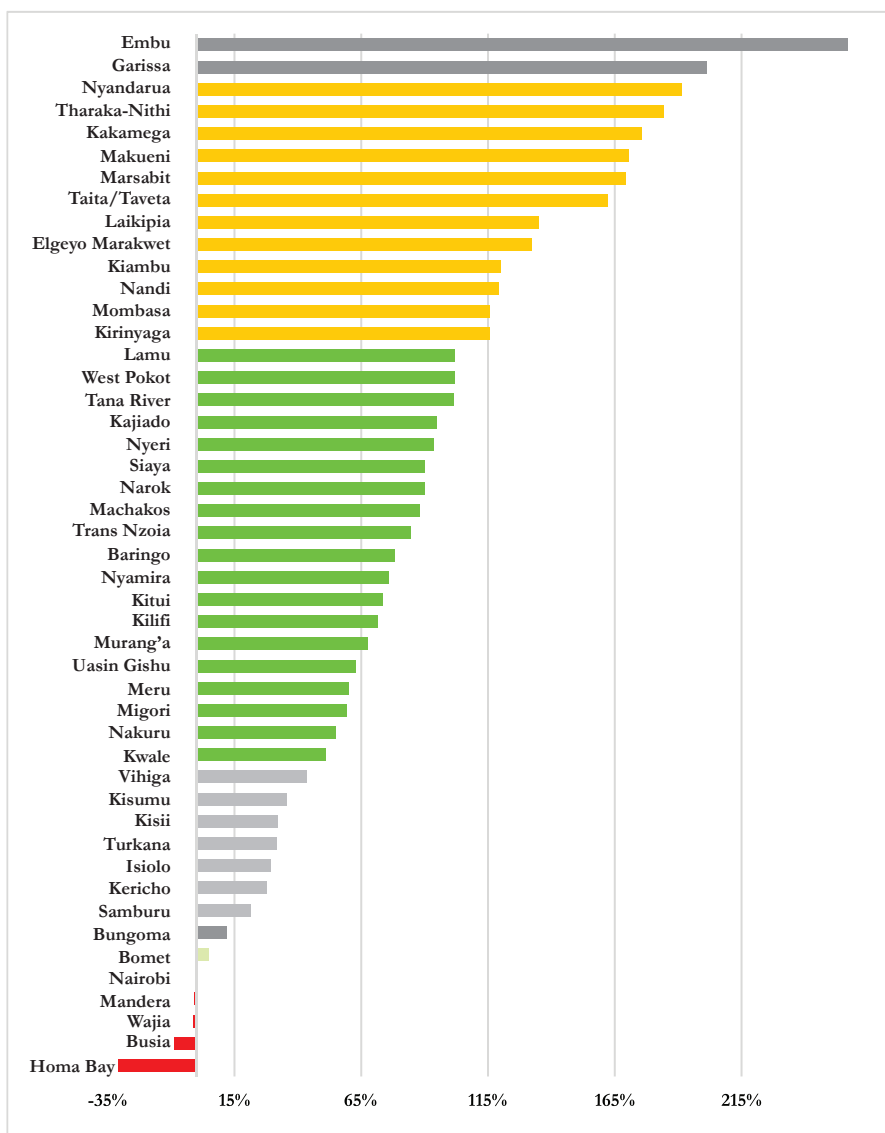
From the above categorisation, four factors appeared to have affected the amount of revenue collected by county governments which will be discussed in details in the next sections of the report. These are:-

- i. Agricultural cess is a significant stream of revenue of predominant agricultural economies (counties), yet cess alone contributes only 3 per cent of county's total revenue.
- ii. Game parks management confers an added advantage for counties' collection.
- iii. Urban and peri-urban counties have more diverse economies enabling the counties to collect property taxes, single business permit and vehicle parking, which constitute 40 per cent of county's revenue.
- iv. Some counties are collecting more from their economies by improving their revenue collection efficiency, and this has contributed to their high revenue collection.

SIX YEARS REVENUE GROWTH

The report assessed the compound growth of own source revenue from inception of Devolution in 2013/14 and 2018/19 financial years. In general, **43 out of 47 counties improved their revenue collection over the past six years**. Comparing the revenue collected by county governments in 2018-19 to their collection in 2013-14 **Figure 3** shows some counties grew their revenues at varied rates of growth. Some counties grew substantially while others grew measly.

Figure 3: Compound revenue growth from 2013-14 to 2018-19



The summary of the revenue growth from 2013/14 to 2018/9 for the county governments is as follows:-

Two counties rapidly grew in the past six years. Embu and Garissa grew by 254 and 202 per cent respectively in the past six years. Garissa grew from Kshs. 32 million annual collections to Kshs. 108 million annual collections. Embu accelerated from collecting Kshs. 168 million to collecting Kshs.629 million in 2018-19. Embu County made significant progress advancing from the fifth category to the second category as per revenue collection categorisation by cluster (see **Figure 2**).



Fifteen county governments had the fastest-growth in terms of revenue collections after Embu and Garissa. These counties grew their revenue collection by more than double in the period under review. These were: Tana River, West Pokot, Lamu, Kirinyaga, Mombasa, Nandi, Kiambu, Elgeyo Marakwet, Laikipia, Taita-Taveta, Marsabit, Makueni, Kakamega, Tharaka-Nithi, and Nyandarua.

Sixteen counties that had moderate growth grew by more than 50 per cent but less than 100 per cent in the past six years: These were Kwale, Nakuru, Migori, Meru, Uasin Gishu, Murangá, Kilifi, Kitui, Nyamira, Baringo, Trans-nzoia, Machakos, Narok, Siaya, Nyeri and Kajiado.

Nine counties that had slow growth grew by less than 50 per cent in the last six years. These were Vihiga, Kisumu, Kisii, Turkana, Isiolo, Kericho, Samburu, Bomet, and Nairobi. **It is important to note that two city counties were among the slowest growing counties in Own Source Revenue collections.** Nairobi and Kisumu County grew by less than fifty per cent in the last six years. The capital city with the highest own-source revenue collection nationally, Nairobi, grew by a paltry 0.5 per cent in the past six years while Kisumu grew its own source revenue collection by only 36 per cent in the past six years.

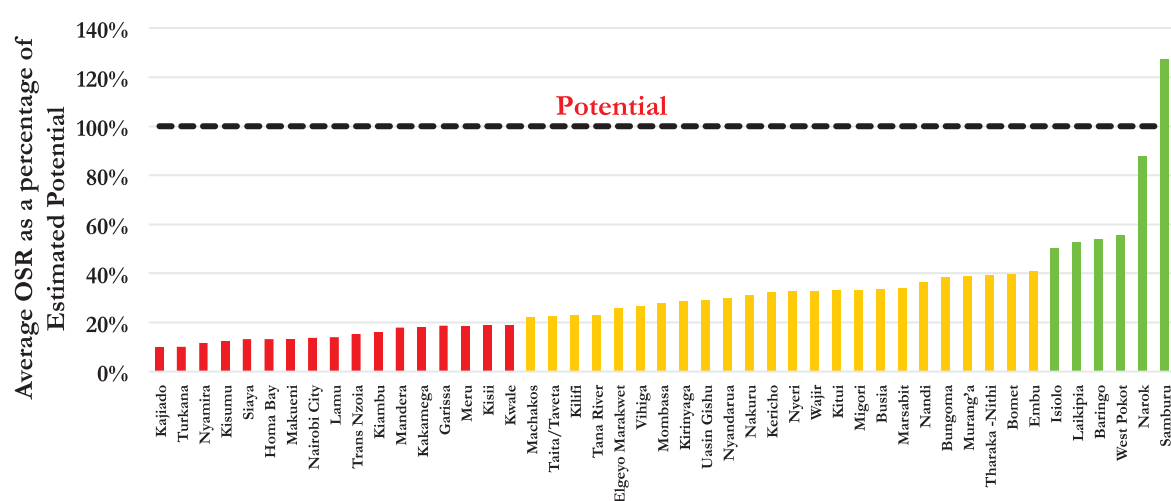
Four counties had receding growth in annual own source revenue collection. Busia, Wajir, Homabay and Mandera had declining revenue growth in the last six years.

REVENUE CAPACITY GAP

In the own-source revenue potential and tax gap study of Kenya's county governments 2018, the National Treasury estimated the revenue potential of the 47 county governments. The study estimated the potential of only six revenue streams that met the following four criteria. The streams that had adequate policy rationale, clear legal basis, a high contributor and has a revenue-raising objective applicable across all counties. The six revenue streams were property tax, building permits, business licenses, liquor licenses, vehicle parking fees and outdoor advertising.

The average collection over the past six years was compared to the estimated revenue potential, and the results are as illustrated in **Figure 4**.

Figure 4: Average OSR Collection as a % of the Estimated Revenue Potential



It can be observed from **Figure 4** that **except for Samburu, all other counties underperformed in revenue collection in comparison to their estimated revenue potential**. Other counties that collected more than 42% of their estimated potential were Isiolo, Laikipia, Baringo, West –Pokot and Narok. General observation noted was that Isiolo, Laikipia, Baringo, Narok and Samburu have game parks managed by the county governments. It could be then inferred that **game parks confer a comparative advantage for the county revenue performance**. It is also important to note that revenue from game parks was not included in the estimation of the revenue potential for county governments.

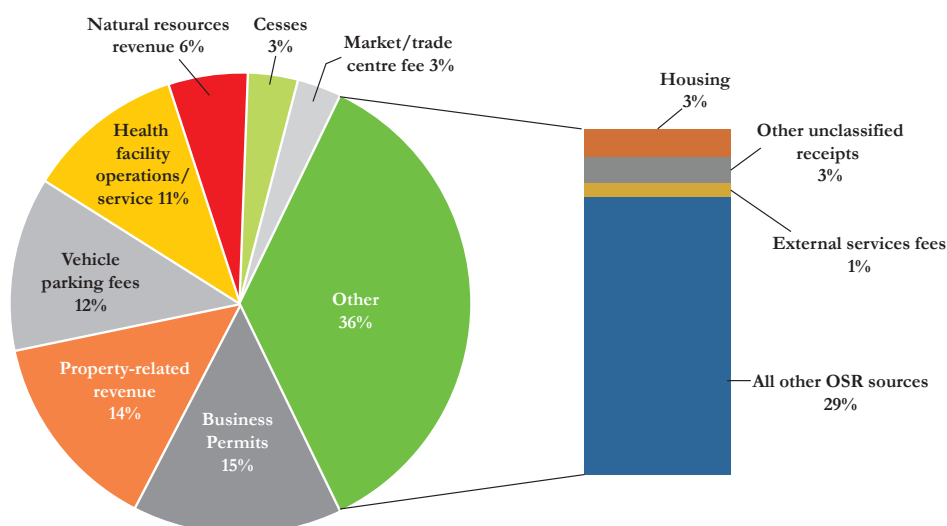
Half of the county governments collected above 20 per cent and below 42 per cent of their potential. These twenty-four counties were Nyandarua, Nakuru, Kericho, Nyeri, Wajir, Kitui, Migori, Busia, Kirinyaga, Uasin-Gishu, Machakos, Taita-Taveta, Kilifi, Tana-River, Elgeyo-Marakwet, Vihiga, Mombasa, Marsabit, Nandi, Bungoma, Murangá, Tharaka-Nithi, Bomet and Embu.

Seventeen county governments collected less than 20 per cent of their estimated revenue potential. The counties were Kajiado, Turkana, Nyamira, Kisumu, Siaya, Homabay, Makueni, Nairobi, Lamu, Trans-Nzoia, Kiambu, Mandera, Kakamega, Garissa, Meru, Kisii, and Kwale.

REVENUE STREAMS THAT DRIVES COUNTY COLLECTION

Primary revenue streams for county governments are property-related revenue, business permits and vehicle parking fees. In 2016-17 the three sources accounted for more than 40 per cent of the total own-source revenue for county governments. Specifically, property-related revenue contributed 14 per cent, business permits contributed 15 per cent, and vehicle parking fees contributed 12 per cent as shown in **Figure 5**.

Figure 5: County Governments' own-source revenue categories 2016-17



A worrying outcome is that 11 per cent of counties' revenue comes from health facilities fees. The roll out of universal health care may reduce this stream, posing a risk of reduction in county revenue collection.

To assess the revenue streams contribution to Gross County Product, it was found that the primary revenue streams of county government's make a minimal contribution to the economy. Comparing the revenue streams collected to the GCP of county governments over four years **Table 1** shows that over years the primary revenue streams consistently constitute less than 1 per cent of the county GCP while the other revenue streams contribution is negligible.

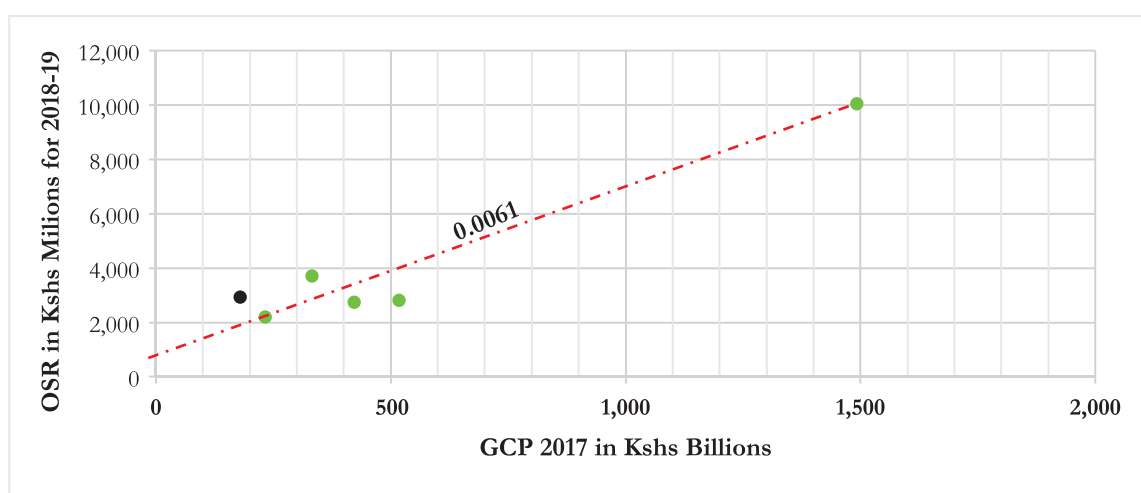
Table 1: Proportion of OSR to GDP of total counties collection

OSR CATEGORY	2013/14 OSR to GCP	2014/15 OSR to GCP	2015/16 OSR to GCP	2016/17 OSR to GCP
Business Permits	0.01%	0.07%	0.08%	0.08%
Property-related revenue	0.09%	0.11%	0.11%	0.07%
Vehicle parking fees	0.01%	0.06%	0.07%	0.06%
Health facility operations/serv.	0.00%	0.05%	0.04%	0.06%
Natural resource revenue	0.04%	0.04%	0.03%	0.03%
Cesses	0.00%	0.02%	0.02%	0.02%
Market/trade centre fee	0.02%	0.02%	0.02%	0.02%
Housing	0.00%	0.02%	0.03%	0.01%
Other unclassified receipts	0.00%	0.04%	0.05%	0.01%
External services fees	0.00%	0.00%	0.00%	0.01%
All other OSR sources	0.54%	0.32%	0.18%	0.15%
Grand Total	0.72%	0.75%	0.62%	0.52%

OSR COLLECTION AND COUNTY ECONOMIC SIZE

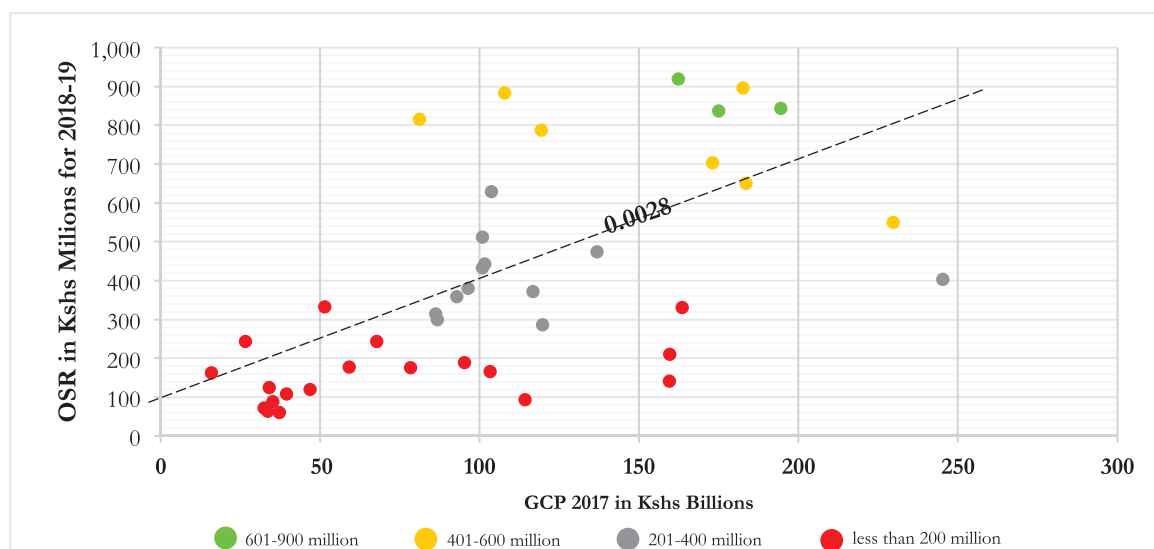
The report analysed OSR collection for the financial year 2018/19 and GCP 2017 data to inform counties' effort on revenue collection. It was found out that in only 14 counties, OSR as a percentage of GCP constituted 1 %, the rest constituted less than 1%. Notably, Narok was the only county that had 2% in terms of OSR as a percentage of GCP (see **Annex 6**). Further analysis showed that counties that collected more than Kshs. 1 billion on average annually collected Kshs.61 for OSR for every Kshs.10,000 size of their economy. Nairobi and Machakos were found to collect proportionally to their economic size, while Mombasa and Narok relatively performed better. Nakuru and Kiambu underperformed in this category by collecting less than 61 Ksh. for every Kshs.10,000 economic size. **Figure 6** shows the counties' efforts in collecting OSR against their Gross County Product.

Figure 6: 2018/19 OSR collection against GCP 2017 for counties that collected more than Kshs. 1 Billion



Similarly, counties that collected less than Kshs. 1 billion collected Kshs.28 for every Kshs.10,000 economic size. The analysis of this section is based on the categories of counties on average OSR collection as categorised in **Figure 2** in our earlier section of this report.

Figure 7: 2018/19 OSR collection against GCP 2017 for counties that collected less than 1 Billion





Counties that collected less than Kshs. 200 million annually collected less than Kshs.28 for every Kshs.10,000 economic size. These counties are predominantly agriculture-based. However, Baringo and Isiolo collected more than Kshs. 28 despite being in the cluster of less than Kshs.200 million annual collection because of the game parks they manage.

Counties that collected between Kshs. 201 and 400 million annually had mixed results with half of the counties collecting above the gradient line and the other half collecting below. **Busia, Kwale, Nandi, Trans-Nzoia and Nyandarua** were found to underperform in comparison to their economic size. These counties were the only counties, in the cluster of counties that collected between Kshs. 201 and 400 million annually, which collected less than Kshs.28 for every Kshs.10,000 in economic size.

Baringo, Migori, Kirinyaga, Kitui, Makueni and Embu were counties in the second category that collected between Kshs. 201 and 400 million annually. The counties were found to collect more than Kshs. 28 for every 10,000 in their economic size with Embu performing better than the other four counties.

All counties in the third category that collected between Kshs. 401 and 900 million annually collected more than Kshs. 28 Ksh. for every Kshs.10,000 economic size, except Meru County.

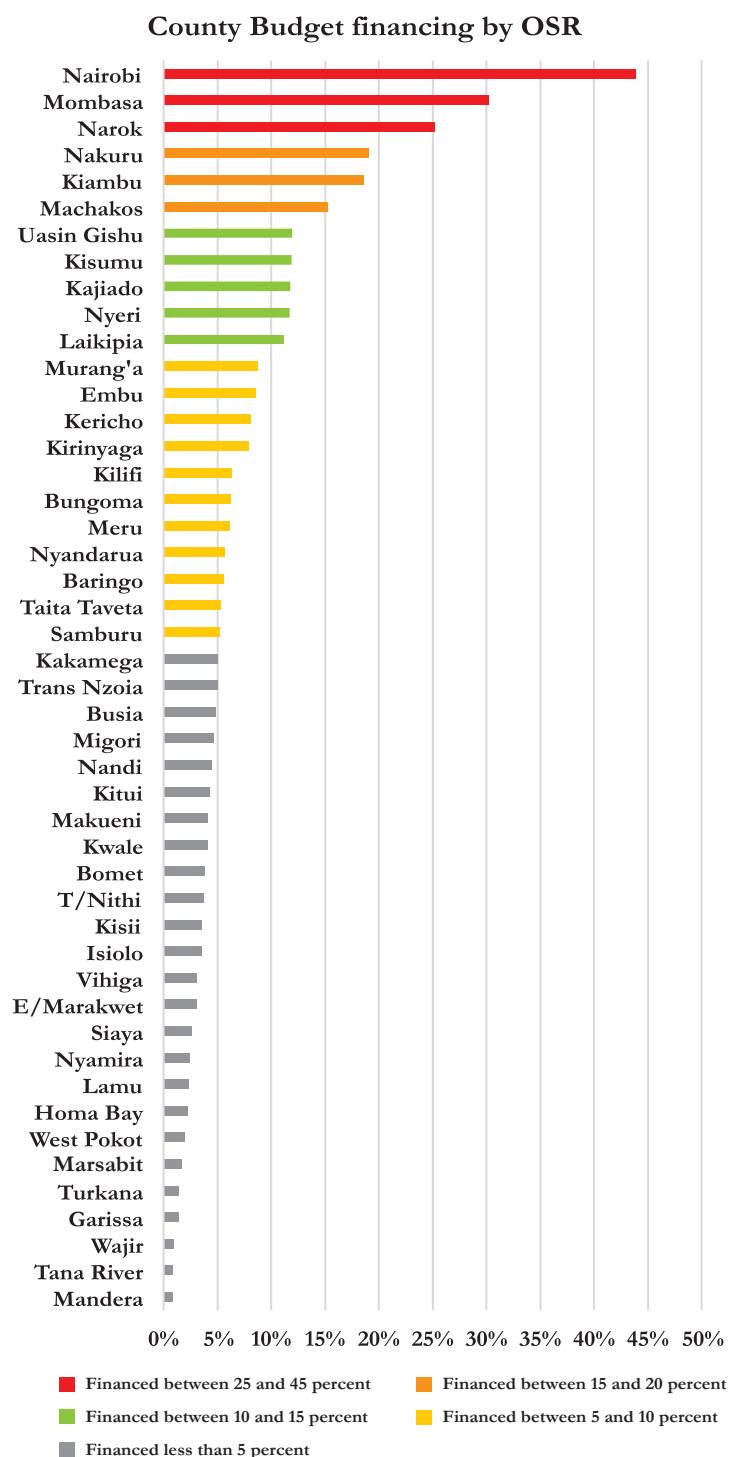
It should be noted that agriculture-dominated counties underperformed in OSR collection. In Elgeyo-Marakwet, Bomet and Nyandarua agriculture constitutes more than 60 per cent of their economies. These counties, despite their relatively large economic size, collected below Kshs.28 for every Kshs.10,000 economic size.

Game parks management confers a comparative advantage in OSR collection for counties and in **Figure 6** Narok performed better than their peers in the category of collecting more than a billion annually while in **Figure 7** Isiolo and Samburu equally performed better than counties that collect less than Kshs. 200 million.

COUNTY FINANCING OWN BUDGETS

Subnational governments of low-income countries finance 7.8 per cent of their budgets while subnational governments of middle-income countries finance 20.9 per cent of their budget according to an Organisation for Economic Co-operation and Development (OECD) study in 2016¹. Kenya is a middle-income country and from this literature, it would be expected that county governments finance 21 per cent of their annual budgets. However, out of 47 counties, only 3 met this international best-practice threshold of 21 per cent as shown in **Figure 8**.

Figure 8: Percentage of County Budgets financed by OSR collection



¹ Subnational government around the world structure and finance-OECD 2016



Narok, Mombasa and Nairobi were the only counties that met the threshold of 21 per cent. The three counties financed between 25 and 45 per cent of their budget annually for the period under review while **Nakuru, Kiambu and Machakos** closely follow financing between 15 and 25 per cent of their budget.

Kisumu and Uasin Gishu counties' OSR collection financed below 15 per cent of their budget which was way below what **Nakuru, Kiambu and Machakos** were financing their budgets yet they are urban counties.

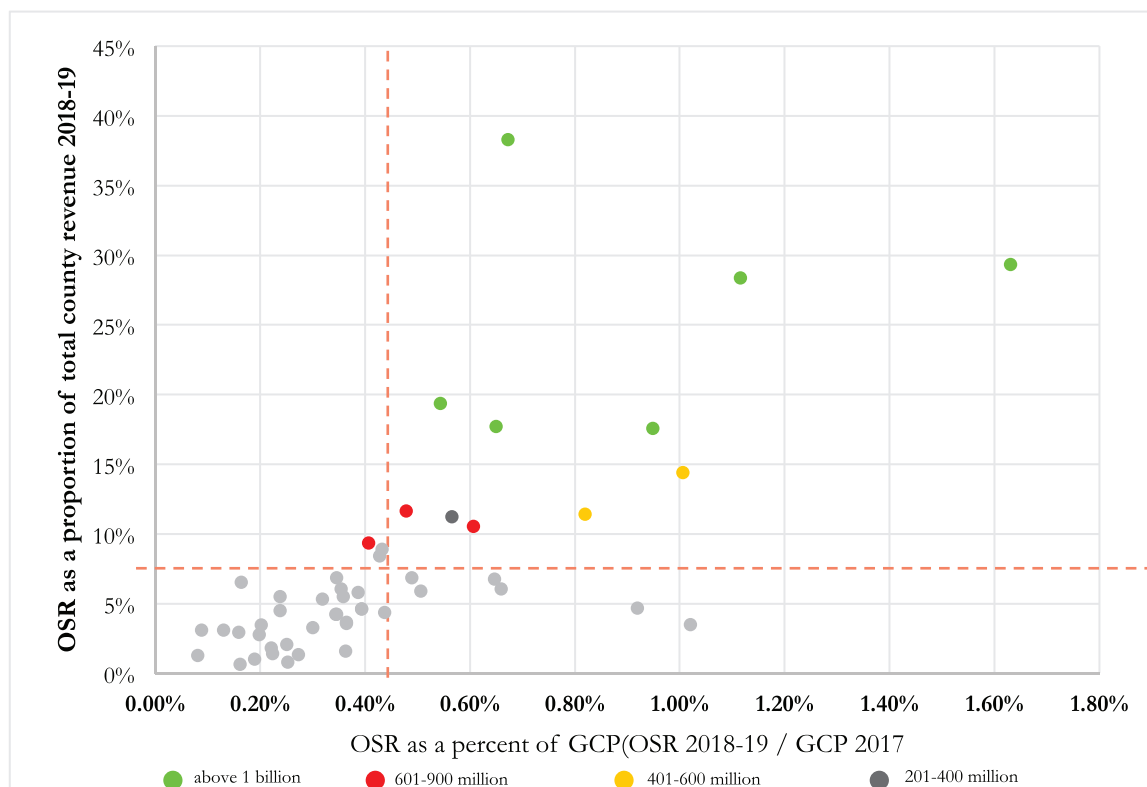
Kajiado, Nyeri and Laikipia financed between **10 and 15 percent** of their budget. The presence of a game park for Laikipia conferred an added advantage to the county similar to Narok. **Thirty six counties** financed **less than 10 per cent of their budget** and on average all county governments OSR collection financed their budgets at 7.7 per cent².

² In estimating OSR financing county budgets, average OSR collection over the period FY 2013/14 to 2018/19 was calculated.

ABILITY TO FINANCE BUDGET AND FISCAL EFFORTS OF COUNTIES

This section of the report demonstrates counties' ability to finance budget and their fiscal efforts. On average counties financed 7.7 per cent of their budget using OSR collection and OSR to GCP ratio is 0.5 per cent on average. Figure 9 shows county OSR 2018/19 as a proportion of its budget and county OSR as a percentage of GCP.

Figure 9: County OSR 2018/19 as a proportion of its budget and county OSR as a percentage of GCP

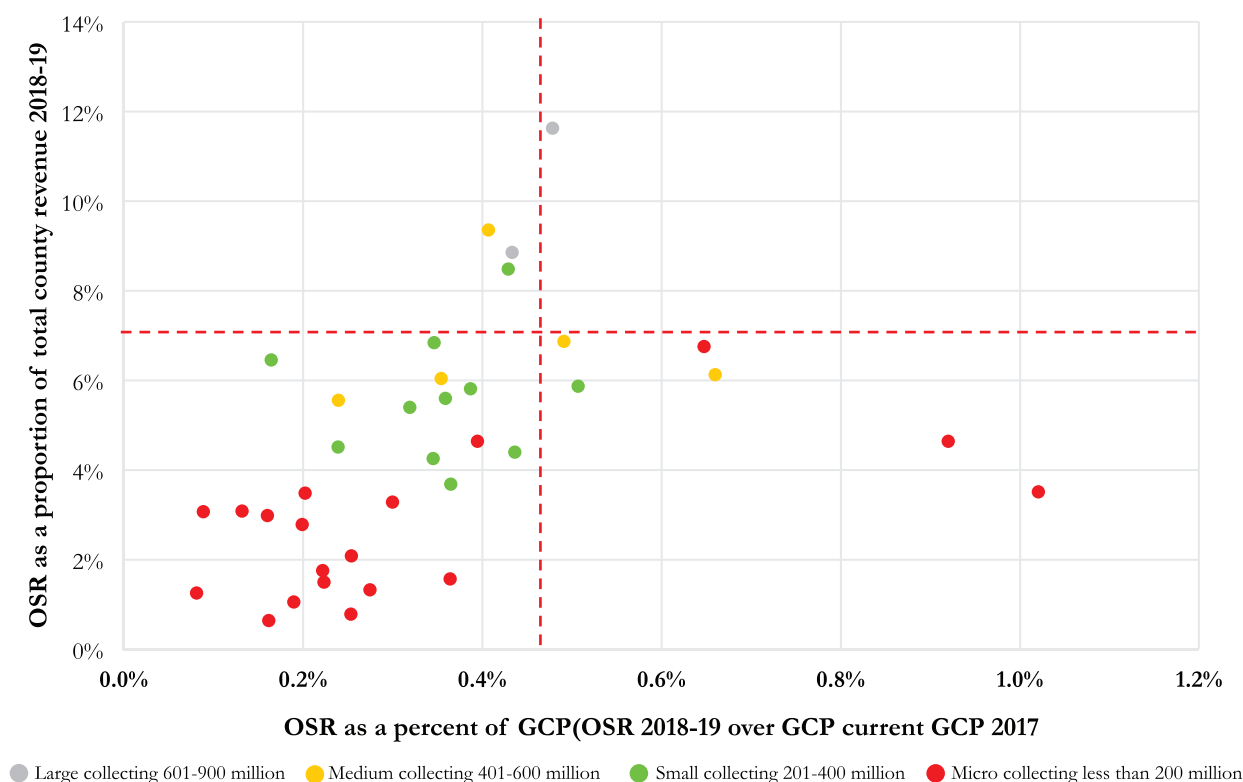


From **Figure 9** urban counties contributed more to the county revenue save for Kisumu county that had a lower percentage of OSR to GCP.

Despite its size of annual OSR collection, Embu County remarkably collected above average from its economy and financed above-average its budget using OSR. Embu County belongs to the cluster of counties that collected less than Kshs. 200 million annually, yet it is in the same quadrant as counties that collected more than Kshs. 600 million. This showed that Embu revenue administration reforms were effective as the county collected above average from its economy hence financing more of its budget through OSR. Similarly, **Kajiado and Laikipia were also found to perform well in collecting above average from their economies.** Kajiado and Laikipia were in the same quadrant as counties that collected more than Ksh. 600 million. They collected above-average from their economy and financed above-average their budget using OSR.

Counties that collected more than one billion shillings collected above average from their economies hence OSR financed above the average of their budget. These counties were Nairobi, Mombasa, Nakuru, Machakos, Kiambu and Narok. Given their large economic sizes, they collected more from their economies. **Figure 10** clarifies more on counties that are below average in the two parameters.

Figure 10: OSR proportion of total revenue against OSR percentage of GCP

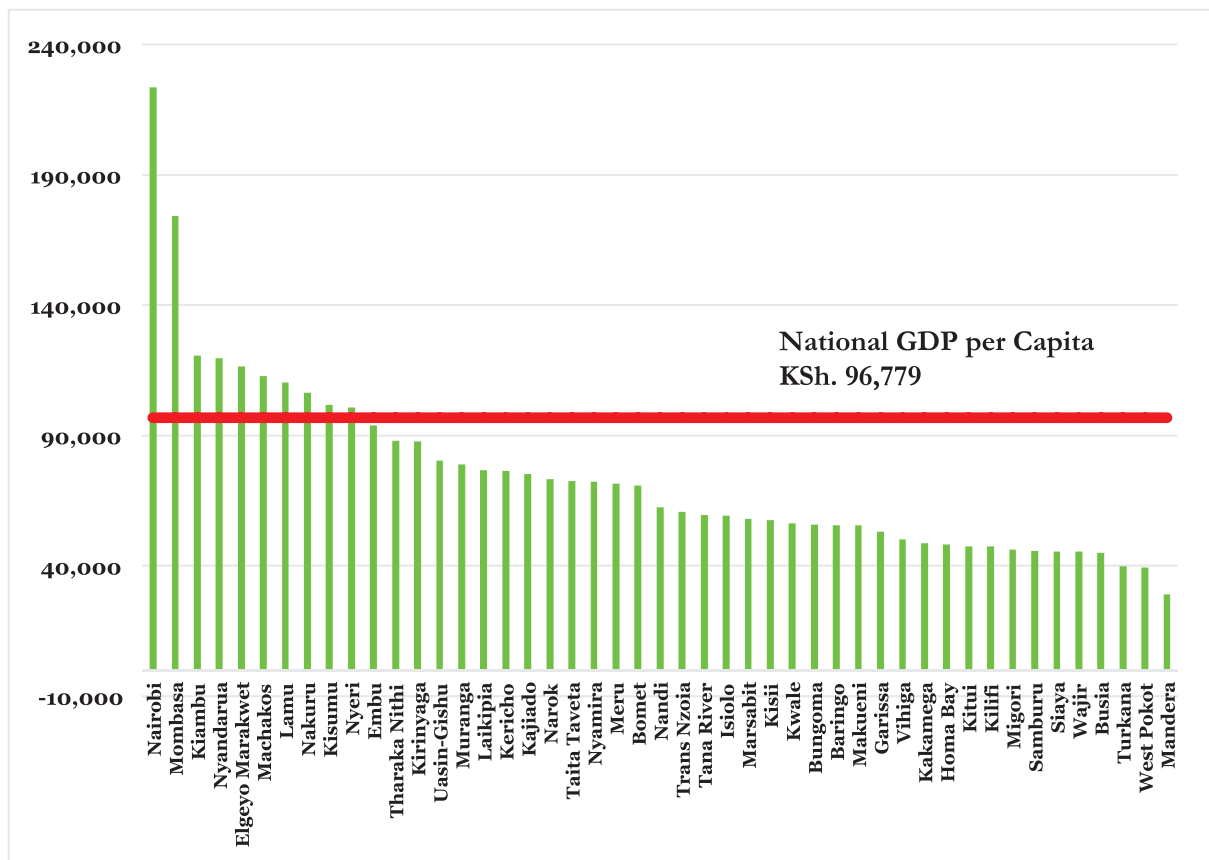


Meru and Bungoma counties were the only counties in the medium category that collected below-average from their economies and financed below-average of their budget using OSR. The two counties collected below average in the proportion of OSR to GCP and below average in OSR as a proportion of the total county revenue. Meaning, despite their magnitude in revenue collection, it was yet to substantially finance their budget. Subsequently, Bungoma and Meru counties would benefit from strategies that will increase their proportion of OSR to GCP.

Isiolo, Samburu and Taita Taveta Counties: despite their ability to collect more in proportion to their economy, their OSR was below average in comparison to the county own-source revenue. Isiolo and Samburu collected a significant proportion of their revenue from game park fees a fact associated with high OSR to GCP ratio. Similarly, Narok County had the highest ratio because of significant collection from game park fees.

The report further assessed the real GCP per capita for county governments as shown in **Figure 11**. There are variation in GCP per capita for county governments. Ten Counties that had higher GCP per capita than National GDP per capita and were expected to collect more OSR than their counterpart counties since they had more potential to collect more revenue than the rest and to be able finance their own budget to a larger proportion.

Figure 11: Real GDP per Capita 2017

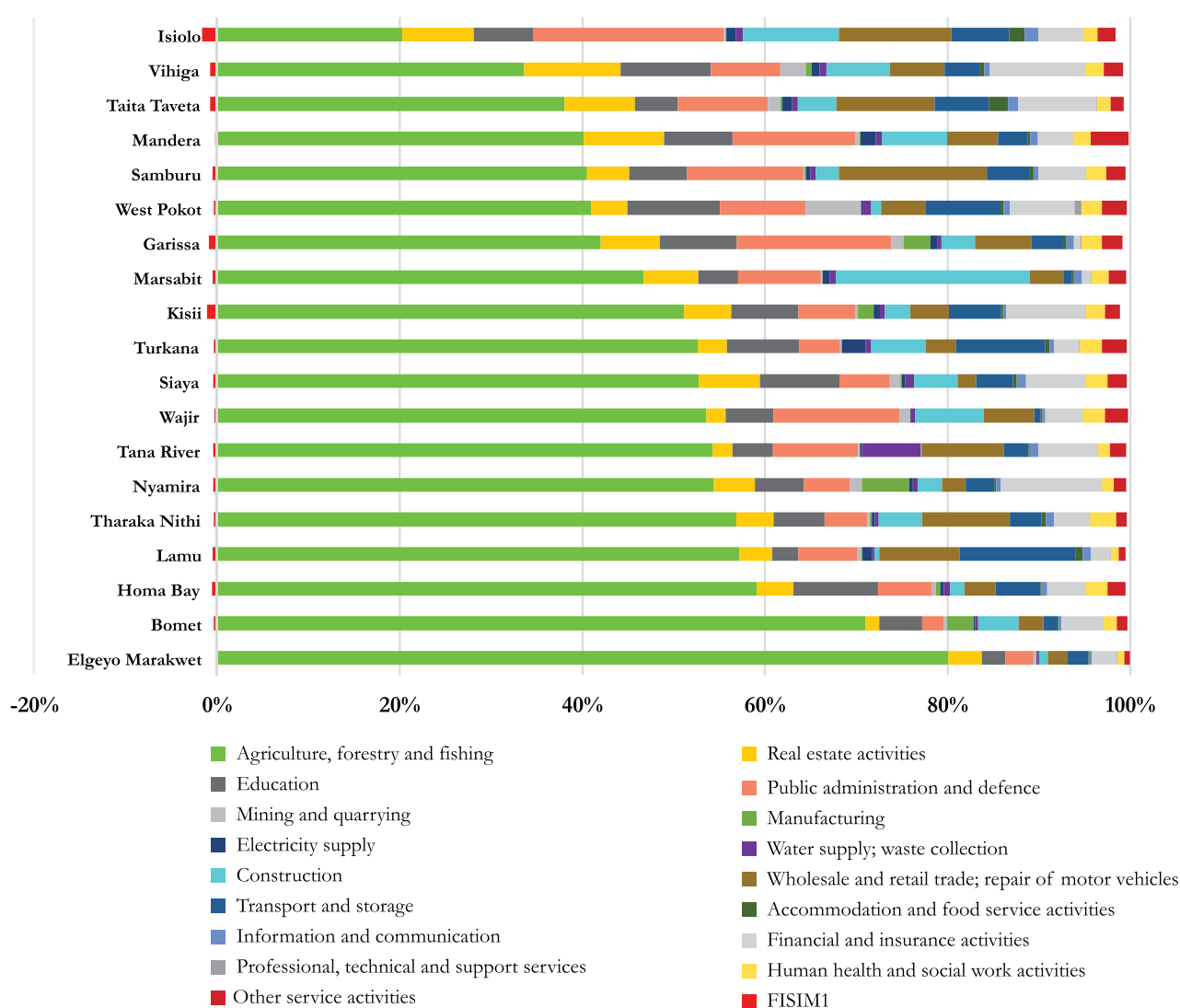


COUNTY ECONOMIC ACTIVITIES AND REVENUE COLLECTION

The report assessed the relationship of county economic activities and county own-source revenue. Diversification in economic activities was found to relate with high revenue collection. The economic activities for the five cluster counties were analysed in this section as follows:

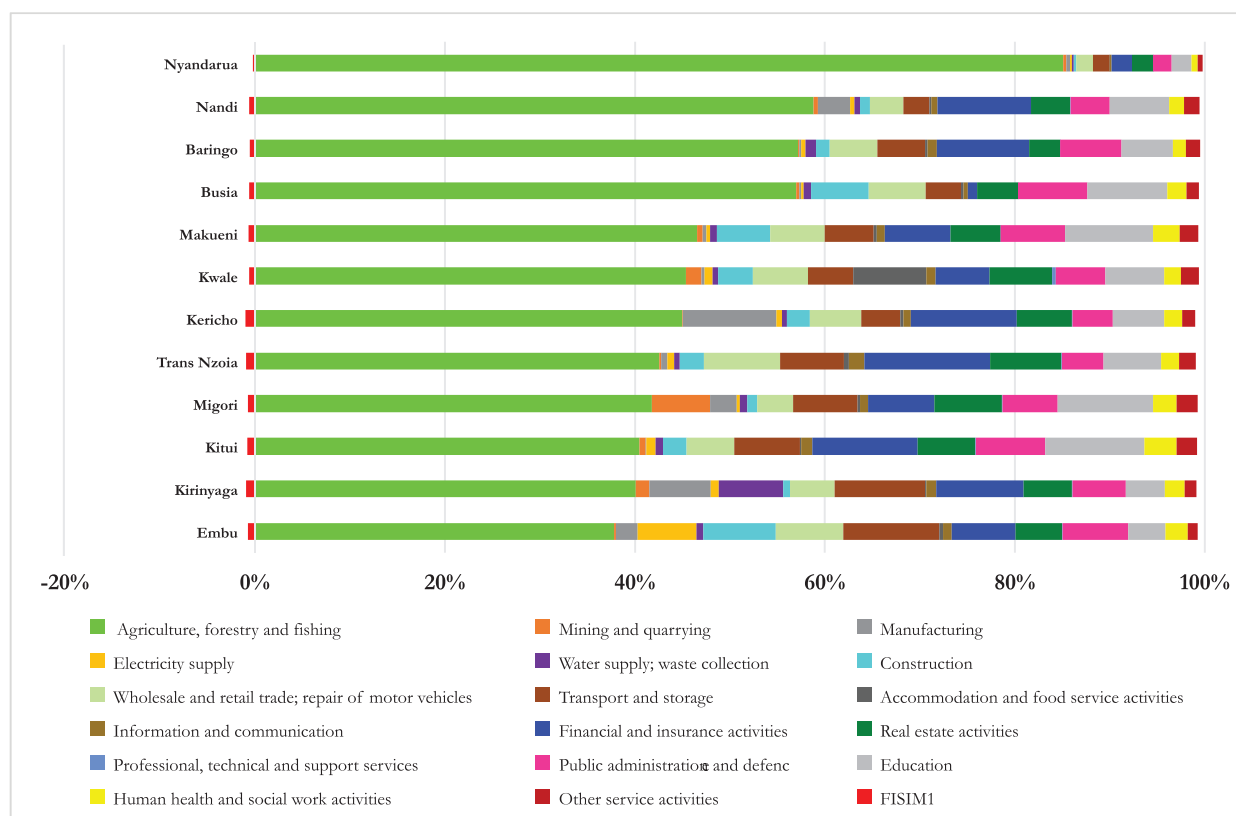
Agriculture is the mainstay sector for counties that collect OSR less than 200 million annually. Agriculture contributes more than 60 per cent of the GCP for Bomet and Elgeyo Marakwet as shown in **Figure 13**. The revenue streams available for these counties to collect from agriculture are land rates, produce cess and livestock cess (Cess accounts for only 3 per cent of county revenue) making the OSR collection capacity of these counties limited.

Figure 13: Sector Contribution to GCP for Counties Collecting below Kshs. 200 million in OSR



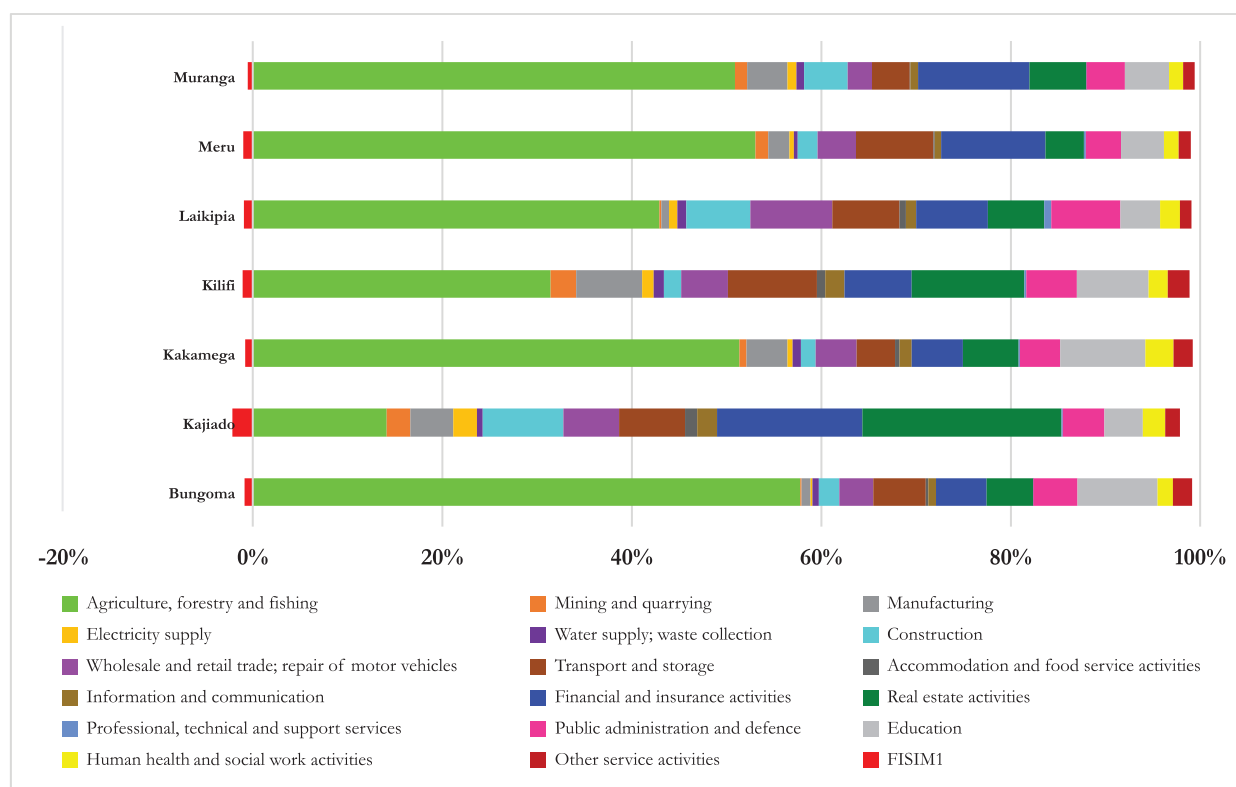
Additional sectors to the revenue collection capacity of counties that collected more than Kshs.200 million and less than Kshs.400 million. Agriculture is still the primary sector for counties in this category. Agriculture contribution to the GCP of these counties ranged between 40 per cent and 90 per cent contribution. Although its contribution was minimal, wholesale and retail trade, financial and insurance sectors are relative drivers of the economy of these counties. These additional sectors widen the revenue base of these counties by providing an opportunity for the county to collect business permit from the two additional sectors given that business permit is a major revenue earner for county governments.

Figure 14: Sector Contribution to GCP for Counties that collected between Kshs.201 and 400 million in OSR



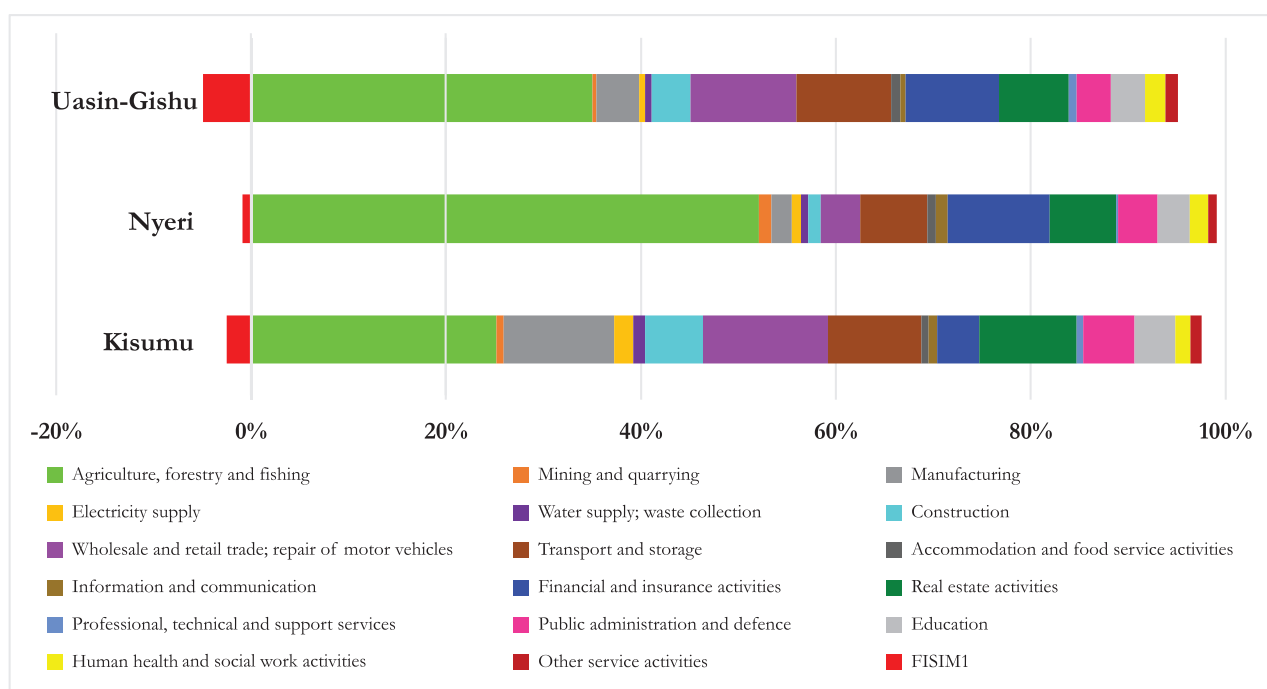
Counties that collected between Kshs.401 and 600 million revenue annually have diverse economic activities contributing to higher revenue collection capacity. Although agriculture is still the predominant sector in this category, there are other sectors that contributed noticeably to the economy of these counties. These are transport and storage and real estate activities.

Figure 15: Sector contribution to GCP for counties that collected between Kshs.401 and 600 million in OSR



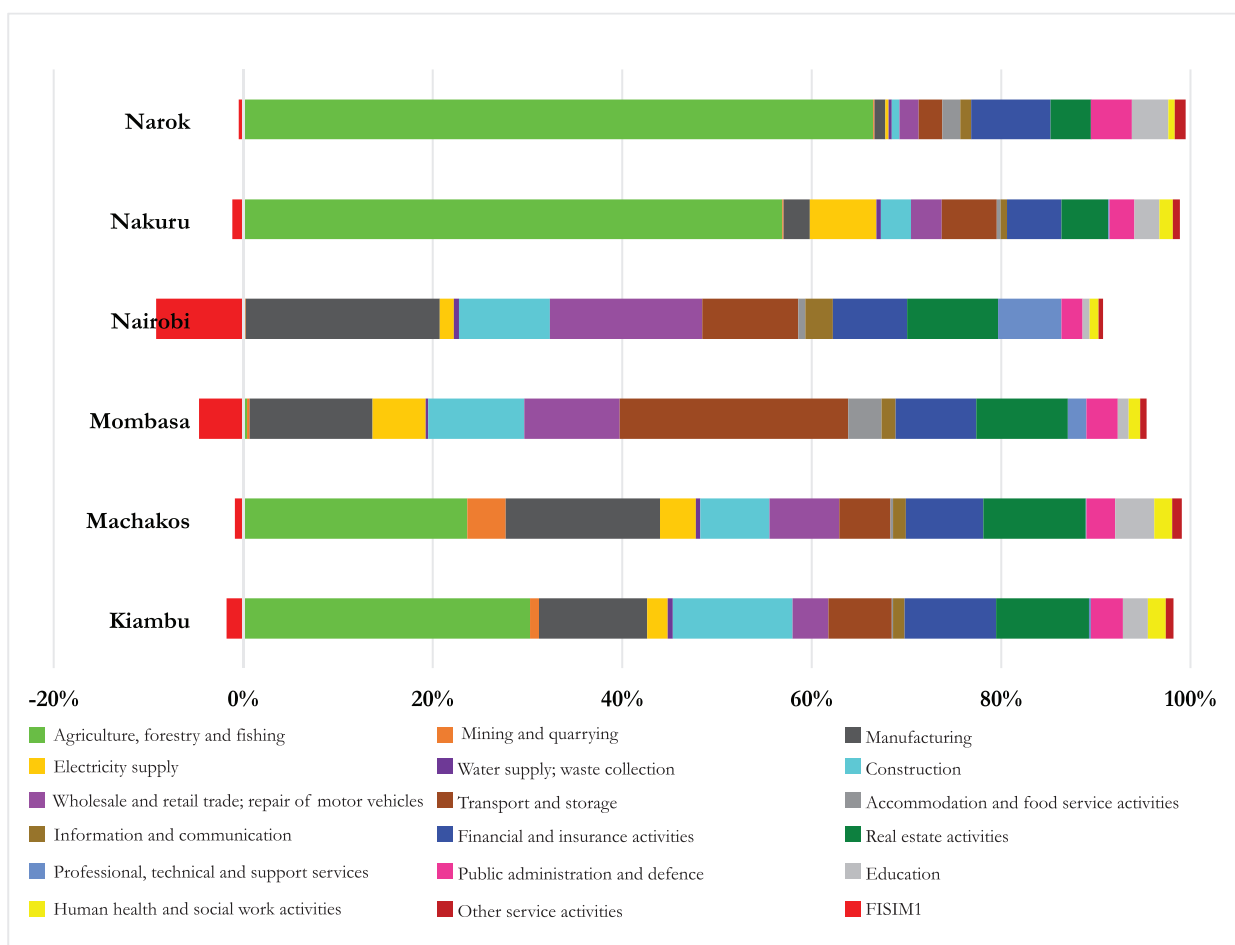
Uasin Gishu, Nyeri and Kisumu collected more than Kshs.600 million and less than Kshs.900 million annually in OSR and have more diverse economic activities as shown in Figure 17. The contribution of the agriculture sector was noted to decline in this category of counties as other sectors' contribution to the economy increased compared to counties that collected less than Kshs.600 million. Wholesale and retail trade, transport and storage and real estate contributed notably to the economy.

Figure 16: Sector Contribution to GCP for counties that collected between Kshs. 601 and 900 million in OSR



The last category assessed were counties that collected more than one billion shillings in OSR collection. They are the most diverse in terms of sector contribution to the economy providing them with a broad base to collect OSR. Nakuru and Narok have a large agricultural sector contributing more than 50 per cent to the economy, while Nairobi and Mombasa have negligible contribution to the economy from agriculture. The sectors notable in these mega counties are manufacturing, financial and insurance activities, wholesale and retail trade, transport and storage and real estate as shown in Figure 18. Manufacturing is the additional sector for counties that collect more than a billion.

Figure 17: Sector Contribution to GCP for counties that collect more than 1 billion



CONCLUSION AND RECOMMENDATIONS

Conclusion

The report analysed the own-source revenue (OSR) for county governments since inception of Devolution. The analysis of county OSR was made across various parameters namely OSR average collection over the period, collection verses targets set by the county, OSR collection verses estimated revenue potential; OSR financing county government budgets and comparison of OSR collection and county's economic performance. The summary of the findings show that:

Two Counties namely **Embu** and **Garissa** have multiplied their OSR three times in the past six years. It should be noted that Embu has a revenue board. Conversely, four counties performed worse than they started in the first year of devolution- **Homa-Bay, Busia, Wajir and Mandera**. In addition, Nairobi City County has grown OSR by only 0.1 per cent over the last six years, yet it finances 45 per cent of its annual budget implying that Nairobi County can fund more of its budget with improved revenue performance.

The study also found that forty-one counties are raising less than 40 per cent of their estimated revenue potential, while six counties collect between 50 and 88 per cent of their estimated revenue potential. Samburu collects 127 per cent of the estimated potential for the county. Assessing county revenue streams, it was found out that Cess is immaterial as a proportion of total own-source revenue raising only 3 per cent. In counties that are predominantly agricultural, Cess collection explains the low revenue performance of these counties. Hospital fees contribute 11 per cent to the overall county own-source revenue while Natural Resource contributes 6 per cent.

On the issue of county financing its budget, urban and peri-urban counties were found to finance their budget more than rural counties. Finally, it was found out that majority of counties that collect low revenue have agriculture as the main economic activity. These counties collect less than Ksh. 200 million annually on average, while counties that have more diverse economic activities collect more own-sources. Notably, revenue management of game parks by county governments confer a comparative advantage to county own-source revenue.

Recommendations

Based on the findings of the report, the Commission makes the following recommendations:-

- i. There is a need for the Commission to assess the reasons for massive growth of two counties Embu and Garissa with a goal to learn, document and share best practice with other counties. Further, there is a need for collaboration between the Commission and other bodies responsible for OSR to work with counties with negative or no growth with a view of coming up with county specific interventions aligned with their OSR challenges;
- ii. There is need for the Commission to develop a threshold for measuring fiscal effort and the baseline year for evaluating fiscal effort. Further, the Commission may consider measuring fiscal effort as a cumulative performance rather than a yearly performance;
- iii. To enhance revenue mobilization effort, the Commission recommends mapping out of all revenue streams and updating taxpayer's databases by introducing new tax payers. Counties also need to enhance enforcement mechanism;

- 
- iv. The Commission to study the cost of revenue collection with the objective of establishing efficiency in revenue collection by county governments;
 - v. The need for a comprehensive revenue potential study that includes all revenue streams and takes into account the Gross County Product's data. The study needs to include streams such as natural resource and tourism resources managed by counties;
 - vi. There is a need for a comprehensive study mapping out revenue streams from natural resources.
 - vii. Agriculture-dominated counties to consider value addition with a view of attracting investors to earn more OSR through single business permits;
 - viii. There is a need to evaluate the effectiveness of cess on the agricultural product and have broad stakeholder discussion on the subject;
 - ix. The Commission advocates for user-fee revenue to be ringfenced and ploughed back to improve facilities for improvement of service delivery; and
 - x. The Commission to work with counties to design targeted solutions which would move counties towards full revenue potential.

REFERENCES

Kenya National Bureau of Statistics. (2019). County Gross Product 2019. Nairobi: KNBS.

National Treasury. (2018). Own-Source Revenue Potential and Tax Gap Study of Kenya's County Governments. Adam Smith International.

OECD/UCLG. (2016). Subnational Governments Around the world: Structure and finance. OECD.

Office of the Controller of Budget. (2014). Annual Budget Implementation Review Report FY 2013/14. Office of the Controller of Budget.

Office of the Controller of Budget. (2015). Annual Budget Implementation Review Report FY 2014/15. Nairobi: Office of the Controller of Budget.

Office of the Controller of Budget. (2016). Annual Budget Implementation Review Report FY 2015/16. Nairobi: Office of the Controller of Budget.

Office of the Controller of Budget. (2017). Annual Budget Implementation Review Report FY 2016/17. Nairobi: Office of the Controller of Budget.

Office of the Controller of Budget. (2018). Annual Budget Implementation Review Report FY 2017/18. Nairobi: Office of the Controller of Budget.

Office of the Controller of Budget. (2019). Annual Budget Implementation Review Report FY 2018/19. Nairobi: Office of the Controller of Budget.

The National Treasury and Planning. (2019). Public Statement of the status of payment to County Governments. Nairobi: National Treasury.

The National Treasury. (2019). National Policy to Support Enhancement of County Governments Own-Source Revenue. Nairobi: Government Printers.

ANNEX 1: OWN-SOURCE REVENUE TARGET AND ACTUAL COLLECTION FROM 2013-14 TO 2018-19

COUNTY NAME	YEAR	TARGET	ACTUAL
Baringo	2013-14	260,000,000.00	201,519,606.00
Bomet	2013-14	235,948,424.00	200,949,332.00
Bungoma	2013-14	2,753,780,000.00	182,702,280.00
Busia	2013-14	366,327,150.00	328,993,569.00
Elgeyo Marakwet	2013-14	85,000,000.00	61,001,213.00
Embu	2013-14	659,165,345.00	168,486,515.00
Garissa	2013-14	150,533,326.00	35,892,845.00
Homa Bay	2013-14	140,678,820.00	134,985,390.00
Isiolo	2013-14	360,000,000.00	125,064,066.00
Kajiado	2013-14	517,000,000.00	453,371,648.00
Kakamega	2013-14	2,813,435,319.00	325,216,300.00
Kericho	2013-14	338,692,707.00	371,395,186.00
Kiambu	2013-14	3,058,567,275.00	1,246,683,890.00
Kilifi	2013-14	735,819,493.00	459,575,703.00
Kirinyaga	2013-14	437,993,243.00	200,373,963.00
Kisii	2013-14	729,194,738.00	250,147,453.00
Kisumu	2013-14	1,739,539,231.00	621,861,798.00
Kitui	2013-14	713,850,291.00	255,241,581.00
Kwale	2013-14	642,361,019.00	208,454,345.00
Laikipia	2013-14	557,173,528.00	347,118,457.00
Lamu	2013-14	86,124,909.00	35,566,589.00
Machakos	2013-14	2,541,819,152.00	1,175,227,171.00
Makueni	2013-14	350,000,000.00	189,187,741.00
Mandera	2013-14	437,400,000.00	90,068,630.00
Marsabit	2013-14	44,000,000.00	46,032,691.00
Meru	2013-14	658,000,000.00	343,805,963.00
Migori	2013-14	795,374,867.00	238,630,499.00
Mombasa	2013-14	5,074,615,602.00	1,716,054,436.00
Murang'a	2013-14	800,000,000.00	419,989,717.00
Nairobi City	2013-14	15,448,045,417.00	10,026,171,804.00
Nakuru	2013-14	3,076,738,273.00	1,816,532,538.00
Nandi	2013-14	422,472,914.00	130,536,752.00
Narok	2013-14	3,698,917,020.00	1,538,560,899.00
Nyamira	2013-14	100,000,000.00	94,025,895.00
Nyandarua	2013-14	174,000,000.00	138,439,331.00
Nyeri	2013-14	479,050,914.00	432,229,360.00
Samburu	2013-14	223,550,000.00	201,001,447.00
Siaya	2013-14	153,000,000.00	99,771,315.00

COUNTY NAME	YEAR	TARGET	ACTUAL
Taita/Taveta	2013-14	244,119,909.00	126,861,698.00
Tana River	2013-14	87,290,000.00	31,556,087.00
Tharaka -Nithi	2013-14	84,000,000.00	85,372,943.00
Trans Nzoia	2013-14	501,503,926.00	201,655,713.00
Turkana	2013-14	250,000,000.00	132,882,771.00
Uasin Gishu	2013-14	821,410,003.00	563,669,444.00
Vihiga	2013-14	204,274,739.00	123,302,433.00
Wajir	2013-14	119,030,873.00	61,032,930.00
West Pokot	2013-14	38,000,000.00	58,887,573.00
Baringo	2014-15	255,800,000.00	249,723,429.00
Bomet	2014-15	239,046,286.00	206,386,334.00
Bungoma	2014-15	1,075,035,502.00	504,623,643.00
Busia	2014-15	324,945,073.00	315,202,075.00
Elgeyo Marakwet	2014-15	132,023,379.00	128,905,771.00
Embu	2014-15	748,000,000.00	401,105,103.00
Garissa	2014-15	700,000,000.00	130,717,649.00
Homa Bay	2014-15	153,687,573.00	157,860,245.00
Isiolo	2014-15	452,699,367.00	133,699,318.00
Kajiado	2014-15	959,045,150.00	785,837,768.00
Kakamega	2014-15	903,537,623.00	516,889,024.00
Kericho	2014-15	383,435,490.00	413,581,432.00
Kiambu	2014-15	3,263,234,585.00	2,110,856,557.00
Kilifi	2014-15	1,000,000,000.00	545,499,050.00
Kirinyaga	2014-15	422,454,650.00	311,635,045.00
Kisii	2014-15	630,000,000.00	296,771,415.00
Kisumu	2014-15	1,500,000,000.00	970,903,407.00
Kitui	2014-15	650,000,000.00	320,521,294.00
Kwale	2014-15	500,000,000.00	253,972,260.00
Laikipia	2014-15	400,000,000.00	400,484,744.00
Lamu	2014-15	65,740,000.00	61,672,255.00
Machakos	2014-15	2,850,000,000.00	1,356,559,888.00
Makueni	2014-15	230,000,000.00	215,349,954.00
Mandera	2014-15	251,285,781.00	87,729,461.00
Marsabit	2014-15	48,400,000.00	99,107,465.00
Meru	2014-15	588,038,730.00	539,239,910.00
Migori	2014-15	500,000,000.00	355,111,556.00
Mombasa	2014-15	5,121,608,017.00	2,492,600,145.00
Murang'a	2014-15	800,000,000.00	562,227,534.00
Nairobi City	2014-15	13,323,722,061.00	11,500,049,480.00
Nakuru	2014-15	2,755,924,489.00	2,200,279,602.00
Nandi	2014-15	456,070,000.00	298,042,483.00

COUNTY NAME	YEAR	TARGET	ACTUAL
Narok	2014-15	3,366,157,146.00	1,639,205,710.00
Nyamira	2014-15	219,053,554.00	104,254,684.00
Nyandarua	2014-15	200,000,000.00	240,629,472.00
Nyeri	2014-15	1,343,926,804.00	680,700,067.00
Samburu	2014-15	406,550,140.00	195,715,348.00
Siaya	2014-15	301,530,027.00	143,328,488.00
Taita/Taveta	2014-15	521,830,636.00	216,603,678.00
Tana River	2014-15	120,000,000.00	33,033,490.00
Tharaka -Nithi	2014-15	250,000,000.00	115,729,722.00
Trans Nzoia	2014-15	385,000,000.00	301,267,105.00
Turkana	2014-15	110,000,000.00	126,524,507.00
Uasin Gishu	2014-15	890,000,000.00	800,823,542.00
Vihiga	2014-15	377,743,491.00	115,939,226.00
Wajir	2014-15	105,136,917.00	107,742,634.00
West Pokot	2014-15	96,197,480.00	103,899,329.00
Baringo	2015-16	300,000,000.00	279,317,203.00
Bomet	2015-16	188,826,880.00	166,987,287.00
Bungoma	2015-16	804,045,555.00	630,988,485.00
Busia	2015-16	543,066,927.00	334,222,084.00
Elgeyo Marakwet	2015-16	295,324,173.00	128,055,734.00
Embu	2015-16	630,762,379.00	396,525,612.00
Garissa	2015-16	500,000,000.00	105,943,675.00
Homa Bay	2015-16	202,733,667.00	183,765,405.00
Isiolo	2015-16	360,000,000.00	110,108,172.00
Kajiado	2015-16	1,232,330,387.00	650,984,978.00
Kakamega	2015-16	1,000,000,000.00	504,238,292.00
Kericho	2015-16	440,000,000.00	434,404,563.00
Kiambu	2015-16	3,308,126,323.00	2,461,351,513.00
Kilifi	2015-16	1,407,318,463.00	519,075,625.00
Kirinyaga	2015-16	500,000,000.00	390,377,140.00
Kisii	2015-16	700,000,000.00	306,129,638.00
Kisumu	2015-16	1,868,587,023.00	978,889,261.00
Kitui	2015-16	608,200,000.00	416,188,728.00
Kwale	2015-16	300,000,000.00	248,617,586.00
Laikipia	2015-16	500,000,000.00	471,147,987.00
Lamu	2015-16	107,000,000.00	57,324,400.00
Machakos	2015-16	2,371,633,578.00	1,121,680,950.00
Makueni	2015-16	400,000,000.00	213,170,805.00
Mandera	2015-16	199,237,816.00	88,234,634.00
Marsabit	2015-16	130,000,000.00	111,943,205.00
Meru	2015-16	595,273,355.00	548,289,334.00

COUNTY NAME	YEAR	TARGET	ACTUAL
Migori	2015-16	400,000,000.00	339,368,968.00
Mombasa	2015-16	4,051,754,938.00	2,943,520,686.00
Murang'a	2015-16	850,000,000.00	617,526,359.00
Nairobi City	2015-16	15,289,917,527.00	11,710,008,300.00
Nakuru	2015-16	2,312,257,727.00	2,295,462,842.00
Nandi	2015-16	357,895,800.00	236,898,601.00
Narok	2015-16	2,344,032,789.00	1,752,937,952.00
Nyamira	2015-16	240,958,912.00	106,981,969.00
Nyandarua	2015-16	392,000,000.00	279,226,186.00
Nyeri	2015-16	1,082,000,000.00	709,554,435.00
Samburu	2015-16	356,585,640.00	166,836,134.00
Siaya	2015-16	343,309,926.00	127,931,767.00
Taita/Taveta	2015-16	352,805,992.00	172,765,506.00
Tana River	2015-16	120,000,000.00	28,405,081.00
Tharaka -Nithi	2015-16	248,050,000.00	139,130,083.00
Trans Nzoia	2015-16	389,026,513.00	364,970,035.00
Turkana	2015-16	200,000,000.00	134,015,965.00
Uasin Gishu	2015-16	1,037,217,425.00	719,042,325.00
Vihiga	2015-16	352,158,881.00	138,938,281.00
Wajir	2015-16	150,000,000.00	81,782,275.00
West Pokot	2015-16	177,308,244.00	98,305,114.00
Baringo	2016-17	330,000,000.00	288,518,677.00
Bomet	2016-17	274,724,577.00	236,697,038.00
Bungoma	2016-17	731,896,718.00	661,588,149.00
Busia	2016-17	587,510,998.00	256,826,239.00
Elgeyo Marakwet	2016-17	160,021,113.00	97,323,973.00
Embu	2016-17	803,772,092.00	416,272,247.00
Garissa	2016-17	350,000,000.00	81,958,151.00
Homa Bay	2016-17	192,162,868.00	144,131,692.00
Isiolo	2016-17	250,000,000.00	94,996,063.00
Kajiado	2016-17	1,248,371,716.00	557,094,069.00
Kakamega	2016-17	894,070,561.00	443,176,020.00
Kericho	2016-17	603,346,705.00	489,980,629.00
Kiambu	2016-17	3,070,000,000.00	2,032,980,758.00
Kilifi	2016-17	1,585,881,577.00	620,093,575.00
Kirinyaga	2016-17	743,239,866.00	320,638,299.00
Kisii	2016-17	725,000,000.00	271,644,380.00
Kisumu	2016-17	1,584,987,119.00	1,004,043,906.00
Kitui	2016-17	668,610,000.00	315,347,364.00
Kwale	2016-17	261,048,468.00	221,011,186.00
Laikipia	2016-17	670,000,000.00	462,723,251.00

COUNTY NAME	YEAR	TARGET	ACTUAL
Lamu	2016-17	100,000,000.00	76,960,788.00
Machakos	2016-17	2,861,623,481.00	1,259,304,944.00
Makueni	2016-17	330,000,000.00	216,257,976.00
Mandera	2016-17	265,643,523.00	55,843,625.00
Marsabit	2016-17	120,000,000.00	128,730,136.00
Meru	2016-17	773,236,727.00	552,668,157.00
Migori	2016-17	420,000,000.00	290,815,303.00
Mombasa	2016-17	5,289,743,050.00	3,166,240,961.00
Murang'a	2016-17	993,550,000.00	506,685,732.00
Nairobi City	2016-17	19,566,000,000.00	10,929,830,353.00
Nakuru	2016-17	2,597,264,658.00	1,548,294,999.00
Nandi	2016-17	362,283,894.00	244,730,757.00
Narok	2016-17	2,891,716,734.00	1,533,933,960.00
Nyamira	2016-17	198,230,100.00	93,920,087.00
Nyandarua	2016-17	390,000,000.00	296,766,563.00
Nyeri	2016-17	1,095,101,000.00	643,139,153.00
Samburu	2016-17	345,867,422.00	187,663,504.00
Siaya	2016-17	270,000,000.00	172,837,124.00
Taita/Taveta	2016-17	355,587,656.00	172,017,112.00
Tana River	2016-17	60,000,000.00	27,417,024.00
Tharaka -Nithi	2016-17	200,000,000.00	78,569,191.00
Trans Nzoia	2016-17	500,000,000.00	217,893,803.00
Turkana	2016-17	180,000,000.00	186,316,769.00
Uasin Gishu	2016-17	1,192,000,000.00	663,830,778.00
Vihiga	2016-17	220,000,000.00	96,033,000.00
Wajir	2016-17	230,119,950.00	75,908,720.00
West Pokot	2016-17	122,245,626.00	83,218,907.00
Baringo	2017-18	350,000,000.00	301,404,377.00
Bomet	2017-18	200,211,165.00	181,375,343.00
Bungoma	2017-18	865,554,992.00	656,750,139.00
Busia	2017-18	412,155,210.00	176,294,585.00
Elgeyo Marakwet	2017-18	160,291,113.00	105,483,195.00
Embu	2017-18	653,490,000.00	416,111,597.00
Garissa	2017-18	250,000,000.00	86,687,563.00
Homa Bay	2017-18	118,664,278.00	106,939,465.00
Isiolo	2017-18	182,861,337.00	114,557,116.00
Kajiado	2017-18	1,040,794,334.00	682,162,558.00
Kakamega	2017-18	774,571,849.00	440,611,031.00
Kericho	2017-18	554,641,236.00	414,048,710.00
Kiambu	2017-18	3,227,491,771.00	1,693,708,234.00
Kilifi	2017-18	929,663,257.00	523,347,190.00

COUNTY NAME	YEAR	TARGET	ACTUAL
Kirinyaga	2017-18	600,000,000.00	343,970,322.00
Kisii	2017-18	950,000,000.00	256,284,854.00
Kisumu	2017-18	1,148,685,296.00	874,901,775.00
Kitui	2017-18	579,158,072.00	335,122,477.00
Kwale	2017-18	275,000,000.00	276,295,129.00
Laikipia	2017-18	500,000,000.00	413,328,186.00
Lamu	2017-18	90,000,000.00	55,286,688.00
Machakos	2017-18	1,594,386,715.00	1,063,726,784.00
Makueni	2017-18	600,000,000.00	319,282,234.00
Mandera	2017-18	231,000,000.00	61,813,295.00
Marsabit	2017-18	130,000,000.00	83,390,480.00
Meru	2017-18	821,775,812.00	441,690,937.00
Migori	2017-18	200,000,000.00	222,251,290.00
Mombasa	2017-18	3,595,744,681.00	3,159,156,334.00
Murang'a	2017-18	850,000,000.00	453,706,818.00
Nairobi City	2017-18	17,229,008,928.00	10,109,419,494.00
Nakuru	2017-18	2,500,000,000.00	2,278,646,064.00
Nandi	2017-18	385,438,659.00	197,886,883.00
Narok	2017-18	2,483,456,238.00	2,188,436,615.00
Nyamira	2017-18	253,112,676.00	96,617,045.00
Nyandarua	2017-18	371,000,000.00	318,585,599.00
Nyeri	2017-18	1,000,000,000.00	760,225,951.00
Samburu	2017-18	301,230,000.00	257,292,957.00
Siaya	2017-18	270,000,000.00	139,336,798.00
Taita/Taveta	2017-18	398,465,509.00	193,595,795.00
Tana River	2017-18	30,000,000.00	56,625,198.00
Tharaka -Nithi	2017-18	179,915,283.00	126,606,742.00
Trans Nzoia	2017-18	400,000,000.00	246,062,902.00
Turkana	2017-18	200,000,000.00	143,896,898.00
Uasin Gishu	2017-18	850,000,000.00	819,220,211.00
Vihiga	2017-18	220,000,000.00	143,530,752.00
Wajir	2017-18	150,000,000.00	67,608,475.00
West Pokot	2017-18	111,245,626.00	88,411,177.00
Baringo	2018-19	371,147,446.00	359,321,520.00
Bomet	2018-19	245,000,000.00	210,928,784.00
Bungoma	2018-19	753,185,810.00	650,594,485.95
Busia	2018-19	452,519,662.00	299,373,276.23
Elgeyo Marakwet	2018-19	130,438,893.00	141,609,140.00
Embu	2018-19	950,000,000.00	629,429,825.00
Garissa	2018-19	250,000,000.00	108,224,630.00
Homa Bay	2018-19	172,996,417.00	93,166,735.00

COUNTY NAME	YEAR	TARGET	ACTUAL
Isiolo	2018-19	150,861,337.00	161,767,322.39
Kajiado	2018-19	1,583,856,996.00	883,662,297.58
Kakamega	2018-19	1,200,000,000.00	896,660,752.00
Kericho	2018-19	694,819,121.00	473,978,400.40
Kiambu	2018-19	2,736,734,640.00	2,742,223,117.51
Kilifi	2018-19	1,345,066,521.00	787,686,022.91
Kirinyaga	2018-19	430,000,000.00	432,638,447.40
Kisii	2018-19	950,000,000.00	330,948,262.66
Kisumu	2018-19	1,382,567,120.00	842,816,399.00
Kitui	2018-19	797,985,098.00	443,177,833.00
Kwale	2018-19	303,112,305.00	315,025,181.00
Laikipia	2018-19	800,000,000.00	815,790,157.00
Lamu	2018-19	70,000,000.00	71,872,437.35
Machakos	2018-19	1,720,061,674.00	2,209,150,000.00
Makueni	2018-19	796,500,000.00	511,702,071.85
Mandera	2018-19	179,089,079.92	89,016,890.00
Marsabit	2018-19	140,000,000.00	124,104,969.52
Meru	2018-19	1,228,796,286.00	550,089,828.45
Migori	2018-19	1,452,626,670.00	380,215,287.75
Mombasa	2018-19	4,741,939,082.00	3,705,398,047.00
Murang'a	2018-19	1,000,000,000.00	704,030,420.15
Nairobi City	2018-19	15,496,709,206.00	10,036,827,328.00
Nakuru	2018-19	2,685,000,000.00	2,814,732,025.90
Nandi	2018-19	459,293,246.00	286,325,013.00
Narok	2018-19	2,862,640,836.42	2,922,383,715.25
Nyamira	2018-19	255,566,158.00	165,447,570.00
Nyandarua	2018-19	410,000,000.00	403,402,540.64
Nyeri	2018-19	1,000,000,000.00	837,394,937.10
Samburu	2018-19	254,030,128.40	243,888,543.05
Siaya	2018-19	325,000,000.00	189,668,021.95
Taita/Taveta	2018-19	300,000,000.00	332,712,552.00
Tana River	2018-19	60,000,000.00	63,556,691.00
Tharaka -Nithi	2018-19	300,000,000.00	242,951,703.00
Trans Nzoia	2018-19	500,000,000.00	372,555,364.00
Turkana	2018-19	250,000,000.00	175,028,751.31
Uasin Gishu	2018-19	1,200,000,000.00	918,942,252.00
Vihiga	2018-19	153,669,000.00	177,233,290.00
Wajir	2018-19	200,000,000.00	60,123,112.00
West Pokot	2018-19	122,370,189.00	118,829,438.00

ANNEX 2: AVERAGE ACTUAL OWN-SOURCE REVENUE COLLECTION (2013/14 TO 2018/19)

COUNTY	AVERAGE ACTUAL OSR IN KSHS.
Baringo	279,967,468.67
Bomet	200,554,019.67
Bungoma	547,874,530.33
Busia	285,151,971.37
Elgeyo Marakwet	110,396,504.33
Embu	404,655,149.83
Garissa	91,570,752.17
Homa Bay	136,808,155.33
Isiolo	123,365,342.90
Kajiado	668,852,219.76
Kakamega	521,131,903.17
Kericho	432,898,153.40
Kiambu	2,047,967,344.92
Kilifi	575,879,527.65
Kirinyaga	333,272,202.73
Kisii	285,321,000.44
Kisumu	882,236,091.00
Kitui	347,599,879.50
Kwale	253,895,947.83
Laikipia	485,098,797.00
Lamu	59,780,526.23
Machakos	1,364,274,956.17
Makueni	277,491,796.98
Mandera	78,784,422.50
Marsabit	98,884,824.42
Meru	495,964,021.58
Migori	304,398,817.29
Mombasa	2,863,828,434.83
Murang'a	544,027,763.36
Nairobi City	10,718,717,793.17
Nakuru	2,158,991,345.15
Nandi	232,403,414.83
Narok	1,929,243,141.88
Nyamira	110,207,875.00
Nyandarua	279,508,281.94
Nyeri	677,207,317.18
Samburu	208,732,988.84
Siaya	145,478,918.99
Taita/Taveta	202,426,056.83



Tana River	40,098,928.50
Tharaka -Nithi	131,393,397.33
Trans Nzoia	284,067,487.00
Turkana	149,777,610.22
Uasin Gishu	747,588,092.00
Vihiga	132,496,163.67
Wajir	75,699,691.00
West Pokot	91,925,256.33

ANNEX 3: OWN-SOURCE REVENUE ESTIMATED POTENTIAL

COUNTY	ESTIMATED POTENTIAL
Tana River	173,600,000
Lamu	426,500,000
Wajir	230,400,000
Mandera	439,700,000
Garissa	491,600,000
West Pokot	164,900,000
Marsabit	288,900,000
Nyamira	940,700,000
Elgeyo Marakwet	425,900,000
Isiolo	245,500,000
Tharaka Nithi	333,500,000
Vihiga	494,200,000
Homa Bay	1,024,200,000
Siaya	1,097,800,000
Turkana	1,473,100,000
Bomet	505,600,000
Taita Taveta	897,900,000
Samburu	164,000,000
Nandi	635,500,000
Kwale	1,330,800,000
Makueni	2,070,700,000
Nyandarua	932,800,000
Baringo	516,900,000
Trans Nzoia	1,848,400,000
Busia	853,600,000
Kisii	1,513,400,000
Migori	913,500,000
Kirinyaga	1,167,600,000
Kitui	1,044,300,000
Embu	987,000,000
Kericho	1,329,600,000
Laikipia	917,500,000
Meru	2,645,800,000
Kakamega	2,905,700,000



Murang'a	1,398,800,000
Bungoma	1,428,000,000
Kilifi	2,503,900,000
Kajiado	6,798,900,000
Nyeri	2,065,800,000
Uasin Gishu	2,547,800,000
Kisumu	7,107,000,000
Machakos	6,186,500,000
Narok	2,198,600,000
Kiambu	12,841,300,000
Nakuru	6,947,500,000
Mombasa	10,327,500,000
Nairobi City	77,907,800,000

ANNEX 4: 2018/19 OSR AND GROSS COUNTY PRODUCT 2017 CURRENT

COUNTY	2018-19- OSR	GCP 2017
Baringo	359,321,520.00	92,866,000,000.00
Bomet	210,928,784.00	159,569,000,000.00
Bungoma	650,594,485.95	183,510,000,000.00
Busia	299,373,276.23	86,711,000,000.00
Elgeyo Marakwet	141,609,140.00	159,533,000,000.00
Embu	629,429,825.00	103,735,000,000.00
Garissa	108,224,630.00	39,394,000,000.00
Homa Bay	93,166,735.00	114,198,000,000.00
Isiolo	161,767,322.39	15,851,000,000.00
Kajiado	883,662,297.58	107,807,000,000.00
Kakamega	896,660,752.00	182,565,000,000.00
Kericho	473,978,400.40	136,799,000,000.00
Kiambu	2,742,223,117.51	421,920,000,000.00
Kilifi	787,686,022.91	119,294,000,000.00
Kirinyaga	432,638,447.40	100,836,000,000.00
Kisii	330,948,262.66	163,546,000,000.00
Kisumu	842,816,399.00	194,490,000,000.00
Kitui	443,177,833.00	101,559,000,000.00
Kwale	315,025,181.00	86,280,000,000.00
Laikipia	815,790,157.00	81,096,000,000.00
Lamu	71,872,437.35	32,385,000,000.00
Machakos	2,209,150,000.00	232,859,000,000.00
Makueni	511,702,071.85	100,926,000,000.00
Mandera	89,016,890.00	35,103,000,000.00
Marsabit	124,104,969.52	34,073,000,000.00
Meru	550,089,828.45	229,646,000,000.00
Migori	380,215,287.75	96,338,000,000.00
Mombasa	3,705,398,047.00	332,120,000,000.00
Murang'a	704,030,420.15	173,018,000,000.00
Nairobi City	10,036,827,328.00	1,492,323,000,000.00
Nakuru	2,814,732,025.90	517,463,000,000.00
Nandi	286,325,013.00	119,692,000,000.00
Narok	2,922,383,715.25	179,225,000,000.00
Nyamira	165,447,570.00	103,238,000,000.00



Nyandarua	403,402,540.64	245,202,000,000.00
Nyeri	837,394,937.10	174,962,000,000.00
Samburu	243,888,543.05	26,503,000,000.00
Siaya	189,668,021.95	95,264,000,000.00
Taita/Taveta	332,712,552.00	51,381,000,000.00
Tana River	63,556,691.00	33,498,000,000.00
Tharaka -Nithi	242,951,703.00	67,691,000,000.00
Trans Nzoia	372,555,364.00	116,683,000,000.00
Turkana	175,028,751.31	78,301,000,000.00
Uasin Gishu	918,942,252.00	162,274,000,000.00
Vihiga	177,233,290.00	59,049,000,000.00
Wajir	60,123,112.00	37,160,000,000.00
West Pokot	118,829,438.00	46,785,000,000.00

ANNEX 5: NATIONAL RAISED REVENUE TRANSFERRED TO COUNTY GOVERNMENTS

County	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Baringo	3,281,383,323	3,926,106,431	4,656,934,428	5,233,961,425	5,549,975,184	5,827,026,254
Bomet	3,473,870,878	4,162,524,827	4,909,906,160	5,408,349,433	5,709,103,301	6,623,843,955
Bungoma	6,271,462,041	6,783,170,481	8,029,195,903	8,876,380,198	9,430,278,865	10,120,206,226
Busia	3,463,379,155	4,799,492,252	5,668,513,352	6,256,557,033	6,894,545,788	6,734,461,089
E/Marakwet	2,413,729,091	2,894,583,377	3,471,543,872	3,823,933,460	3,978,773,535	4,468,666,793
Embu	3,100,540,129	3,571,958,959	4,205,121,593	4,771,935,686	4,843,574,583	5,332,064,788
Garissa	4,431,683,790	5,190,150,287	6,351,245,243	6,911,228,790	7,518,607,376	8,107,741,132
Homa Bay	4,182,101,595	4,991,175,873	5,911,122,678	6,516,573,708	7,092,167,990	7,347,022,677
Isiolo	2,247,835,837	2,682,961,881	3,199,678,723	3,537,827,614	4,081,810,947	4,448,645,119
Kajiado	3,253,239,859	3,890,104,860	4,650,358,927	5,215,256,318	6,198,702,283	6,868,668,078
Kakamega	6,931,155,657	8,090,604,228	9,646,227,641	10,703,578,916	11,062,919,682	12,151,853,991
Kericho	3,353,059,897	3,973,438,352	4,748,554,101	5,252,797,896	5,656,013,322	6,462,014,445
Kiambu	5,980,601,386	6,707,156,605	8,207,917,647	9,264,204,773	10,927,610,972	12,743,464,400
Kilifi	5,518,308,482	6,574,938,022	7,842,163,405	8,563,981,588	10,650,268,698	12,071,640,899
Kirinyaga	2,621,282,589	3,122,463,813	3,727,560,086	4,159,808,773	4,876,384,036	4,667,131,239
Kisii	5,487,250,383	6,361,766,497	7,772,145,310	8,664,058,165	8,592,553,305	9,188,768,347
Kisumu	4,615,876,577	5,262,002,848	6,324,406,000	6,994,542,675	7,369,015,486	8,668,928,630
Kitui	5,348,827,428	6,407,041,897	7,583,499,487	8,389,946,573	9,340,897,458	9,642,235,292
Kwale	3,788,132,670	4,531,614,262	5,405,264,065	5,986,544,213	7,781,601,282	8,250,731,235
Laikipia	2,557,539,642	3,037,429,843	3,651,034,608	4,104,689,637	4,954,234,811	4,849,785,160
Lamu	1,509,775,102	1,802,318,513	2,172,952,802	2,509,540,339	2,756,251,476	4,035,239,884
Machakos	5,114,071,345	6,134,394,187	7,346,493,531	8,166,790,848	8,376,122,984	10,348,955,784
Makueni	4,403,546,303	5,255,759,064	6,234,615,763	6,857,630,551	7,606,334,087	8,201,942,271
Mandera	6,569,847,929	7,851,533,937	9,224,728,949	10,084,615,714	10,354,026,318	11,281,577,308
Marsabit	3,805,077,542	4,554,700,287	5,363,688,014	5,861,348,668	7,021,526,717	7,823,178,728
Meru	5,006,846,175	5,811,720,035	8,068,730,716	8,695,004,808	8,690,203,884	9,353,128,740
Migori	4,339,034,161	5,178,050,161	6,179,702,331	6,742,468,649	6,996,366,222	7,820,468,252
Mombasa	4,291,377,471	4,805,790,006	5,856,541,422	6,460,495,121	8,966,848,169	9,352,443,798
Murang'a	3,964,995,471	4,733,688,227	5,605,841,727	6,224,115,350	6,717,512,470	6,825,658,407
Nairobi	9,729,818,320	11,441,036,548	13,534,170,793	14,946,783,245	16,323,790,299	16,155,037,800
Nakuru	6,647,425,748	7,503,232,007	8,909,150,835	9,841,244,944	10,330,202,245	11,705,865,445
Nandi	3,513,121,827	4,196,573,747	4,958,627,028	5,469,004,415	5,566,010,582	6,059,176,633
Narok	3,897,497,831	4,664,355,024	5,537,068,743	6,064,109,450	7,144,507,576	7,033,037,443



Nyamira	3,081,787,287	3,684,498,196	4,358,048,612	4,831,602,226	5,119,041,340	5,392,141,405
Nyandarua	3,176,663,544	3,797,904,157	4,490,760,352	4,936,245,833	5,438,755,918	5,851,792,816
Nyeri	3,685,716,476	4,138,865,733	5,042,278,330	5,600,339,382	5,748,259,017	6,365,159,120
Samburu	2,604,240,722	3,118,803,006	3,700,905,733	4,080,440,211	4,206,339,743	5,009,568,253
Siaya	3,717,804,335	4,436,323,009	5,246,071,112	5,797,489,075	6,082,340,216	6,617,589,780
Taita Taveta	2,443,413,498	2,922,341,963	3,488,332,869	3,842,745,714	4,264,020,622	4,594,827,610
Tana River	2,921,556,211	3,495,601,069	4,137,496,801	4,627,810,651	5,713,763,880	6,022,998,660
T/Nithi	2,316,285,957	2,764,643,356	3,305,463,744	3,652,470,953	4,029,081,994	4,101,461,962
Trans Nzoia	3,768,041,967	4,490,618,357	5,323,073,849	5,856,599,951	6,134,099,222	6,530,339,029
Turkana	7,674,315,857	9,178,804,658	10,748,014,432	11,709,814,817	10,804,298,494	11,535,858,600
Uasin Gishu	3,811,462,902	4,564,237,642	5,390,581,097	5,947,601,606	6,175,278,868	7,261,061,866
Vihiga	2,860,896,942	3,420,828,036	4,054,531,396	4,470,649,135	4,843,027,689	5,221,923,141
Wajir	5,311,159,775	6,355,760,549	7,470,850,704	8,159,999,887	8,716,567,070	9,418,866,978
West Pokot	3,177,935,726	3,795,568,370	4,511,622,736	4,942,855,225	5,171,692,585	5,592,259,659

ANNEX 6: OSR AS A PERCENTAGE OF GROSS COUNTY PRODUCT

County	OSR 2018/19	GCP	(OSR/GCP)%
Baringo	359,321,520.00	92,866,000,000.00	0%
Bomet	210,928,784.00	159,569,000,000.00	0%
Bungoma	650,594,485.95	183,510,000,000.00	0%
Busia	299,373,276.23	86,711,000,000.00	0%
Elgeyo Marakwet	141,609,140.00	159,533,000,000.00	0%
Embu	629,429,825.00	103,735,000,000.00	1%
Garissa	108,224,630.00	39,394,000,000.00	0%
Homa Bay	93,166,735.00	114,198,000,000.00	0%
Isiolo	161,767,322.39	15,851,000,000.00	1%
Kajiado	883,662,297.58	107,807,000,000.00	1%
Kakamega	896,660,752.00	182,565,000,000.00	0%
Kericho	473,978,400.40	136,799,000,000.00	0%
Kiambu	2,742,223,117.51	421,920,000,000.00	1%
Kilifi	787,686,022.91	119,294,000,000.00	1%
Kirinyaga	432,638,447.40	100,836,000,000.00	0%
Kisii	330,948,262.66	163,546,000,000.00	0%
Kisumu	842,816,399.00	194,490,000,000.00	0%
Kitui	443,177,833.00	101,559,000,000.00	0%
Kwale	315,025,181.00	86,280,000,000.00	0%
Laikipia	815,790,157.00	81,096,000,000.00	1%
Lamu	71,872,437.35	32,385,000,000.00	0%
Machakos	2,209,150,000.00	232,859,000,000.00	1%
Makueni	511,702,071.85	100,926,000,000.00	1%
Mandera	89,016,890.00	35,103,000,000.00	0%
Marsabit	124,104,969.52	34,073,000,000.00	0%
Meru	550,089,828.45	229,646,000,000.00	0%
Migori	380,215,287.75	96,338,000,000.00	0%
Mombasa	3,705,398,047.00	332,120,000,000.00	1%
Murang'a	704,030,420.15	173,018,000,000.00	0%
Nairobi City	#####	998,160,000,000.00	1%
Nakuru	2,814,732,025.90	517,463,000,000.00	1%
Nandi	286,325,013.00	119,692,000,000.00	0%
Narok	2,922,383,715.25	179,225,000,000.00	2%
Nyamira	165,447,570.00	103,238,000,000.00	0%



Nyandarua	403,402,540.64	245,202,000,000.00	0%
Nyeri	837,394,937.10	174,962,000,000.00	0%
Samburu	243,888,543.05	26,503,000,000.00	1%
Siaya	189,668,021.95	95,264,000,000.00	0%
Taita/Taveta	332,712,552.00	51,381,000,000.00	1%
Tana River	63,556,691.00	33,498,000,000.00	0%
Tharaka -Nithi	242,951,703.00	67,691,000,000.00	0%
Trans Nzoia	372,555,364.00	116,683,000,000.00	0%
Turkana	175,028,751.31	78,301,000,000.00	0%
Uasin Gishu	918,942,252.00	162,274,000,000.00	1%
Vihiga	177,233,290.00	59,049,000,000.00	0%
Wajir	60,123,112.00	37,160,000,000.00	0%
West Pokot	118,829,438.00	46,785,000,000.00	0%

