COMMISSION ON REVENUE ALLOCATION

SUB - SECTOR REPORT
2026/27 AND THE MEDIUM TERM

OCTOBER 2026

CONTENTS

LIST OF TABLES

LIST OF ACRONYMS AND ABBREVIATIONS

Abbreviation	Detail
A-I-A	Appropriation-In-Aid
BROP	Budget Review Outlook Paper
CIDP	County Integrated Development Plan
CoGs	Council of Governors
CoK	Constitution of Kenya
COVID	Corona Virus Diseases
CPER	Comprehensive Public Expenditure Review
CRA	Commission on Revenue Allocation
FY	Financial Year
GDP	Gross Domestic Product
GoK	Government of Kenya
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
KM	Knowledge Management
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MDA	Ministries Departments Agencies
MTEF	Medium Term Expenditure Framework
MTPs	Medium Term Plans
PAIR	Public Administration and International Relations
PBB	Programme-Based Budget
PC-ERS	Post COVID-19 Economic Recovery Strategy
PFMA	Public Finance Management Act
SAGAs	Semi-Autonomous Government Agencies

EXECUTIVE SUMMARY

The Commission on Revenue Allocation (CRA) was established under Article 215 of the Constitution of Kenya, with the principal function of recommending the basis for equitable sharing of nationally raised revenue between the national government and county governments, as well as among the counties themselves. CRA also advises on financial management and financing of county governments, promotes fiscal responsibility, and regularly reviews policies to identify marginalized areas eligible for the Equalization Fund. The Commission plays a critical role in supporting Kenya's devolved governance model by ensuring resources are distributed fairly to promote equitable development across regions.

Over the recent financial years, CRA has made significant progress in fulfilling its mandate, including producing timely and constitutionally compliant revenue sharing recommendations, engaging extensively with stakeholders at all levels of government, and enhancing the county's own source revenue mobilization efforts. The Commission has also strengthened public financial management practices through capacity building, policy development, and financial oversight. Budgetary constraints and operational challenges have somewhat limited the full realization of planned activities, prompting CRA to advocate for increased funding and improved resource allocation efficiency.

CRA's medium-term financial plan outlines priorities to consolidate gains and address emerging challenges. Key focus areas include advancing equitable revenue distribution mechanisms, enhancing county fiscal responsibility frameworks, supporting counties in revenue enhancement and automation, and refining policies for marginalized area identification and support. Additionally, CRA aims to modernize its technological infrastructure and expand institutional capacity to better serve its mandate.

In conclusion, CRA remains steadfast in its commitment to fostering fiscal decentralization, equitable resource sharing, and prudent financial management as integral to Kenya's national development agenda. It acknowledges challenges such as non-compliance by some counties, cybersecurity risks, outstanding pending bills, and staffing shortages, and is putting in place strategies to mitigate these issues. The Commission's recommendations emphasize the need for sustained funding, enhanced stakeholder collaboration, technological advancement, and human resource strengthening to continue delivering high-impact results in line with constitutional provisions and national development objectives.

CHAPTER ONE
INTRODUCTION

1.1. Background

The Commission on Revenue Allocation (CRA) is established under Article 215 of the Constitution of Kenya. The principal function of the Commission is to make recommendations concerning the basis for the equitable sharing of revenue raised by the national government between the national and county governments and among the county governments. The Commission also makes recommendations on other matters concerning the financing of, and financial management by, county governments, as required by the Constitution and national legislation. In formulating its recommendations, the Commission seeks to promote and give effect to the criteria set out in Article 203(1) of the Constitution. When appropriate, the Commission is required to define and enhance the revenue sources of the national and county governments, and also to encourage fiscal responsibility. Further, the Commission is required to determine, publish, and regularly review a policy in which it sets out the criteria by which to identify the marginalised areas for purposes of Article 204(2) of the Constitution.

1.2. Linkage of the Commission's Strategic direction with Vision 2030, MTP IV, and Bottom-Up Economic Model.

The Fourth Medium Term Plan (MTP IV) of Kenya Vision 2030, spanning from 2023 to 2027, is designed to realize the aspirations of the five core sectors underpinning the Kenya Kwanza Government's Bottom-Up Economic Transformation Agenda (BETA). This agenda aims to drive economic revitalization and inclusive growth. The five pillars of focus are Agricultural Transformation; Micro, Small, and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and the Digital Superhighway and Creative Industry. The Government intends to enhance investments in these pillars, which are anticipated to significantly impact both the economy and household welfare. To support these initiatives, strategic interventions will be pursued through key enablers including, but not limited to, infrastructure development, manufacturing, the blue economy, the services economy, and governance.

The Commission will continue to play a vital role in the achievement of Kenya Vision 2030, its Medium-Term Plans, and BETA by supporting devolution under the political pillar of the Vision. This will be accomplished by ensuring the equitable distribution of revenue between the national and county governments, as well as among the county governments themselves. Through its policy recommendations, the Commission will promote the efficient use of resources and encourage public participation in resource management, as mandated by the Constitution of Kenya.

1.3. Sub Sector Vision and Mission

Vision - No Kenyan Left Behind

Mission - To make reliable recommendations on equitable revenue sharing, revenue enhancement and prudent public financial management.

Strategic Goals / Objectives of the Sub Sector

To make reliable recommendations on how nationally raised revenues shall be equitably shared between national and county governments and among county governments for equitable development and prosperity.

1.4. Sub-Sector's Mandate

The Commission on Revenue Allocation's principal mandate is to make recommendations on the basis for equitable sharing of revenue raised nationally between the national and county governments and among the county Governments.

Other functions of the Commission include making recommendations on various matters concerning the financing and financial management of county governments. It is tasked with defining and enhancing the revenue sources for both the national and county governments, as well as encouraging fiscal responsibility. The Commission determines, publishes, and regularly reviews policies to identify marginalized areas for purposes of the Equalization Fund, and must be consulted with its recommendations considered before Parliament passes any Bill appropriating money from this Fund. Additionally, the Commission is consulted on financial legislation affecting counties. It holds the responsibility to protect the sovereignty of the people, secure compliance by all State organs with democratic values and principles, and to promote constitutionalism as outlined in Article 249.

1.5. Autonomous and Semi-Autonomous Government Agencies

None. The Commission is independent as provided in Chapter 15 of the Constitution with objects to;

i. Protect the sovereignty of the people;
ii. Secure the observance by all State organs of democratic values and principles; and
iii. Promote constitutionalism.

1.6. Role of Sub-Sector's Stakeholders

Table 1.1 summarizes the main stakeholders and their role in the Commission's mandate.

Table 1.1: Role of Sub-Sector Stakeholders

Stakeholder	Role of the Stakeholder
The Parliament	• Pass the revenue sharing legislations (DORB, CARB and County Additional Allocation Revenue Bill in line with the Commission's recommendations • Allocate adequate financial resources to enable the Commission to effectively discharge its constitutional mandate • Consultation, collaboration and cooperation.
The National Executive	The national executive implements legislations passed by Parliament. It is therefore a critical partner in enhancing intergovernmental fiscal relations. The Commission expects National Treasury to consider its recommendations while drafting the revenue sharing legislation. Further, National Treasury is required to provide reasons if it deviates from the Commission's recommendations
County Governments	County Governments consisting of county executives and assemblies both require the Commission to provide recommendations, which ensure that they have adequate resources to undertake devolved functions and strengthen their financial management systems. The Commission expects them to be prudent in the use of public resources allocated to them; This is achieved through regular engagements with Council of Governors (COG), County Assemblies Forum (CAF) and The Society of Clerks at The Table in Kenya SOCATT (K)
Civil society organization and Non-state actors	Civil Society Organizations expect the Commission to make recommendations that are fair and inclusive of public views. The Commission expects them to interrogate the recommendations and provide objective contributions for consideration.
Media	Media provides a platform for creating awareness of the Commission's recommendations. The media expects the Commission to package its recommendations in intelligible manner for communication to the public. The Commission expects the media to report on its recommendations accurately and provide platform for feedback on the recommendations.
The academia and research institutions	Academic and Research Institutions play a critical role in validating various findings of the Commission that inform its recommendations. The Commission expects that they complement its research work by conducting other studies on similar or related issues. They expect the Commission to make its recommendations and policy based on sound research.

Stakeholder	Role of the Stakeholder
Development partners	Development Partners support the Commission in fulfilling its mandate by providing both technical and financial assistance. They expect that the Commission will use the assistance to enhance the quality of its recommendations.
The Public	The General Public supports the Commission by participating in forums when called upon to give views on recommendations. The Commission expects the public to be informed of the recommendations and policies developed for constructive engagement. On the other hand, the public expects the Commission to provide recommendations that ensure that revenue is equitably shared.
Constitutional Commissions and Independent Offices (CCIOs)	Constitutional Commissions and Independent Offices (CCIOs) protect the sovereignty of the people, ensures that all state organs observe democratic values and principles; and promote constitutionalism. The Commission works closely with these institutions particularly the Controller of Budget, The Auditor General and Salaries and Remuneration Commission to effectively discharge its key mandate on equitable allocation of revenue and prudent financial management

CHAPTER TWO

ANNEX 4: PROGRAMME PERFORMANCE REVIEW REPORT 2023/24 – 2025/26

Vote No: 2061

Vote Name: Commission on Revenue Allocation

Programme: Inter-government revenue and financial matters.

2. 0 Review of Sub-Sector's Programme Performance.

During the reporting period, the Commission made substantial progress in fulfilling its mandate. This section outlines the key accomplishments of the Commission in relation to the four sub-programmes.

2.1 General Administration and Support Services (SP 1)

2.1.1 Planning and Oversight

The directorate spearheaded the development of comprehensive annual work plans, cash flow projections/cash plans, training plan, and procurement plans. This was important in ensuring prudent financial management, regulatory compliance with PFMA and IPSAS, and operational efficiency and effectiveness in executing the Commission mandates.

2.1.2 Unqualified Audit Opinion

The Commission's financial statements were prepared in accordance with the applicable International Public Sector Accounting Standards (IPSAS). These statements presented fairly, in all material respects, the financial position, results of operations, and cash flows of the Commission for the reporting period.

The Commission received unqualified audit opinions on all three of its accounts, i.e. the Commission on Revenue Allocation (CRA) main account, Staff Mortgage Account, and Staff Car Loan Account, for FY 2024/25; FY 2023/24 and FY 2022/23. This outcome affirms the accuracy, reliability, and compliance of the Commission's financial reporting with relevant accounting standards and legal requirements. It reflects the Commission's unwavering commitment to transparency and accountability, evidenced by effective financial resource controls, meticulous record-keeping, and timely disclosure of financial information to stakeholders. Through adherence to these high standards, the Commission strengthens public trust and ensures responsible stewardship in utilisation of public funds.

2.1.3 FiRE Awards FY 2023/24 (2^{nd} Runners Up)

For the third consecutive year since joining the FiRe Awards competition in 2023, the Commission was awarded **Second Runners-Up** in the Commissions and Independent Offices category under the IPSAS Accrual framework at the 2025 Financial Reporting (FiRe) Awards. This accolade underscores the Commission's unwavering commitment to accountability and transparency in public financial management.

The achievement highlights the Commission's consistent adherence to sound accounting practices, timely preparation and disclosure of financial statements, and implementation of robust internal controls to safeguard public resources. It demonstrates ongoing efforts to foster a culture of accountability, ensuring financial information is accurate, complete, and accessible to oversight bodies, stakeholders, and the public. In effect, this enables effective tracking of resources for their intended purposes, with visible outcomes that strengthen public trust and exemplify responsible stewardship in accordance with constitutional mandates and fiscal discipline.

2.1.4 Commitment to Budget Ceilings

The Commission demonstrated strong financial management during the three financial years, with overall budget absorption consistently above **88%** and reaching **99.4%** in FY 2024/25. Most technical programmes recorded near-complete utilization of allocated resources, indicating effective implementation of core constitutional mandates. The comparatively lower absorption under General Administration and Planning in FY 2025/26 was due to some systemic challenges that hinder 100% absorption of allocated budget. Overall, the expenditure pattern reflects prudent utilization of public resources and sustained commitment to delivering the Commission's strategic objectives.

2.1.5 Revised Organizational Structure

The Commission is in the process of reviewing its human resource instruments, including the workload analysis and staff establishment, career progression guidelines, grading structure, and Human Resource Policy and Procedures Manual. Implementation of the revised instruments is scheduled for the 2026/27 financial year. The review responds to deficiencies identified through external audits and stakeholder engagements, specifically gaps in staffing levels, unclear role definitions, and weaknesses in inter-departmental coordination. The updated instruments will support targeted recruitment of specialized personnel for critical functions, streamline reporting lines, and improve the allocation of human resources. The resulting organogram will enhance the Commission’s capacity to discharge its constitutional mandate, reduce service-delivery bottlenecks, and foster an agile, accountable workforce aligned with national priorities within existing fiscal constraints.

2.1.6 Training of staff members

In the third quarter of financial year 2023/2024, the Commissioners participated in an induction and training program on Leadership and Corporate Governance, organized by the Institute of Certified Secretaries (ICS). The training covered various topics, including Leadership, Communication, and Legal Affairs, among others. Additionally, in the reporting period, the Commission implemented its annual training programme in line with strategic objectives, prioritizing capacity building in public financial management, IPSAS compliance, policy analysis, and leadership development. The programme targeted 25 participants per year for three years drawn from Members of the commission and staff. Over the period FY 2023/24 to FY 2025/26, a total of 42 participants completed the training, representing 56% of the three-year target.

2.1.7 Onboarding of E-GP

The Commission successfully implemented the electronic government procurement system as per the government directive in the procurement of goods, works and services in the FY 2025/26. The implementation of the e-GP system has enhanced operational efficiency, transparency, and accountability.

2.1.8 Public outreach

The Commission significantly expanded its public outreach, achieving a fivefold increase in online audience reach—from 40,000 views in 2023 to over 200,000 in 2026—demonstrating enhanced visibility and engagement. Engagement levels rose markedly from 0.7% in July 2023 to 17.9% in June 2026, reflecting a substantial improvement in audience interaction and content effectiveness. Over the same period, the Commission's social media audience grew by more than 63%, from 10,700 in July 2023 to 17,471 in June 2026, indicating steady and sustained online community growth.

Further, the Commission actively participated in numerous conferences, legislative forums, exhibitions and field visits—including the Devolution Conference, 5th Legislative Summit, 1st Urban Forum, Africities Conference, the Employment and Labour Relations Court Annual Symposium, the Mt. Kenya ASK Show, among others, reaching over 10,000 stakeholders. In addition, the Commission produced and disseminated more than 10 information, education and communication (IEC) materials, distributing over 15,000 copies, while enhancing digital access through its website. Website traffic more than doubled, growing from 84,707 visits in 2023 to over 160,000 visits in 2025, while annual downloads increased by over 90% from 127 in 2023/24 to 244 in 2025/26, indicating significantly enhanced access to and demand for the Commission's digital content.

The Commission further strengthened its media presence and public visibility, securing over 500 mentions and features across digital, print, and electronic media through strategic press engagement. These integrated outreach efforts enhanced stakeholder awareness, improved uptake of the Commission's policy recommendations nationally and at the county level and reinforced the Commission's credibility.

2.1.9 Commission ICT Infrastructure

The Commission maintained a strong security and operational posture over the reporting period, ensuring that all information systems remained reliable and secure.

- Zero Security Incidents: No data breaches, malware infections, or unauthorized access attempts were successful. Our security stack and user awareness programs effectively neutralized all external and internal threats.
- High System Availability: We achieved 95% uptime across core systems. Planned maintenance was managed with minimal to no service disruption due to our resilient infrastructure.
- Preserved Data Integrity: All transactional and operational data remained fully intact and uncorrupted, ensuring that business decisions were based on accurate and reliable information.

2.2 Equitable Sharing of Revenue (SP 2)

2.2.1 Equitable Sharing of Revenue.

The Commission is mandated by Article 216(1) (a) of The Constitution of Kenya, 2010 to make recommendation concerning the basis for the equitable sharing of nationally raised revenue between the national and county governments and among the county governments. Further, Section 190 of the Public Finance Management (PFM) Act CAP 412A requires the Commission to submit its recommendations to the Senate, the National Assembly, the national executive, county assemblies and county executives at least six months before the beginning of the next Financial Year or at a later date agreed between the Cabinet Secretary and the Commission. The Commission agreed with the Cabinet Secretary and submitted the recommendation for the financial year 2026/27 on 21st January 2026.

Over the reporting period, the Commission prepared and submitted to Parliament the recommendations on the sharing of revenue between the national and county governments for the financial years 2024/25 and 2025/26 in December 2024 and December 2025, respectively, in line with the provisions of Section 190 of the Public Finance Management (PFM) Act CAP 412A. The Commission, also presented to Parliament the determination of each county's equitable share based on the Fourth Basis for revenue sharing.

During the preparation of the recommendations for the financial years 2024/25, 2025/26 and 2026/27 the Commission engaged various stakeholders. These include: The National Treasury; the Kenya Road Board; the intergovernmental Technical Relations Committee; County Governments, National Assembly, the Senate and the Intergovernmental Budget and Economic Council (IBEC).

2.2.2 Recommendations on Division of Revenue Bills, County Allocation of Revenue Bills and County Governments' Additional Allocation Bills

Article 205 requires that when a Bill that includes provisions dealing with the sharing of revenue, or any financial matter concerning county governments is published, the Commission on Revenue Allocation consider the provisions of the Bills and make recommendations to the National Assembly and The Senate. In fulfilment of this requirement, the Commission considered the Division of Revenue Bills (DoRB), County Allocation of Revenue Bills (CARB), and County Governments Additional Allocations Bills (CGAA) for 2024, 2025 and 2026, and made its recommendations to the National Assembly and The Senate.

2.2.3 Review of Budget Review and Outlook Paper, Budget Policy Statement and Debt Management Strategy

The Commission reviewed the 2025 draft Budget Review and Outlook Paper and 2026 draft Budget Policy Statement (BPS) and submitted its comments to the National Treasury. Further, the Commission reviewed the 2026 DMSP and submitted comments to the National Assembly and The Senate.

Section 25(5) of the CAP 412A requires that the National Treasury seeks and considers the Commission views on the Budget Policy Statement (BPS). The Commission reviewed the 2026 draft BPS and submitted its consideration to the National Treasury. Thereafter, the Commission reviewed the 2026 BPS and submitted its recommendations to the National Assembly and the Senate.

Similarly, and with the same constitutional requirements, the Commission reviewed the Budget Review and Outlook Paper, Budget Policy Statement and Debt Management Strategy for 2024 and 2025.

2.2.4 Preparation of the Fourth Basis for Revenue-sharing among County Governments

The Commission is mandated by Article 216(1) (b) to make recommendations on the basis for the equitable sharing of revenue among county governments. Article 217 provides that once every five years, the Senate shall, by resolution, determine the basis for allocating among the counties, the share of national revenue that is annually allocated to the county level of government.

During the review period, the Commission completed the preparation of its recommendation on the Fourth Basis for the sharing of revenue among county governments, and submitted to Parliament on 31 December 2024. The Fourth Basis for was approved by Parliament in June 2025 and will be used to share revenues among county governments for financial years, FY 2025/26 to FY 2029/30. In addition, the Commission in Financial year 2024/25, collected data from 24 counties to assess the impact of devolution on service provision. The report from the 24 counties partly informed the review of the Third Basis for revenue sharing among county governments. Further, during the 2025/26 financial year, the Commission finalized the Fourth Basis report and produced a popular version of the report on revenue sharing among county governments.

2.3 Public Financial Management (SP 3)

2.3.1 Recommendation on Recurrent expenditure budget ceilings for County Government

The Commission is mandated under Article 216(2) of the Constitution of Kenya to make recommendations on the financing of, and financial management by, County Governments. Further, the Public Finance Management Act CAP. 412 A, Section 107 (2A) states that "Pursuant to Articles 201 and 216 of the Constitution and notwithstanding subsection (2), the Commission on Revenue Allocation shall recommend to the Senate the budgetary ceilings on the recurrent expenditures of each County Government".

In fulfilment of the above function the Commission prepared and submitted to the Senate annual recommendation on recurrent budget ceilings for FY 2026/2027 on 13th January 2026. The recommendation for the County Recurrent Expenditure Budget Ceilings for 2026/27 was costed to be KES 64,442,665,147.00, comprising of KES 39,192,038,271.00 for County Assemblies and KES 25,250,626,877.00 for County Executives.

In preparation of this recommendations, the Commission engaged the following stakeholders; the Society of Clerks at the Table (SOCATT), the County Assemblies Forum (CAF), the leadership of the Council of Governors (COG), and the County Executive Committee Members' Finance Caucus. In addition, a consultative workshop was held bringing together representatives from County Assemblies, County Executives, and other institutions. These engagements were conducted in line with Article 201(a), which emphasizes openness, accountability, and public participation in financial matters.

Further, the Commission during the period under review, analysed, reviewed and made a recommendation to the Senate on 11th March 2026 on request by county governments for additional funding in the FY 2026/27 Ceilings.

In addition, and in accordance with the same constitutional requirement, the Commission prepared and submitted to Senate the Budget Ceilings for FY 2024/25 and FY 2025/26.

2.3.2 Enhanced Financial Management – ADPs, CFSPs and Financial statements reviewed

Pursuant to Article 216(2) of the Constitution, the Commission during the reporting period received and reviewed county financial statements and County Fiscal Strategy Papers (CFSPs), culminating in the preparation of the consolidated CFSPs Reports for 2024, 2025 and 2026.

The Commission also received and reviewed financial statements from Constitutional Commissions and Independent Offices (CCIOs), Ministries, Departments and Agencies (MDAs).

2.3.3 Enhanced compliance of PFM provision on the establishment of CBEFs and their effectiveness

In support of robust public financial management frameworks within county governments, the Commission promotes the establishment of County Budget and Economic Forums (CBEFs) in accordance with Section 137 of the Public Finance Management Act, CAP 412A. The primary mandate of CBEFs is to enable and facilitate public participation across the full spectrum of county budget processes, encompassing formulation through to implementation. To date, the Commission has supported the establishment of CBEFs in 39 counties and continues to monitor progress in the remaining 8 counties. Furthermore, the Commission conducts tailored training programs for these forums on a county-specific basis, contingent upon each county's readiness. During the reporting period the Commission trained Uasin Gishu county CBEF.

2.3.4 OSR Performance Stream by Stream Analysis Report

The Constitution mandates the Commission on Revenue Allocation in Article 216(3b) to define and enhance revenue sources for county and national governments. Article 209(3) further empowers County Governments to raise their own revenue by imposing property rates, entertainment taxes and any other tax that may be authorised by an Act of Parliament. County governments may also impose fees and charges on services they provide.

During the reporting period, the Commission analysed and prepared the report based on the information provided by the County's annual receiver of revenue statements for FY 2024/25 on the County's own generated revenues. The main objective of the report is to analyze the county's Own Sources Revenues (OSR) per stream to inform policymakers on the major revenue streams for decision making.

2.3.5 Own Source Revenue Mapping Guidelines for County Governments

In the review period, the Commission developed the Own Source Revenue (OSR) Mapping Guideline for County Governments with support from the Second Kenya Devolution Support Program (KDSP II), with funding from the World Bank. The Guidelines will assist county governments to identify, classify and define the existing and potential revenue streams to broaden the revenue base and consequently enhance OSR.

The guidelines provide a standardized process to help county governments conduct a comprehensive OSR mapping, encompassing both existing and potential revenue streams.

2.3.6 No. of bills reviewed on financial management and financing

During the reporting period, pursuant to Article 205 of the Constitution of Kenya, the Commission reviewed a total of 61 Parliamentary Bills and 9 County Bills relating to public financial management, and provided technical advice to support sound fiscal governance and promote prudent public financial management.

2.3.7 Dissemination County OSR Potential and Tariffs and Pricing Policy

The Commission, in collaboration with the World Bank, disseminated the Potential Study to six counties and facilitated the development of revenue enhancement action plans. Specifically, the Own-Source Revenue (OSR) Potential and Tariffs and Pricing Policy were disseminated to Nakuru, Murang'a, Bungoma, Kitui, Mandera, and Tana.

2.3.8 Revenue Enhancement to National & County Governments from Natural Resources

During the review period, the Commission initiated a study aimed at unlocking revenue opportunities within the Blue Economy to fully harness its potential. In the fiscal year 2023/24, the Commission conducted fact-finding missions to counties with significant water bodies to identify economic opportunities and revenue potential. The counties visited included Nakuru (inland), Kisumu and Homa Bay (Lake Basin), as well as Kilifi and Kwale (coastal ocean strip). However, the reports have not yet been disseminated to the respective counties due to budgetary constraints.

2.3.9 Finalization of the Mining (Mineral Royalty Sharing Regulations 2024).

The Draft Public Finance Management (Mineral Royalty Fund) regulations, 2017 were developed to provide a framework for sharing of mineral royalties among the National Government, County Governments and local communities. However, the Office of the Attorney General advised that an appropriate framework be developed under the Mining Act, Cap 306 where the relevant authority rests with the Cabinet Secretary for Mining, Blue Economy and Maritime Affairs. The task force finalized the draft Regulations that were subjected to public participation in September 2024.The task force meeting held between 16th -23rd June 2025 reviewed comments submitted by the public during stakeholder engagements and the Attorney General for inclusion and gazettement of the regulations that will pave way for the transfer of the Mining royalties to the County Governments and Local Communities.

2.3.10 Revenue forecasting model for use by County Governments

Section 4.3 of the National Policy to Support Enhancement of County Governments' Own Source Revenue (2018) mandated the National Treasury to develop a revenue forecasting tool for use by County Governments. It is in this regard that a Multi -Agency Team (MATT) was formed to spearhead the development of the revenue forecasting tool. The Commission on Revenue Allocation is a member of the multi-agency. The MATT has in consultation with County Governments and through funding from the second Kenya Devolution Support Program (KDSP II) harmonized existing forecasting frameworks into two preferred models namely (Centered Moving Average and Elasticity Based Models) conducted stakeholder engagements and recently validated the models in all the 47 County Governments in an exercise that ended in mid -April 2025.

The National Treasure's technical committee meeting held on 29th May 2025 at the National Treasury, reviewed, adopted the MATT report and approved the proposed forecasting models for onward submission to the steering Committee. Once approved by the steering committee the National Treasury shall table the approved proposed models as an agenda item in an Intergovernmental Budget and Economic Council (IBEC) meeting for adoption to facilitate its launch, roll- out and implementation by County Governments.

2.3.11 Dissemination County OSR Potential and Tax Gap Study

The Commission, in collaboration with the World Bank, disseminated the potential study to 6 counties in FY 2024/25 and developed revenue enhancement action plans. The 6 counties were Kisumu, Bungoma, Nandi, Machakos, Murang'a and Wajir, which will be launched in FY 2025/26. The Commission also capacity-built on OSR administration & collection and reviewed revenue collection systems for the following County Governments: Trans-Nzoia, Busia, Kajiado and Murang'a.

2.4 Transitional Equalization (SP 4)

2.4.1 Policy identifying marginalized areas

The Commission is mandated by Article 216(4) to determine, publish and regularly review a policy in which it sets out the criteria by which to identify the marginalised areas for purposes of sharing of the Equalisation Fund. The Equalisation Fund is a National Government Fund, used to provide basic services including water, roads, health facilities and electricity to marginalised areas, to the extent necessary to bring the quality of services in those areas to the level generally enjoyed by the rest of the nation, so far as possible.

In executing this mandate, the Commission undertook several activities in the financial year 2025/26. The Commission held a consultative retreat with the Equalisation Fund Advisory Board (EFAB) in October 2025 review the implementation of the First and Second Policies identifying marginalised areas and examine the challenges encountered in their implementation.

Together with EFAB, the Commission prepared a report on the status of implementation of the First and Second policies identifying marginalised areas. The report details the allocations to the Equalisation Fund, the status of implementation of Equalisation Fund projects in areas identified as marginalised and highlights the challenges experienced in the implementation of the policies.

The Commission also held consultative meetings with various stakeholders on review of the policy that sets the criteria for identifying marginalised, from 8th to 12thJune 2026 in Nairobi.

The stakeholders consulted were: Governors from 14 counties identified as marginalised in the First Policy, Governors from 34 counties identified as marginalised in the Second Policy, Members of The Senate Standing Committees on Finance and Budget, and National Cohesion, Equal Opportunity and Regional Integration, and Members of County Assemblies from beneficiary Wards under the Second Policy. The consultative meetings discussed the Report on the status of implementation of the projects under the First and Second Policies. The stakeholders also provided their oral submission on the review of Policy that sets the criteria for identifying marginalised areas. Reports on the consultative meetings have been prepared. Following the consultative meetings with various stakeholders on review of the policy that sets the criteria for identifying marginalised, the Commission held a retreat in Naivasha from 15th to 19th June 2026 to discuss the stakeholder proposals on review of the policies that sets the criteria for identifying marginalised areas.

ANNEX 4(A) REVIEW OF PROGRAMME PERFORMANCE FOR FY 2023/24– 2025/26

Table 2.1: Analysis of Programme Targets and Actual Targets

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
Programme: Inter-government revenue and financial matters.									
SP 1: General Administration and Support Services (GA)									
Sub programme 1: General Administration and Support Services	Efficient and effective Financial management	Unqualified Audit opinion	3	3	3	3	1	3	Financial statements for CRA Main A/c, Staff Mortgage A/c, and Staff Car Loan Scheme A/c) for 2023/24, 2024/25 and 2025/26
		No. of Annual work plan, Annual Cash flow projection and Annual Cash plan Reports prepared.	3	3	3	3	3	3	The three reports are prepared to assist the Commission in budget implementation and proper Financial management.
		No. of Annual Budget Reports	4	4	4	4	4	4	Baseline Report, Programme Performance Review Report (PPR), Programme-Based Budget Report (PBB), and Sub-Sector Report (SSR).

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
		Annual report and Financial Statements	1	1	1	1	1	1	The FY 2022/23, 2023/24 and 2024/25 reports were compiled and printed.
	Report on National Values and principles of governance	No. of Annual Presidential Reports on National Values and principles of governance	1	1	1	1	1	1	Report prepared and submitted highlighting the four (4) commitments by the Commission as provided in subsequent year
	Enhance Staff motivation	No. of Reports on Work environment & employee satisfaction surveys	2	-	2	-	-	-	Target shortfall due to budgetary constraints
		Workload analysis report			-			1	The activity was completed, culminating in the preparation of a report that has informed the development of the Commission's organogram
		No. of Commissioners and staff trained	25	25	25	2	21	19	Target shortfall due to budgetary constraints

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
		No. of cumulative Car Loan applications facilitated	15	20	25	10	10	10	Based on requests. There were no new applications over the reporting period.
		No. of cumulative staff Mortgage Loan applications facilitated	30	35	40	26	29	31	Based on request and availability of funds.
	Enhance operational efficiency	No. of vehicles procured	2	2	3	-	1	3	Enhanced fleet. Three vehicles were acquired and allocated in the supplementary estimates.
		No. of Revised Policy Manuals (Updated manuals on Finance, HR, Procurement, ICT and Communications)	-	7	5	-	-	1 (Draft HR Policy)	Streamlined Operations. The operational manuals include HR, Finance, Procurement, ICT, and Communication
		CRA's QMS ISO9001:2015 Certification	-	1		-	-		Activity suspended due to budgetary constraints

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
		No. of Software and software licenses installed	-	-	17	-	-	2	Enhanced and secure ICT Software Infrastructure.
		No. of hardware procured and maintenance agreements signed	-	-	15	-	-	-	Shortfall due to budgetary constraints
	Efficient and effective procurement and store management	Annual procurement plan	1	1	1	1	1	1	Prepared and submitted on the stipulated time
		No. of reports on preferences and reservations (AGPO)	2	2	2	2	2	2	Reports prepared and submitted on time
	Effective oversight	No. of Audit committee meetings	4	6	6	4	5	5	The Audit Committee held three (3) quarterly meetings and two (2) Special Meetings. Quarter 4 meeting to be held on 2nd July, 2026.
		No. of Audit committee induction/training reports	-	-	1	-	-	1	The Audit Committee attended one (1) workshop for Board Audit Committees in August 2025.

Sub programme s	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/2 4	24/25	25/26	23/2 4	24/2 5	25/26	
A	B	C	D	E	F	G	H	I	J
		No. of Report on joint retreat (training) of the commissioners, audit committee, and senior management.	-	-	1	-	-	-	The retreat was not held due to insufficient budgetary allocation.
	Enhanced governance, risk management, and internal control systems.	No. Risk-Based Internal Audit Plans			1			1	One (1) audit plan developed outlining audit areas that have the highest risk to achievement of the Commission's strategic objectives.
		No. of internal Audit reports	10	6	8	6	5	6	Six (6) internal audit reports completed and presented to Management and the Audit Committee. Finalization of two (2) Economic Affairs and Fiscal Affairs Directorates audit reports is ongoing.
	Increased public awareness and education on	No. of key stakeholders directly engaged on CRA Recommendations	300	700	450	400	600	-	Limited workshops and county visits not conducted due to budgetary constraints. County outreach for public education remains limited.

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
	the CRA mandate	No. of Surveys conducted on CRA's external image and staff knowledge of CRA's mandate and functions	2	-	2	-	-	-	Suspended due to budgetary constraints
		No. of public outreach activities conducted			8			4	Commission actively participated in numerous conferences, legislative forums, exhibitions and field visits—including the Devolution Conference, 5th Legislative Summit, 1st Urban Forum, Africities Conference, the Employment and Labour Relations Court Annual Symposium, the Mt. Kenya ASK Show; Limited online subscriptions to facilitate digital content creation and digital campaigns; mass media engagement due to budgetary constraints

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**	**J**
	CRA regulations and Litigation risk management	CRA regulations developed	-	10		-	10		
SP2: Equitable Sharing of Revenue (ESR)									
Sub Programme 2: Equitable Sharing of Revenue	Equitably shared revenue between the National and County governments	No. of annual recommendations on the equitable sharing of revenue between the national and county governments	1	1	1	1	1	1	The FY 2024/25; 2025/26 and 2026/27 recommendations on the sharing of nationally raised revenues between the national and county governments were prepared and submitted to the Senate, National Assembly, county assemblies, and the national and county executives.
		No. of recommendations on Bills that deal with the sharing of revenue (DoRB, CARB, CGAAB)	3	3	3	3	3	3	Recommendations on the 2024; 2025 and 2026 DoRB, CARB, & CGAAB were submitted to the National Assembly and the Senate.

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
		No. of policy documents reviewed and comments submitted to the National Assembly and the Senate (BROP, BPS, MTDMS)	3	3	3	3	3	3	Memoranda on the Draft BROP 2024; 2025, and 2026; and the Draft BPS for 2024/2025 and 2026 to the National Treasury were prepared and submitted
		No. of stakeholder engagements held on equitable sharing of revenue between the national and county governments	4	4	4	4	4	4	The Commission held consultations on its draft recommendation on the basis for sharing of revenue between the national and county governments with the National Treasury, civil society, Council of Governors, the National Assembly, the Senate, and the Intergovernmental Budget and Economic Council (IBEC) for the respective years.
	Revenue shared equitably	Report on assessment of the impact of devolution on service delivery (%)	-	50	50	-	50	-	The commission collected data and information in 24 Counties. The activity was commenced in FY

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
	among county governments								2023/24. Data for the other 23 counties could not be collected due to budget constraints in FY 2024/24. This assignment was discontinued in FY 2025/26 due to the three years lag in completion of the assignment. The Report on the assessment of the impact of devolution in 24 counties informed the review of the Third Basis for sharing among county governments.
		No. of reports on data needs for the Fourth Basis on revenue sharing among county governments	1	-		1	-	-	The data needs for preparation of the Fourth Basis for revenue sharing among county governments was collected from various published sources and cleaned up. In addition, data was collected based on the assessment of the impact of devolution

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
									on service delivery undertaken in 24 counties.
		Recommendation on the Fourth Basis for Revenue Sharing among County Governments	1	1	-	-	1	-	Recommendation was developed and submitted to Parliament in December 2024. Parliament approved the Fourth Basis in June 2025. The Fourth Basis will be used to share revenues among county governments for five years from FY 2025/26 to 2029/30.
		Report on the Fourth basis for revenue sharing among county governments			1			1	The Report on the Fourth Basis for Revenue Sharing basis was completed
		Popular version on the Fourth basis	-	1	1	-	-	1	The preparation of the popular Version of the Fourth Basis was completed
		Publish and publicize the Fourth Basis.	-	1		-	1	-	The downloadable report on the Fourth Basis is available online on the

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
									Commission website. The hard copies have not been printed due to budget constraints.
		Printing of the Fourth basis and Popular versions	-	-	3000	-	-	-	Publication of the Fourth Basis has not been done due to budget constraints. The Report is available on the Commission website
		County Factsheets (Fourth edition)	-	-	1	-	-	-	Not done due to budget constraints.
	Framework on Financing of cities and urban areas	No. of Recommendations incorporated in Vertical share	-	1		-	-	-	Framework developed and incorporated into Third Basis for revenue sharing basis among county governments for FYs 2020/21 – 2024/25. The Third Basis provided for a 5 percent allocation of the equitable share to county governments for the financing of urban areas and cities.

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
		No. of county governments supported to domesticate a framework for financing urban areas and cities	-	-	20	-	-	-	Target shortfall due to budget constraints
	National and county Government revenue & expenditure and Microeconomic data developed.	Update of database for national and county government statistics (%)	-	100		-	100	-	Data updated and used to develop the Fourth Basis for revenue sharing among county governments. The Commission continuously update its database data as and when the data becomes available from the various institutions
SP3: Public Financial Management (PFM)									
Sub Programme 3:	Recommendation on Recurrent expenditure	No. Annual recommendation on recurrent budget ceilings	1	1	1	1	1	1	Annual Recommendation on recurrent budget ceilings developed and submitted to the Senate on 13th January 2026

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
Public Finance Management	budget ceilings for County Government.								
	Reports and bills on Financial Management	No. of ADPs, CBs, CFSPS and Financial Statements reviewed	188	188	188	32	24	101	The commission received and examined FY 2024/25 financial statements from 27 County Executives, 27 County Assemblies, as well as CFSPs from 47 counties. CFSPs were reviewed and comments were shared with the Counties. There is need to continue encouraging counties to submitted the CFSPs as per the regulations.
		No. of Reports on County Fiscal Strategy Paper Reviews	1	1	1	1	-	1	The draft CFSP 2026 Report was prepared in quarter 4 and will be shared with County Assemblies and County Executives for validation; thereafter, it will be submitted to the Senate.

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
		No. of Reports on National and County Financial Management	-	-	1	-	-	1	A framework to analyze the FY2024/25 Financial Statements was developed. Four (4) draft reports were prepared a) Financial Statement Review Report FY 2024/25 for Constitutional Commissions and Independent Offices b) Financial Statement Review Report FY 2024/25 for County Assemblies c) Financial Statement Review Report FY 2024/25 for County Executives d) Financial Statement Review Report FY 2024/25 for State Departments
		No. of bills reviewed on financial management	15	47	47	9	20	29	The Commission reviewed 29 Bills on Financial management including: Public Service Human Resource Bill

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
		and financing (Finance bills)							(National Assembly Bill No. 51 Of 2024); The Constitution of Kenya (Amendment) Bill, 2025 (Senate Bill No. 13 Of 2025); Draft Sovereign Wealth Fund Bill, 2025; Health (Amendment) Bill, 2025; Energy (Amendment) Bill, 2025; Public Participation Bill, 2025; Electronic Equipment Disposal, Recycling and Reuse Bill, 2025; Creative Economy Support Bill,2025; The Nyeri County Finance Bill, 2025; Finance Bill, 2026; among others
		No. of regulations reviewed and recommendations made to parliament and the National Treasury	-	-	-	-	-	3	a) The Draft Public Finance Management (National Government) (Amendment) Regulations, 2026

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
									b) The Draft Public Finance Management (County Governments) (Amendment) Regulations, 2026 c) The Draft Public Finance Management (E-Citizen System Management) Regulations, 2026
	Compliance by Counties of the PFM provision on the establishment of CBEFs and their effectiveness	No. of Counties supported on CBEF establishment	47	47	-	34	34	-	Trainings done in several counties funded by the counties themselves. Following up on 13 Counties for establishment.
		No. of CBEFs being monitored for effectiveness	47	47	12	13	-	-	Activity not done due to budgetary constraints
		CBEF monitoring system developed (%)	40	100	-	-	-	-	Suspended due to budgetary constraints
		No. of Counties trained	-	-	9	-	-	1	Trained Uasin Gishu's CBEF
	Revenue Enhancement to National &	Framework for sharing mineral royalties to	75	100		-	75	100	Regulations were developed and are currently at the AG's office for final review.

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
	County Governments from Natural Resources	county governments and Communities (%)							
		Study on unlocking the revenue opportunities from the Blue Economy (%)	100	-	-	50	-	-	Concept note developed. The Commission visited inland water bodies, lake basin waters and Coastal counties for facts finding and developed reports on the same (Counties visit: Nakuru, Kisumu, Homa Bay, Kilifi, and Kwale).
	Counties supported on Revenue enhancement.	No. of Finance bills reviewed for both levels of Government	15	15	48	3	5	4	a) Finance Bill, 2026 b) Nyeri Finance Bill, 2025 c) Tariffs and Pricing Policy Bungoma d) Tharaka Nithi county financing of municipalities and urban areas bills, 2026
		County revenue forecasting tool developed	-	1	-	-	-	1	The County Revenue Forecasting tool was developed through a multi-agency team with the support of KDSP II

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
									(Moving Average and Elasticity Model)
		Dissemination County OSR Potential and Tax Gap Study	-	43		-	6	-	The Commission in collaboration with the World Bank disseminated the potential study to 6 counties and developed revenue enhancement action plans for Kisumu, Bungoma, Nandi, Machakos, Murang'a and Wajir counties. CRA capacity-built on OSR administration & collection and reviewed revenue collection systems for Trans-nzoa, Busia, Kajiado and Murang'a counties.
		No. of County Executives and Assembly trained on OSR	-	-	4	-	-	6	Dissemination of OSR Potential and Tariffs and Pricing Policy to (6) counties: Nakuru, Murang'a, Bungoma, Kitui, Mandera, and Tana River

Sub programme s	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
		Cost of County OSR Collection study for 42 Counties	-	-	20	-	-	-	Deferred to the next financial year to be implemented through an EU grant
		No. of Guidelines on County Revenue Mapping developed	-	-	1	-	-	1	Developed with the support of KDSP II
		No.of frameworks on cleaning tax registers and cadasters			1			-	Not done. The activity was to be done with the support of KDSP II.
		County Revenue Enhancement Action Plans (REAPs) developed	-	42	-	20	6	-	The Commission supported the development of 20 REAPs for the following counties (Kilifi, Makueni, Kisumu, Wajir, Isiolo, Lamu, Tana River, Narok, West Pokot, Busia, Nairobi, Meru, Nakuru, Kericho, Trans Nzoia, Kakamega, Kirinyaga Kisii, Mombasa, and Garissa. Further, in 2024/25, the Commission, with the support of the World Bank,

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
									supported the preparation of REAPs for 6 counties of Kisumu, Bungoma, Nandi, Machakos, Murang'a and Wajir. The REAPs for the 6 counties were to be launched in FY 2025/26.
		Capacity building of counties by the dissemination of the OSR potential study report			10			7	Supported Meru County and disseminated OSR potential to Bungoma, Kitui, Mandera, Murang'a, Nakuru and Tana River as a joint activity with Legal Department
		No. of counties supported on revenue automation.	-	15	20	-	5	-	Successfully assessed revenue management systems in five counties FY 2024/25, including the dissemination of the report. Despite multiple requests from other counties for revenue automation support, we were unable to meet their needs due to budget constraints.

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
		No. of frameworks on ranking counties by OSR performance	1	-		1	-		The activity was undertaken together with County ranking activity.
		Capacity building report on county OSR training	4	-		4	-		Four county-specific reports were prepared for the following counties: Makueni, Mombasa, Kericho, and Kilifi.
		County Governments TADAT training	-	-		8	-		The Commission coordinated and supported TADAT training of 8 counties (Machakos, Uasin Gishu among others). Tax Administration Diagnostics Assessment Tool (TADAT) which is an IMF program supported by TADAT Secretariat.
	Counties supported on own source revenue	No. of counties trained on OSR model laws & CRA mandate	23	47	47	3	6	-	Capacity building on model laws through the OSR training requested by counties FY23/24-Makueni, Mombasa, and Kericho

Sub programme s	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
	legislation and oversight								FY24/25-Bungoma, Kitui, Mandera, Murang'a, Nakuru and Tana River.
		No. of bills drafted on OSR for support of counties.	50	-		-	-	-	Suspended due to budgetary constraints.
		A model tariffs and pricing policy	1	-		1	-	-	Launched in FY2023/24
		No. of counties trained on model Tariffs and Pricing Policy	24	23		5	6	-	The following Counties were trained on the MTPP; FY23/24 five counties; Machakos, Mombasa, Kiambu, Nairobi and Makueni FY24/25 six counties; Bungoma, Kitui, Mandera, Murang'a, Nakuru and Tana River
	Fiscal Responsibility Framework	No. of Fiscal Responsibility Evaluation Framework.	1	-	-	-	-	-	Suspended due to budgetary constraints

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
		Fiscal Responsibility Index developed (%)	50	-		25	-		Concept note developed and approved. Parameters of Index identified and subjected
		Report on County PFM and OSR ranking	-	-	1	-	-	-	To be done in FY 2026/27
		Report on fiscal responsibility	-	-	1	-	-	-	To be done in FY 2026/27
	Mechanisms developed on Financing and financial management of county government. (Scaled up County Credit Rating to access	% of Market-Based County Borrowing product developed	50	-		-	-	-	Developed draft County Creditworthiness Initiative manual
		% of Market-Based County Borrowing product developed	50	-		-	-	-	Concept note developed and with CMA awaiting approval
		Framework for county ranking developed (%)	50	-		50	-	-	Concept note developed and approved. Draft Framework for County ranking developed. The draft framework was subjected to experts' review. Comments to be incorporated in the

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
	alternative financing)								FY 24/25 and thereafter be used to rank
SP4: Transitional Equalization and Stakeholder Engagement (TE)									
Sub programme 4: Transitional Equalization	Policy identifying marginalized areas	Report on the implementation of the First Policy	-	1	1	-	-	1	The Commission visited all the 14 marginalised counties to review implementation of the First policy in FY 2023/2024. Report on the assessment of implementation of the First Policy was done jointly with the Equalisation Fund Advisory Board
		Report on the implementation of the Second policy	-	-	1	-	-	1	Report on the implementation of the Second Policy was done jointly with the Equalisation Fund Advisory Board in FY 2025/26
		No. of stakeholder consultations of review	4	4	-	2	1	-	In F 2023/24, the Commission held Stakeholder engagements in 26

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
		of the Second Policy identifying marginalised areas							counties as part of the activities for the preparation of the Third Policy. The Commission also held consultations in FY 2025/26 with Governors from 14 counties identified as marginalised in the First Policy, Governors from 34 counties identified as marginalised in the Second Policy, Members of The Senate Standing Committees on Finance and Budget, and National Cohesion, Equal Opportunity and Regional Integration, and Members of County Assemblies from beneficiary Wards under the Second Policy

Sub programmes	Programme Output	Key Performance Indicators	Planned Target			Achieved Target			Remarks
			23/24	24/25	25/26	23/24	24/25	25/26	
A	B	C	D	E	F	G	H	I	J
		Third Policy identifying marginalized areas	1	1	1	-	-	-	The Third Policy has not been completed due to resource constraints occasioned by budget cuts.
		No. of reports Publish and publicized on the Third policy identifying marginalized areas	1	1	1	-	-	-	This activity will be undertaken once the preparation of the Third Policy is completed.
		Memoranda on the Equalization Bill	-	-	1	-	-	1	The Memorandum on the 2025 Equalisation Fund Appropriation bill was done and submitted to the Senate.

ANNEX 4(B): ANALYSIS OF EXPENDITURE TRENDS FOR FY 2023/24 – 2025/26

Table 2.2 Analysis of Recurrent Expenditure (Kshs. Million)

Analysis of Programme Expenditure By Economic Classification						
Classification	**Approved Budget**			**Actual Expenditure**		
	2023/24	**2024/25**	**2025/26**	**2023/24**	**2024/25**	**2025/26**
Gross	**516.8**	**380.8**	**488.2**	**459.6**	**378.9**	**452.1**
AIA		12.7	0.3		12.2	**0**
NET	**516.8**	**368.1**	**487.9**	**459.6**	**366.7**	**452.1**
Compensation to Employees	209.8	184.2	210.6	188.2	183.3	177.4
Transfers						
Other Recurrent	**76.5**	**94.1**	**91.9**	**65.8**	**93.9**	**91.6**
Utilities	6.7	5.8	5.7	6.2	5.6	5.5
Rent	28.7	51.5	51.7	18.6	51.5	51.7
Insurance	31.2	27.9	29.6	31.1	27.9	29.5
Subsidies						
Gratuity	-	4.2		0	4.2	
Contracted Guards and cleaning services	9.9	4.7	4.9	9.9	4.7	4.9
Others (Use of Goods)	230.5	102.5	185.7	205.6	101.7	183.1
TOTAL PROGRAMME	**516.8**	**380.8**	**488.2**	**459.6**	**378.9**	**452.1**
TOTAL VOTE	**516.8**	**380.8**	**488.2**	**459.6**	**378.9**	**452.1**

Table 2.2 presents the analysis of the recurrent approved budget against the actual expenditure during the period under review. The approved budget decreased from Ksh.516.8 million in FY 2023/24 to Ksh.380.8 million in FY 2024/25 and then slightly increased to Ksh. 488.2 Million in

FY 2025/26. The actual expenditure decreased from, Ksh.459.6 million in FY 2023/24 to Ksh.378.9 million in FY 2024/25 and slightly increased to Ksh.452.1 million in FY 2025/26.

Table 2.3 Analysis of Development Expenditure (Kshs. Million)

Not applicable in the reporting period.

Table 2.4 Analysis of Programme Expenditure (Kshs. Million)

Analysis of Programme Expenditure						
Programme	Approved Budget			Actual Expenditure		
	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
PROGRAMME 1:						
SP1. General Administration and Planning	484.3	330.8	444.9	427.4	328.8	410.4
SP2. Equitable Sharing of revenue	18.7	1.3	12.8	18.4	1.3	11.3
SP3. Public Finance Management	11.7	11.3	18.2	11.6	11.3	18.2
SP4. Transitional Equalization	2.2	2.8	12.3	2.2	2.8	12.2
SP5. 4^{th} Formula on Revenue Sharing	-	34.6		-	34.6	
TOTAL PROGRAMME	**516.8**	**380.8**	**488.2**	**459.5**	**378.7**	**452.1**
TOTAL VOTE	**516.8**	**380.8**	**488.2**	**459.5**	**378.7**	**452.1**

i. The Commission's approved recurrent budget experienced a decline from Ksh. 516.8 million in FY 2023/24 to Ksh. 380.8 million in FY 2024/25, and a slight increase to Ksh. 488.2 million in FY 2025/26.

ii. Actual expenditures for the same periods amounted to Ksh. 459.5 million, Ksh. 378.7 million, and Ksh. 452.1 million, respectively. Correspondingly, the absorption rates recorded were 88.9% for FY 2023/24, 99.4% for FY 2024/25, and 92.6% in FY 2025/26.

Table 2.5 Analysis by Category of Expenditure: Economic Classification (KShs. Million)

Vote	Economic Classification	Approved Budget			Actual Expenditure		
		23/24	24/25	25/26	23/24	24/25	25/26
2061	**Current Expenditure**	**516.8**	**380.8**	**488.2**	**459.6**	**378.7**	**452.1**
	Compensation to Employees	209.8	184.2	210.6	188.2	183.3	177.4
	Use of Goods	178.7	181.1	197.1	162.4	180.6	194.6
	Grants and Other Transfers	-	-	-	-	-	-
	Other Recurrent	128.3	15.5	80.5	109	14.8	80.1
	Capital Expenditure						
	Acquisition of Non-Financial Assets	-	-	-	-	-	-
	Capital Grants to Government Agencies	-	-	-	-	-	-
	Other Development	-	-	-	-	-	-
	TOTAL PROGRAMME	**516.8**	**380.8**	**488.2**	**459.6**	**378.7**	**452.1**
	TOTAL VOTE	**516.8**	**380.8**	**488.2**	**459.6**	**378.7**	**452.1**

Table 2.6 Analysis of SAGA's Recurrent Budget versus Actual expenditure (KSh. million)

Not applicable.

ANNEX 4(C): PERFORMANCE ANALYSIS OF CAPITAL PROJECTS FY 2022/23-2024/25 (KSH. MILLION)

Table 2.7

Not applicable.

ANNEX 4(D): REVIEW OF PENDING BILLS

Table 2.8 Summary of Pending Bills by Nature and Type (KSh. Million)

	Due to lack of Exchequer			Due to lack of provision			Delayed Payment processing		
Type / Nature	**23/24**	**24/25**	**25/26**	**23/24**	**24/25**	**25/26**	**23/24**	**24/25**	**25/26**
1. Recurrent	**18.0**	**-**	**-**	**24.3**	**28.4**	**-**	**-**	**-**	**4.0**
Compensation of employees	-	-	-	-	-	-	-	-	-
Use of goods and services	18.0	-	-	24.3	28.4	-	-	-	4.0
Social benefits e.g. SHIF, NSSF	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-
2. Development	-	-	-	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-	-	-	-
Use of goods and services	-	-	-	-	-	-	-	-	-
Others specify	-	-	-	-	-	-	-	-	-
Total Pending Bills	**18.0**	**-**	**-**	**24.3**	**28.4**	**-**	**-**	**-**	**4.0**

Overall Trend

a) Total pending bills declined from **Ksh. 42.3 million** in **FY 2023/24** to **Ksh. 28.4 million** in **FY 2024/25**, a reduction of **Ksh. 13.9 million (32.9%)**.

b) The total was reduced further to **Ksh. 4.0 million** in **FY 2025/26**, representing an **85.9% decline** compared to FY 2024/25 and a **90.5% reduction** compared to FY 2023/24.

c) The significant decline demonstrates substantial improvement in budget execution, cash flow management, and settlement of outstanding obligations over the review period.

ANNEX 4(E): SUMMARY OF COURT AWARDS

Table 2.9 Summary of Court Awards

There were no Court Awards in the reporting period

CHAPTER THREE

MEDIUM-TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD 2027/28 AND THE MEDIUM-TERM.

3.1. Prioritization of Programmes and Sub-Programmes

3.1.1. Program and its objectives

Program: Inter-government revenue and financial matters.

Objectives:

i. To review and develop bases for equitable sharing of revenue
ii. To promote prudent financial management at the county level
iii. To define and enhance revenue sources at both levels of government.
iv. To improve access to basic services, including water, electricity, roads, and health facilities in marginalized areas.

Major Services / Outputs to be provided in the MTEF Budget 2027/28 and the Medium Term.

The Commission on Revenue Allocation has delineated strategic priorities aimed at safeguarding institutional resilience, reinforcing county revenue governance, and advancing evidence-based policy formulation. These priorities are firmly aligned with the Government's BETA Agenda and Vision 2030, while upholding fiscal prudence and promoting equity across all 47 counties.

1. General Administration and Support Services

i. Prudent financial management

The Public Finance Management (PFM) Act, 2012, requires that public funds be managed with utmost prudence to enhance transparency, accountability, and the efficient utilization of resources. The Commission will steadfastly adhere to the principles of fiscal responsibility to ensure prudent financial management throughout the budget period.

ii. Recruitment of staff/replacements

The Commission plans to recruit and onboard new members of staff to align with the new organization structure (New Organogram). This exercise will attract expenses, including costs for advertising job vacancies in local newspapers, fees for pre-employment screening and background checks, such as payments to the Kenya National Examinations Council (KNEC) and other relevant assessment bodies, as well as expenditures related to onboarding activities, which cover orientation programs.

iii. Training and Development

In the budget period, the commission plans to facilitate training and capacity development for Commissioners and Staff. The training and development will encompass various activities such as internal and external training through workshops, courses, and seminars; leadership development programs designed for future managers and high-potential employees; industry-specific certification programs; costs associated with professional subscriptions; and initiatives to ensure labor law compliance, including training, policy updates, and audits.

iv. Enhanced Employee Welfare

This includes provisions such as health insurance covering medical care, group personal cover, team building activities and pension schemes. Additionally, wellness programs like subscriptions to club memberships will be considered in the planning period.

v. Review of Policies and Procedures Manual and QMS ISO9001:2015 Certification

The Commission will continuously review its operational policies and Procedure manuals, including but not limited to the Finance and Procurement Procedure Manuals. Additionally, the Commission is planning to commence the ISO Certification Process by developing the Standard Operating Procedure manuals and undertaking training for Certification.

vi. Enhance governance, risk management, and internal control systems

The Commission will build the capacity of the Commissioners, Audit Committee, and Senior Management to ensure effective oversight. Further, the Commission plans to implement an audit management system to enhance efficiency, improve accuracy, data integrity, consistency, and standardization of internal audit processes. In addition to routine audit engagements, the Commission will undertake Governance audit and legal compliance. This is aimed at strengthening the Commission's ability to create, protect, and sustain value by providing the Audit Committee and Senior Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

vii. Modernisation of ICT infrastructure

The Commission will prioritize the modernization of its core infrastructure to create a robust, scalable, and future-ready operational environment. This entails upgrading legacy hardware and software systems, migrating to secure cloud-based platforms for enhanced data storage and accessibility. Modernization will also encompass the implementation of disaster recovery facilities to ensure business continuity and minimize downtime. By investing in modern infrastructure, the Commission will not only improve internal operational efficiency and staff productivity but also establish a solid technological foundation capable of supporting advanced AI applications, seamless inter-agency data sharing, and the growing demands of digital service delivery, thereby positioning the CRA as a model of technological excellence within the public sector.

viii. Artificial Intelligence and Emerging Technologies

To effectively deliver its constitutional mandate in an increasingly complex fiscal landscape, the Commission on Revenue Allocation (CRA) prioritizes the strategic adoption of Artificial Intelligence and emerging technologies. This investment is critical to transitioning from manual, reactive processes to a proactive, data-driven institution. The Commission will utilize AI to enhance its core functions by enabling predictive modeling for equitable revenue sharing, conducting real-time data analytics to identify revenue enhancement opportunities for county governments, and automating the analysis of county fiscal data to improve the accuracy and timeliness of its recommendations.

ix. Public Engagement and Corporate Social Responsibility

The Commission will enhance its visibility, image, and brand reputation by producing and disseminating a comprehensive array of print, electronic, and digital information and educational materials, including Brand Guidelines and the Annual Report. Furthermore, it will implement public education and sensitization campaigns aimed at deepening citizen participation in the Commission policy processes through public forums, open days, town hall meetings, conferences, trade shows, and other outreach initiatives. Additionally, the Commission will strengthen engagement with mass media to expand its reach and improve public understanding of its mandate and recommendations.

2. Equitable Sharing of Revenue

i. Recommendations on Equitable Sharing of Revenue between the National and County Governments

Pursuant to Article 216 (1) (a) of the Constitution, the Commission on Revenue Allocation is mandated to make recommendations concerning the basis for the equitable sharing of revenue raised by the national government between the national and county governments. In the MTEF budget period 2027/28 – 2029/30, the Commission will prepare three recommendations for financial years 2028/29, 2029/30, and 2030/31. In preparing the annual recommendations a number of activities will be undertaken, including: analysis of the performance of the economy, analysis of the fiscal performance of the national and county governments, drafting of the recommendations and stakeholder engagements. The annual recommendations will be submitted to Parliament by December of each year in line with Section 190 of the Public Finance Management Act (PFMA) 2012, which requires the Commission to submit its recommendations at least six months before the beginning of the next Financial Year.

ii. Recommendations on Equitable Sharing of Revenue among County Governments

Pursuant to Article 216 (1) (b) of the Constitution, the Commission on Revenue Allocation is mandated to make recommendations concerning the basis for equitable sharing of revenue raised nationally, among the county governments. During the MTEF budget period 2027/28 – 2029/30, the Commission will review the Fourth Basis for Sharing Revenue among County Governments to inform the preparation of the Fifth Basis. The Commission will also prepare the Fourth Edition of the county fact sheets and sensitize the newly elected leaders: Governors, Senators and MCAs on equitable sharing or revenue.

iii. County fact sheet

The Commission will prepare the fourth edition of the County Fact Sheets during the MTEF budget period. Data is central to the execution of the Commission's mandate, informing key functions such as developing recommendations on the equitable sharing of revenue between the national and county governments and among county governments. Additionally, data is used in the development of policies for identifying marginalised areas. In this regard, the Commission publishes County Fact Sheets as a comprehensive repository of the data it has collected, analysed, and utilised in carrying out its mandate.

iv. Review Bills on Sharing of Revenue or any Financial Matter Concerning County Governments

The Commission is required to review Bills that include provisions dealing with sharing of revenue or any financial matter concerning county governments once they are published (Article 205 (1)). In the budget period, the Commission will review Bills such Bills including the Division of Revenue Bill (DoRB), County Allocation of Revenue Bill (CARB) and County Government's Additional Allocation Bill (CGAAB).

v. Framework on financing of urban areas and cities

Section 173 of PFMA requires that Cities and Urban areas are financed using an objective criterion. More than ten years after devolution, some County Governments have not developed any legal framework to finance cities and urban areas despite the establishment of boards. Additionally, even the few counties that have attempted to put in place a legal framework to finance their urban areas and cities are unable to implement those laws as they were impractical. The Commission is required to make recommendations on the criteria to allocate funds to urban areas and cities. To operationalize Section 173 of the PFMA, the Commission, in the budget period, will develop a framework to guide Counties on the development of the criteria to finance cities and urban areas.

3. Public Financial Management

i. Make Recommendations on Prudent Financial Management.

Pursuant to Article 216(2) of the Constitution and Section 107(2)(a) of the PFM Act, 2012, the Commission shall, during the budget period, prepare and submit to the Senate recommendations on the County Recurrent Expenditure Budget Ceilings for the financial years 2028/29, 2029/30, and 2030/31.

In support of County Public Financial Management structures, the Commission will continue to enhance the capacities of County Governments to promote prudent financial management. Furthermore, the Commission will undertake the review and provide recommendations on county planning documents, budget implementation processes, and financial statements.

To further promote transparency and accountability, the Commission will develop and maintain an online portal to facilitate the uploading and public access of county budgeting information and financial reports. Additionally, the Commission shall review county government revenue and finance bills to ensure their compliance with constitutional provisions.

ii. Cost of OSR Collection

The Commission will assess the cost of collecting own-source revenue across County Governments to determine the efficiency and cost-effectiveness of existing revenue administration systems and identify opportunities for improving revenue collection efficiency.

iii. County Revenue Enhancement Action Plans (REAPs)

The Commission will support County Governments in developing and implementing County Revenue Enhancement Action Plans (REAPs) to identify revenue gaps and opportunities, strengthen revenue administration, enhance compliance, and improve own-source revenue mobilization. Add support development of REAPs for 16 counties.

iv. Valuation Rolls

The Commission will support County Governments in the development and updating of valuation rolls to strengthen property rate administration and enhance own-source revenue mobilisation. The support will focus on improving the identification and valuation of rateable properties, strengthening the accuracy and reliability of valuation data, and promoting effective property rating systems in accordance with the applicable legal and policy framework.

v. OSR Curriculum Development

The Commission will develop a standardised curriculum for revenue administration to strengthen the capacity of County Government officials in own-source revenue management. The curriculum will cover key areas including revenue forecasting, assessment, collection, enforcement, compliance, revenue data management, and other aspects of effective revenue administration.

vi. Framework for County Borrowing

The Commission actively participated in the development of a framework for a market-based county borrowing product, in collaboration with relevant stakeholders, to facilitate counties' access to alternative financing mechanisms. Over the next three fiscal years, the Commission will provide support to counties in conducting credit rating self-assessments.

vii. Enhanced CBEFs Effectiveness

In support of robust public financial management frameworks within county governments, the Commission will continue to promote the establishment and operationalisation of County Budget and Economic Forums (CBEFs) in accordance with Section 137 of the Public Finance Management Act, CAP 412A. The Commission will also strengthen the capacity of CBEFs to enhance their effectiveness in facilitating public participation in county budgeting processes, with particular focus on supporting newly constituted county administrations following the upcoming elections.

viii. Enhancement of County Own Source Revenue

The Commission, mandated by Article 216 (3) (b) of the Constitution to define and enhance revenue sources for both national and county governments, will prioritized the following areas in the budget period: development of a county revenue target setting and forecasting model; conducting training on county own-source revenue (OSR); reviewing county revenue and finance bills; promoting the adoption of an integrated county revenue management system; supporting counties to maximize their OSR potential; developing guidelines on county revenue mapping; evaluating county revenue administration systems and providing tailored support aligned with best practices.

ix. Developed a framework to define entertainment tax for adoption by county governments

Article 209(5) of the Constitution identifies two taxes, namely property rates and entertainment tax, as sources of own-source revenue for county governments. In line with the Commission's mandate to define and enhance own-source revenue for counties, this initiative seeks to build county capacity to effectively levy entertainment tax by clearly defining its scope as a revenue source and developing a comprehensive model framework. At present, no county government imposes this tax due to the absence of clarity regarding its definition and the appropriate rates to be charged.

x. Dissemination of tariffs and pricing policy

During the budget period, the Commission plans to disseminate the model tariffs and pricing policy to the remaining 30 counties. This model policy is designed to strengthen the technical capacity of counties in complying with Section 120 of the County Government Act. Furthermore, the policy is guided by the national framework aimed at supporting the enhancement of county governments own-source revenue, thereby mandating the Commission to provide the necessary technical assistance.

xi.Own Source Revenue Automation Guidelines Sensitization

The Commission plans to disseminate and sensitize on standards and guidelines on the automation of county own-source revenue (OSR). Recognizing that technology adoption is only as effective as the understanding and capacity of its users, the Commission will intensify efforts to engage with county governments, assemblies, and other stakeholders. This will involve targeted training programs, stakeholder workshops, and public awareness campaigns to ensure that counties are equipped with the technical knowledge and governance frameworks necessary to implement automated revenue systems effectively.

xii.Revenue enhancement from Natural Resources

The Commission is mandated to make recommendations on revenue enhancement for both the National and County Governments, in accordance with Article 216(3)(b) of the Constitution. Recognizing the untapped potential of revenue from natural resources across the country, the Commission will, during the planning period, conduct comprehensive studies to identify potential revenue sources arising from the exploration and exploitation of natural resources. Additionally, the Commission will finalize the development of a comprehensive framework for natural resource revenue and benefit sharing applicable to all-natural resources. Furthermore, the Commission will undertake capacity-building initiatives targeted at officials from both the National and County Governments to ensure effective understanding and implementation of the natural resource revenue and benefit-sharing framework.

4. Transitional Equalization

i. Review the Policy Identifying Marginalised Areas

Article 216 (4) of the Constitution requires the Commission to determine, publish and regularly review a policy in which it sets the criteria by which to identify marginalised areas for purposes of the Equalisation Fund. During the MTEF budget period 2027/28 – 2029/30, the Commission will prepare a report on the State of Inequality of the Kenya Counties. The preparation process will entail: analysis of the 2025/26 Kenya Integrated Household Budget Survey data, visit to counties, stakeholders' engagements on findings of state of inequality of Kenya Counties, and launch and dissemination of the report. The Commission will also prepare the end -term report on state of marginalisation in Kenya. The report will be validated and launched during the MTEF period.

3.1.2.Programmes, Sub-Programmes, Expected Outputs, and Key Performance Indicators for the Sub-Sector

Table 3.1.2: Programme/Sub-Programme, Outputs and KPIs.

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
	Programme: Inter-government revenue and financial matters.									
	Programme outcome:									
	SP 1: General Administration and Support Services (GA)									
Sub programme 1: General Administration and Support Services	Corporate affairs	Efficient and effective Financial management	Unqualified Audit opinion	3	3	3	3	3	3	The Commission prepares three (3) sets of financial statements: Main, Staff Mortgage and Staff Car Loan Scheme
			No. of Annual work plan, Annual Cash flow projection and Annual Cash plan Reports prepared.	3	3	3	3	3	3	Annual Planning and Cash Management Reports prepared
			No. of Annual Budget Reports	4	4	4	4	4	4	Baseline Report, PPR,

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
										PBB and Sub Sector Report
			Annual report and Financial Statements	1	1	1	1	1	1	Annual Report prepared annually.
		Report on National Values and principles of governance	No. of Annual Presidential Reports on National Values and principles of governance	1	1	1	1	1	1	Report prepared annually
		Revised Organizational Structure	Workload analysis report	-	1	-			1	The Commission intends to finalize on identifying cases of overloading or underutilization in FY26/27, enabling managers to redistribute tasks effectively,

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
										prevent employee burnout, support timely project completion, and improve overall team performance. The same will be reviewed after 3 years
			Revised Organogram	-	-	1	-	-	-	Approved and implemented organizational structure
			Reviewed and harmonized salary	-	-	1	-	-	1	Reviewed and harmonized salary structure approved
		Enhance Staff motivation	No. of Reports on Work environment & employee satisfaction surveys	2	-	2	-	2	-	The Commission plans to conduct two surveys on the work environment and employee

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
										satisfaction during the FY 2026/27, with a follow-up survey scheduled for FY 2028/
			No. of Commissioners and staff trained	25	19	30	35	40	40	A staggered approach model with an approximate three-year cycle is adopted due to the limited resources available for training. This phased implementation allows for effective management of resources while ensuring continuous capacity

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
										building over time
			No. of cumulative Car Loan applications facilitated	25	10	24	26	28	30	The number of car loan applications to be processed cumulatively
			No. of cumulative staff Mortgage Loan applications facilitated	40	31	32	34	36	38	The Staff mortgage loan applications to be facilitated cumulatively
		Enhance operational efficiency	No. of vehicles procured	3	3	3	2	2	3	A staggered motor vehicle acquisition approach will be adopted to replace the old fleet, given the budgetary constraints.
			No. of Revised Policy Manuals	5	1 (Draft HR Policy)	4	-	4	-	Review of policies i.e. HR, Staff Mortgage and

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
			(Updated manuals on Finance, HR, Procurement, ICT and Communications)							Car loan guidelines, NALM Policy
			CRA's QMS ISO9001:2015 Certification	-	-	1	-	-	1	ISO9001 certification to be reviewed after 3 years
			No. of Commissioners and staff trained on QMS ISO9001:2015 Certification.	-	-	65	30	30	-	Training of commissioners and staff will be conducted following certification and review, and will be implemented on a phased basis unless funding becomes available to accelerate the process

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/ 26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/ 28	Target 2028/ 29	Target 2029/ 30	Remarks
A		B	C	D	E	F	G	H	I	J
	ICT		No. of Software and software licenses installed	17	2	-	3	3	3	Procurement of software solutions will be completed in the first year, with licenses renewed annually to sustain 3 critical systems that power the Commission's ICT operations.
			No. of hardware procured and maintenance agreements signed	15	-	-	2	2	2	Procurement of server infrastructure and end-user devices, together with annual maintenance contracts, will ensure reliable ICT operations, minimize

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
										downtime, and enhance overall institutional performance
	Procurement	Efficient and effective procurement and store management	Annual procurement plan	1	1	1	1	1	1	Procurement plans prepared and uploaded to e-GP annually
			No. of reports on preferences and reservations (AGPO)	2	2	2	2	2	2	Two reports prepared annually
	Internal Audit	Effective oversight	No. of Audit committee meetings	6	5	6	6	6	6	Hold at least quarterly audit committee meetings
			No. of Audit committee induction/training reports	1	1	1	1	1	1	Capacity building of the audit committee
		Enhanced governance, risk management	No. of annual Risk-Based internal audit plans	1	1	1	1	1	1	Prioritize audit of high-risk areas to achievement

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
		, and internal control systems.								of the strategic objectives of the Commission
			No. of internal audit reports	8	6	7	7	8	9	Assess the adequacy and effectiveness of Commission operations.
			Revised internal audit charter	-	-	-	1	-	-	Define the mandate, purpose, authority, responsibilities and reporting structure of the Department.
	Communication & Knowledge Management	Enhanced stakeholder engagement, public awareness and corporate visibility	No. of quarterly stakeholder engagement reports produced	4	-	-	4	4	4	Annual reports on stakeholder engagement activities
			No. of quarterly	-	-	-	3	3	3	Reports on public

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
			public awareness and education campaign reports produced							outreach, media and digital campaigns
			Percentage (%) increase in digital reach (followers)	-	-	37.4	38	39	40	Website traffic, social media reach and engagement
			Percentage (%) increase in digital engagement	-	-	17.9	18	19	20	Website traffic, social media reach and engagement
		Enhanced customer satisfaction and access to information	No. of Customer Service Charter materials developed and disseminated	-	-	-	3	1	1	Service Charter materials like brochures, booklets, posters and banners produced and disseminated in English, Kiswahili and Braille

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
			No. of Access to Information (ATI) implementation reports produced	-	-	-	1	1	1	Annual ATI implementation reports produced
			No. of quarterly Public Complaints Management (PCM) implementation reports produced	-	-	-	4	4	4	Quarterly reports on complaints received and resolved
		Enhanced knowledge management capability	No. of Knowledge Management implementation reports produced	-	-		1	1	1	Annual reports on KM activities and achievements
			Percentage (%) of staff accessing and sharing knowledge resources	-	-		50	70	90	Measured through KM system usage and participation

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
	SP2: Equitable Sharing of Revenue (ESR)									
Sub Programme 2: Equitable Sharing of Revenue	Economic Affairs	Recommendation on equitable sharing of revenue between the national and county governments	No. of annual recommendations on the equitable sharing of revenue between the national and county governments	1	1	1	1	1	1	Recommendations are prepared annually and submitted to the Senate, National Assembly, county assemblies, national and county executives
			No. of recommendations on Bills that deal with the sharing of revenue (DoRB, CARB, CGAAB)	3	3	3	3	3	3	Memoranda DORB, CARD, and CGAAB are submitted to the National Assembly and the Senate annually
			No. of policy documents reviewed and comments submitted to the National	3	3	3	3	3	3	Memoranda on national policy documents submitted to National

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
			Assembly and the Senate (BROP, BPS, MTDMS)							Treasury and Parliament
			No. of stakeholder engagements held on equitable sharing of revenue between the national and county governments	4	4	5	5	5	5	Stakeholder engagements to be held annually with National Assembly, Senate, Governors (COG), and National Treasury, non-state actors
		Revenue shared equitably among county governments	Report on assessment of the impact of devolution on service delivery (%)	50	-	-	-	-	-	Data from 24 counties collected and report prepared. Data from the remaining 23 counties not collected due to budgetary constraints

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/ 26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/ 28	Target 2028/ 29	Target 2029/ 30	Remarks
A		B	C	D	E	F	G	H	I	J
			Report on the Fourth basis for revenue sharing among county governments	1	1	-	-	-	-	The Fourth Basis for revenue sharing among county governments is awaiting printing and publicisation
			Popular version on the Fourth basis	1	1	-	-	-	-	The popular version of the Fourth Basis has been developed and is awaiting publishing
			No. of publications on the Fourth basis and Popular versions	3000			3000			The Fourth Basis for revenue sharing among county governments is awaiting printing
			Sensitization report on newly elected leaders	-	-	-	1	-	-	Sensitization of newly elected leaders

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
										including Senators, Governors, Members of National Assembly and County Assemblies on equitable sharing of revenue
			Report on the review of the Fourth Basis for revenue sharing among county governments	-	-	-	-	1	-	Review of the Fourth Basis for revenue sharing among county governments will inform the preparation of the Fifth Basis for revenue sharing
			County Factsheets (Fourth edition)	1	-	-	1	-	-	The Fourth Edition of the County Fact sheets will be prepared in

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
										the FY 2027/28 from the 2025/26 Kenya Integrated and Household Budget Survey data
			No. of publications on the Fourth Edition of County Fact sheets	-	-	-	2000	-	-	Approx. 2,000 copies of the Fourth Edition of County Fact Sheets will be printed
	Legal Services	Framework on Financing of cities and urban areas	Model Framework for allocation of funds to urban areas and cities for county governments	-	-	-	1	-	-	Framework to guide Counties on the development of the criteria to finance cities and urban areas
			No. of counties trained on the model	20	-	1		24	23	Training to be conducted over the

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
			framework for allocation of funds to urban areas and cities							medium term.
	Economic Affairs	National and county Government revenue & expenditure and Microeconomic data developed.	Update of database for national and county government statistics		-	-	1	-	1	Data updated from the Kenya National Bureau of Statistics data
	SP3: Public Financial Management (PFM)									
Sub Programme 3: Public Finance Management	Fiscal Affairs	Recommendation on Recurrent expenditure budget ceilings for County Government.	No. of annual recommendation on recurrent budget ceilings	1	1	1	1	1	1	Recommendations on recurrent budget ceilings is prepared annually and submitted to the Senate for consideration
		Enhanced financial management (counties	No. of ADPs, CBs, CFSPS and Financial	188	101	188	188	188	188	The Commission reviews financial

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
		engaged and supported to be compliant with PFM legislations)	Statements reviewed							statements and CFSPs from county governments and recommendations shared with the counties. Additionally, the Commission reviews financial statements from national government institutions
			No. of Reports on County Fiscal Strategy Paper Reviews	1	1		1	1	1	From the review of the CFSPs, the Commission prepares a report annually which is submitted to the Senate

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
			No. of reports on county financial management	-	-	-	1	1	1	A Framework has been developed and will be used to analyze financial statements
	Fiscal Affairs/ Legal Services		No. of Bills reviewed on any financial matter concerning county governments	47	29	15	18	20	22	Bills on any financial matter concerning county governments reviewed as per Article 205 of constitution of Kenya
			No. of County revenue Bills reviewed	-	2	5	7	9	12	Review of county revenue Bills
	Fiscal Affairs	Compliance by Counties of the PFM provision on the establishment of CBEFs	No. of Counties supported on CBEF establishment	-	-	8	47	47	-	Support establishment of CBEFs in the newly constituted county administratio

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
		and their effectiveness								ns following the upcoming elections
			E learning platform for CBEF training developed	-	-	-	1	-	-	To enhance training of the forums
			Automate CBEF Effectiveness Monitoring tool	-	-	-	1	-	-	A fully functional CBEF monitoring system will be developed in Year 1 and rolled out in phases across counties.
			No. of Counties trained on CBEF	9	1	-	24	23	-	Training to be done in a phased approach
		Revenue Enhancement to National & County Governments from	Framework for sharing mineral royalties to county governments and		100		75	25	-	Regulations were developed and are currently at the AG's

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
		Natural Resources	Communities (%)							office for final review.
			Study on revenue potential from the natural resources in the national government - Report	-	-	-	1			Study to be done in FY 2027/28
			Study on unlocking the revenue opportunities from the Blue Economy – report	-	-	-	-	1	-	Study to be done in FY 2028/29
		Counties supported on Revenue enhancement.	No. of counties capacity build on Revenue Forecasting Tool	-	1	-	15	17	15	Capacity built counties on the Revenue forecasting Models
			No. of counties capacity build through dissemination		-	-	10	10	10	Capacity building counties by Dissemination of OSR

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
			of OSR Potential and Tax Gap Study							potential study report
			Cost of OSR Collection study report	20	-	-	-	1	-	To assess the cost of collecting own-source revenue across County Governments
			No. of counties where the Guidelines on County Revenue Mapping are disseminated	1	1		15	17	4	Capacity building counties by dissemination revenue mapping guidelines
			Frameworks on cleaning tax registers and cadasters	1	-				1	Not done. The activity was to be done with the support of KDSP II.
			No. of Counties supported to develop Revenue	-	-	47	47	47	47	Commission to support development of County REAPs.

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
			Enhancement Action Plans (REAPs)							
	ICT & Fiscal Affairs		No. of counties supported on revenue automation.	20	-		5	5	5	Target to support five counties per year
			Dissemination of Standards and Guidelines on the Automation of County Own Source Revenue	-	-	-	45	-	-	To be disseminated to all the 47 counties
			Monitoring and Evaluation of Standards and Guidelines on the Automation of County Own Source	-	-	-	-	1	1	One monitoring report per fiscal year

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
			Revenue (Report)							
	Legal Services & Fiscal Affairs	Counties supported on own source revenue legislation and compliance	No. of counties trained on OSR model laws & CRA mandate	47	-	3	15	17	15	Capacity building counties on OSR/Model Laws.
			A framework to define the entertainment tax for county governments	-	-	-	1	-	-	An entertainment Tax Bill and policy delineating the concurrent function called Entertainment
			No. of counties capacity build on model entertainment tax on model laws	-	-	-		24	23	Dissemination of the model framework
			Dissemination of tariff and pricing policy		-	-	10	10	10	Dissemination and training counties on

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
										tariff and pricing policy
			No. of advisories on PFM Matter and compliance			2	3	4	5	Enhance compliance with constitution and other laws
	Fiscal Affairs	Fiscal Responsibility Framework	Fiscal Responsibility Evaluation Framework	-	-		1	-	-	Fiscal Responsibility Evaluation Framework to be developed in FY 2027/28
			Report on fiscal responsibility	1	-		-	1	1-	To be done in FY 2026/27
		Mechanisms developed on Financing and financial management of county government.	% of Market-Based County Borrowing product developed		-		50	-		Finalize development of County Creditworthiness Initiative manual
		(Scaled up County Credit Rating to access	% of Market-Based County Borrowing		-		50	-		Concept note developed and with

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
		alternative financing)	product developed							CMA awaiting approval
	SP4: Transitional Equalization and Stakeholder Engagement (TE)									
Sub programme 4: Transitional Equalization	Economic Affairs	Policy identifying marginalized areas	No. of Policies identifying marginalized areas		-	1	-	-	-	The Commission will complete the review, determine and publish a policy identifying marginalised areas in the FY 2026/27
			Memoranda on the Equalization Appropriation Bill	1	1	1	-	-	1	The Commission to submit comments to the Senate on the Equalisation Fund Appropriation Bills
		State of inequality of Kenya counties report	Report on the state of inequality of Kenya Counties					1		The Commission will, in the FY 2028/29 develop a

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
										report on the state of inequality of Kenya counties
			No. of publications on Report on the state of inequality of Kenya Counties	-	-	-	2,000			2,000 copies of the Report on the state of inequality of Kenya Counties will be printed once the report is finalised
		End term report of the state of marginalisation in Kenya	End term report on the state of marginalisation in Kenya	-	-	-	-	-	1	The Commission will in the FY 2029/30 develop a report on the end term report of the state of marginalisation in Kenya following the 20-year period for the

Programme /Sub programmes	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30	Remarks
A		B	C	D	E	F	G	H	I	J
										implementation of the Equalisation Fund
			No. of publications on End term report of the state of marginalisation in Kenya				-	-	2,000	Approx. 2,000 copies of the End term report of the state of marginalisation in Kenya will be printed once the report is finalised

3.1.3. Programmes and Sub-Programmes by order of Ranking

The sub-sector seeks resources to fund the following sub-programmes: -

1. General Administration and Support Services
2. Equitable sharing of revenue
3. Public Financial Management.
4. Transitional equalization and stakeholder management

3.1.2 Resource Allocation Criteria

Not Applicable.

3.2Analysis of Sub-Sector Resource Requirement versus Allocation by;

Table 3.2.1 Sub–Sector Recurrent Requirements as Per Economic Classification (Ksh. Million)

VOTE 2061	Economic Classification	Approved Estimates	Resource Requirement			Resource Allocation		
		2026/27	2027/28	2028/29	2029/30	2027/28	2028/29	2029/30
Commission on Revenue Allocation	**Gross**	421.0	1194.7	1277.1	1366.1			
	AIA		-	-	-			
	NET	421.0	1194.7	1277.1	1366.1			
	Compensation to employees	220.4	235.1	258.6	284.5			
	Grants and other Transfers	-	-	-				

VOTE 2061	Economic Classification	Approved Estimates	Resource Requirement			Resource Allocation		
		2026/27	2027/28	2028/29	2029/30	2027/28	2028/29	2029/30
	Other Recurrent of which	24.9	100.5	100.6	106.4			
	Utilities	6.2	9.0	9.1	10.0			
	Rent	51.7	56.6	62.3	68.5			
	Insurance	30.4	33.3	36.6	40.3			
	Subsidies		-	-				
	Gratuity		0.5	-	-			
	Contracted Guards and Cleaners Services	4.6	5.3	5.8	6.4			
	Others	82.82	754.53	804.13	850.15			

TABLE 3.3 Sub–Sector Development Requirements /Allocation (Ksh. Million)

Sector: Public Administration and International Relations (PAIR)

Vote: 2061

Description	Approved Estimates	Resource Requirement			Resource Allocation		
	2026/27	2027/28	2028/29	2029/30	2027/28	2028/29	2029/30
Gross	98.0	127	-	-	-	-	-
GOK	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Grants	98.0	127	-	-	-	-	-
Local AIA	-	-	-	-	-	-	-

Table 3.4 Analysis of Programmes and Sub-Programmes (Current and Capital) Resource Requirements (Ksh. Million)

Sector: Public Administration and International Relations (PAIR)

Vote: R2061/D2061

Analysis of Programmes and Sub-Programmes (Current and Capital) Resource Requirements (Ksh. Million)

Programmes	Approved Budget			Projections (Requirement)								
	2026/27			2027/28			2028/29			2029/30		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
Programme No. 1- Intergovernmental Revenue and Financial Matters												
Sub Prog.1 General Administration and Support Services	389.5	-	389.5	855.9	-	855.9	917.8	-	917.8	1005.2	0.0	1005.2
Sub Prog.2 Equitable Sharing of Revenue	10.0	7.2	17.2	27.8	17.7	45.5	36.0	0.0	36.0	36.8	0.0	36.8
Sub prog.3 Public Financial Management	15.2	61.8	77.0	297.1	69.8	366.9	315.0	0.0	315.0	314.7	0.0	314.7

Programmes	Approved Budget			Projections (Requirement)								
	2026/27			2027/28			2028/29			2029/30		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
Sub prog.4 Transitional Equalisation	6.4	29.0	35.3	13.8	40.1	53.9	8.3	0.0	8.3	9.4	0.0	9.4
Total Programme	**421.0**	**98.0**	**519.0**	**1194.6**	**127.6**	**1322.2**	**1277.1**	**0.0**	**1277.1**	**1366.1**	**0.0**	**1366.1**

Table 3.5 Analysis of Programmes and Sub-Programmes (Current and Capital) Resource Allocation (Ksh. Million)

Programmes	Approved Budget			Allocation								
	2026/27			2027/28			2028/29			2029/30		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
Programme No. 1- Intergovernmental Revenue and Financial Matters												
Sub Prog.1 General Administration and Support Services	389.49	-	389.49	-	-	-	-	-	-	-	-	-
Sub Prog.2 Equitable Sharing of Revenue	9.96	7.23	17.19	-	9.4	9.4	-	-	-	-	-	-
Sub prog.3 Public Financial Management	15.23	61.77	77	-	80.1	80.1	-	-	-	-	-	-
Sub prog.4 Transitional Equalisation	6.35	28.99	35.34	-	37.6	37.6	-	-	-	-	-	-
Total Programme	**421.03**	**97.99**	**519.02**	**-**	**127**	**127**	**-**	**-**	-	**-**	**-**	**-**

Table 3.6 Programmes and Sub-Programmes by Economic Classification (Ksh. Million)

Sector: Public Administration and International Relations (PAIR)

Vote R 2061/D2061: Commission On Revenue Allocation

Economic Classification	**Resource Requirements**			**Resource Allocation**		
	2027/28	**2028/29**	**2029/30**	**2027/28**	**2028/29**	**2029/30**
Programme - Intergovernmental Revenue and Financial Matters						
Sub programme 1- General Administration and Support Services						
Current Expenditure						
Compensation to Employees	235.1	258.6	284.5	-	-	-
Use of Goods and Services	551.5	592.5	651.7	-	-	-
Grants and other transfers	-	-	-	-	-	-
Other Recurrent	69.3	66.7	69.1	-	-	-
Capital Expenditure				-	-	-
Acquistion of non financial assets	-	-	-	-	-	-

Economic Classification	Resource Requirements			Resource Allocation		
	2027/28	**2028/29**	**2029/30**	**2027/28**	**2028/29**	**2029/30**
Capital Grants to government agencies	-	-	-	-	-	-
other development	-	-	-	-	-	-
Sub programme 2-Equitable Sharing of Revenue						
Current Expenditure						
Compensation to Employees	-	-	-			
Use of Goods and Services	27.8	36.0	36.8			
Grants and other transfers	-	-	-	-	-	-
Other Recurrent	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-
Acquistion of non-financial assets	-	-	-	-	-	-
Capital Grants to government agencies	-	-	-	-	-	-
other development	17.7	-	-	17.70	-	-

Economic Classification	Resource Requirements			Resource Allocation		
	2027/28	2028/29	2029/30	2027/28	2028/29	2029/30
Sub programme 3-Public Financial Management						
Current Expenditure						
Compensation to Employees	-	-	-	-	-	-
Use of Goods and Services	297.1	315.0	314.7			
Grants and other transfers	-	-	-	-	-	-
Other Recurrent	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-
Acquistion of non financial assets	-	-	-	-	-	-
Capital Grants to government agencies	-	-	-	-	-	-
other development	69.8	-	-	69.80	-	-
Sub programme 4-Transitional Equalization						
Compensation to Employees						
Use of Goods and Services	-	-	-	-	-	-

Economic Classification	Resource Requirements			Resource Allocation		
	2027/28	2028/29	2029/30	2027/28	2028/29	2029/30
Grants and other transfers	13.8	8.3	9.4			-
Other Recurrent	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-
Acquistion of non financial assets	-	-	-	-	-	-
Capital Grants to government agencies	-	-	-	-	-	-
other development	40.1	-	-	40.10	-	-
Total Expenditure Vote	**1322.19**	**1277.11**	**1366.17**	**127.60**	**-**	**-**

Table 3.7 Analysis of Recurrent Resource Requirement Vs. Allocation for SAGAs (Ksh. Million)

Not Applicable

CHAPTER FOUR

CROSS-SECTOR LINKAGES AND EMERGING ISSUES / CHALLENGES

Cross-Sector Linkages

This Section provides the cross-functional linkages necessary for the effective and efficient delivery of services for the social-economic development of the country. The sub-sector maintains linkages with other Sectors in the implementation of the national development blueprint that includes Vision 2030 and its successive Medium-Term Plans, and the Bottom-Up Economic Transformation Agenda (BETA).

3.2.1 Recommendations on Bills Related to Revenue Sharing

The Commission provides recommendations on the equitable sharing of revenue between the national and county governments, which guide the preparation of the Division of Revenue Bill (DoRB), the County Allocation of Revenue Bill (CARB), and the County Government Additional Allocation Bill (CGAAB). In line with Article 218 of the Constitution, the National Treasury is required to prepare a memorandum whenever the provisions of the DoRB differ from the Commission's recommendations. These engagements strengthen fiscal equity, transparency, and accountability in intergovernmental fiscal transfers.

3.2.2 Utilization of the Equalisation Fund

The Commission's policy work on defining and identifying marginalised areas informs the preparation of the Equalisation Fund Appropriation Bill, spearheaded by the Equalisation Fund Advisory Board (EFAB) under the National Treasury. This framework guides the identification and implementation of projects to improve service delivery and infrastructure in historically disadvantaged regions. To enhance impact, the Commission continues to collaborate with EFAB to strengthen governance, targeting, and oversight in the utilization of the Fund.

3.2.3 Prudent Financial Management and Revenue Enhancement

The Commission works with the National Treasury on the Public Finance Management (PFM) reform agenda, focusing on enhancing fiscal discipline and supporting counties to strengthen their own-source revenue frameworks. Collaboration with the Office of the Controller of Budget (CoB), the State Department for devolution, through the Tax Administration Diagnostic and Analysis Tool (TADAT) programme, further enables diagnostic reviews and reforms in tax administration. Additionally, the Commission partners with ministries, departments, and agencies (MDAs) in the natural resources sector, including mining, energy, and forestry, to develop benefit-sharing frameworks that promote sustainable exploitation of natural resources and equitable distribution of revenues.

3.2.4 Fiscal Capacity: Governance and Institutional Linkages

The capacity of counties to raise and manage their own revenues is dependent on broader governance and institutional factors. These include: Legal and Regulatory Frameworks enabling legislation and harmonized revenue laws; Institutional Capacity; strong county revenue administrations and human capital; Revenue Collection Systems; adoption of modern, integrated digital systems; Transparency and Accountability; open financial reporting and public participation; Technology and Innovation; leveraging ICT for efficiency and compliance. The commission supports the above initiatives for the county governments to enhance OSR.

3.2.5 Institutional Resilience and ICT Security

By establishing a Disaster Recovery Site (DRS), a Business Continuity Plan (BCP), and upgrading ICT hardware and software, the Commission will secure critical data, strengthen cyber resilience, and ensure reliable service delivery. This aligns with Vision 2030's governance reforms, MTP IV's public service reliability agenda, and BETA's Digital Superhighway, providing a stable backbone for Kenya's public finance systems.

3.2.6 County Revenue Mobilization and Governance Automation

The rollout of the Integrated County Revenue Management System (ICRMS), a Fiscal Reporting Portal, and the automation of County Budget and Economic Forums (CBEFs) will seal revenue leakages, unlock untapped county revenue potential, streamline statutory reporting, and institutionalize citizen-driven participation in budget processes. Together, these interventions support Vision 2030's fiscal sustainability, MTP IV's revenue and inclusive budgeting reforms, and BETA's digital revenue and citizen engagement platforms, ensuring more transparent and accountable county governance.

Emerging Issues

During the implementation of the MTEF programmes for the period 2023/24- 2025/26, the sub-sector identified and not limited to the following emerging issues that need to be addressed

4.2.1 Benefits Sharing from National Parks

The Presidential pronouncement that Counties hosting National Parks will share benefits from the parks compels the Commission on Revenue Allocation and the National Assembly to embark on an exercise of developing a benefit-sharing framework between the national and county governments.

4.2.2 Financing Urban Areas and Cities

Section 173 of the Public Finance Management Act mandates county governments to enact county legislation that establishes objective criteria for the allocation of funds to urban areas or cities; however, no county has yet enacted such legislation or established the required criteria.

4.2.3 Technological Advancement

Advancement in the ICT sector presents an opportunity to leverage in conducting government business and data management. The Commission receives quarterly and annual financial statements from both national and county governments that need to be analyzed and feedback/comments given to the respective institutions. These documents are voluminous and need adequate space for storage. In line with the government directive, all MDAs are to digitalize and onboard all services they provide. There is a need to provide resources to enable the sub-sector to develop a digital platform for submission of these PFM documents to the Commission

4.2.4 Cybersecurity, Data Protection, and Resilient Infrastructure

Rising cyber threats, enforcement of the Data Protection Act, and aging ICT infrastructure demand stronger security and renewal of critical systems. Cloud migration also raises compliance and data sovereignty concerns. **Effect on CRA:** The Commission must safeguard sensitive fiscal and revenue data, ensure system integrity, and modernize infrastructure to guarantee reliability, compliance, and public trust in its advisory role.

4.2.5 Workforce Skills and Change Management for Sustainable Innovation

Rapid technological change continues to outpace staff capacity and county ICT readiness. **Effect on CRA:** The Commission must invest in continuous training and structured change management for its staff, while guiding counties to develop ICT skills. This ensures sustainable adoption of new technologies, maximizes returns on ICT investments, and secures long-term digital transformation.

Challenges

The Commission was faced with a number of challenges that hindered the implementation of its activities.

4.3.1 Inadequate Budget:

The Commission continues to experience inadequate budgetary allocations, which constrain the implementation of planned programmes and activities, limit operational efficiency, and hinder the effective delivery of its constitutional and statutory mandate.

4.3.2 Understaffing:

The Commission faces staffing shortages that have increased workload pressures on existing staff, affected productivity, and constrained the timely execution of core functions and strategic priorities.

4.3.3 Non-submission of Financial Reports

Delays and non-submission of essential financial reports, particularly financial statements, impede timely financial review, audit processes, and informed decision-making.

4.3.4 Non-compliance with Statutory Reporting Requirements

Parliament and County Governments have, in some instances, failed to comply with the legal requirements relating to the submission of Bills and financial reports. This undermines the Commission's ability to provide timely advice and effectively discharge its constitutional responsibilities.

4.3.5 Misinterpretation of the Commission's Legal Mandate

There remains inadequate understanding of the Commission's constitutional and legal functions among key stakeholders, resulting in unrealistic expectations and occasional overlap with the mandates of other institutions.

4.3.6 Inadequate Technological Resources

The Commission continues to rely on manual audit processes due to the absence of an Audit Management Information System and data analytics tools. This limits the efficiency, effectiveness, and depth of audit testing and reporting.

4.3.7 Delayed Implementation of Audit Recommendations

Delays in implementing audit recommendations weaken internal control systems, contribute to the recurrence of audit findings, and impede continuous improvement in governance and accountability.

CHAPTER FIVE
CONCLUSION

The Commission on Revenue Allocation (CRA) operates under a constitutional mandate to ensure fair and equitable sharing of nationally raised revenue between the national government and county governments, as well as among the counties themselves. It aligns its strategic direction with Kenya's Vision 2030, the Medium-Term Plan IV, and the Bottom-Up Economic Transformation Agenda, playing a critical role in the fiscal decentralization and development agenda. The Commission works closely with various stakeholders, including government assemblies, executives, civil society, media, academia, development partners, and the public to promote prudent financial management.

Over the review period from 2023/24 to 2025/26, CRA demonstrated notable achievements in fulfilling its mandate across its key sub-programmes. These include securing unqualified audit opinions, receiving recognition at financial reporting awards, enhancing staff welfare through loan schemes, conducting training on governance, improving stakeholder engagement, delivering timely revenue sharing recommendations, County support on financial matters, and policy reviews. While several activities progressed as planned, some faced setbacks due to funding challenges.

Looking ahead to the 2027/28 medium-term fiscal plan, CRA focuses on sustaining its core roles and expanding its influence on public financial management at the county level. The plan prioritizes robust program interventions aimed at enhancing equitable revenue distribution, fostering county own-source revenue mobilization, supporting fiscal responsibility, and furthering the implementation of the Fourth Basis for revenue sharing. The Commission seeks to optimize resource allocation based on clearly defined criteria while responding to emerging issues and operational challenges.

The Commission recognizes its cross-sector linkages and the intertwined nature of governance with other public service delivery sectors. However, it faces several challenges, including inadequate compliance by certain counties with financial management laws, cybersecurity risks, delays in settling pending bills, insufficient staffing, and infrastructure limitations. These constraints highlight the need for strategic interventions to boost operational efficiency and the quality of service delivery.

Despite these challenges, CRA remains committed to its constitutional and strategic mandates. It continues to prioritize equitable resource distribution, fiscal discipline, and support for county capacity building. The Commission acknowledges the importance of modernizing its ICT systems, expanding its workforce, and improving financial oversight mechanisms to meet growing demands and sustain its effectiveness.

To this end, recommendations underscore the importance of securing increased funding and alternative financing, enhancing collaborative engagements with stakeholders, adopting advanced technologies, addressing outstanding financial obligations, and expediting recruitment processes. These steps are essential to enable CRA to fulfil its mandate effectively, support county governments' development aspirations, and contribute meaningfully to Kenya's national development and governance frameworks.

CHAPTER SIX
RECOMMENDATIONS

To address the foregoing challenges and enhance institutional performance, the following measures are recommended:

Resource Mobilisation: The Commission should strengthen its resource mobilisation initiatives to secure adequate financial resources for the effective implementation of its programmes, projects, and statutory responsibilities.

Continuous Follow-up on Submission of Reports: Management should institute robust follow-up mechanisms to ensure that all required financial reports, including financial statements, are submitted within the prescribed timelines.

Stakeholder Engagement: The Commission should continue engaging Parliament and County Governments to enhance understanding of its legislative role, promote compliance with statutory reporting obligations, and foster stronger institutional collaboration.

Internalisation of the Commission's Mandate: The Commission should strengthen internal awareness and appreciation of its broader constitutional and legal mandate to ensure consistency in the interpretation and execution of its functions while enhancing coordination with other institutions.

Automation of Audit Processes: The Commission should prioritise the acquisition and implementation of an Audit Management Information System and data analytics tools by allocating adequate budgetary resources. This will improve the efficiency, effectiveness, and quality of audit processes.

Implementation of Audit Recommendations: The Public Finance Management Steering Committee (PFMSC) should ensure that all audit recommendations are implemented promptly to strengthen internal controls, eliminate recurring audit findings, and support the attainment and sustainability of a Zero-Fault Audit status.

REFERENCES

1. Constitution 2010
2. CRA Act 2010
3. PFM Act 2012
4. Employment Act 2007
5. Public Service Procedures Manual 2016
6. CRA's Finance and Procedures Manual
7. CRA's Human Resource Manual

BUDGET PREPARATION AND APPROVAL

This draft Commission's Sub-Sector Report (SSR 2026/27 and the Medium Term) was prepared in consultation with all Directorates and Departments of the Commission and is under approval process by the Commission

CPA Maureen K. Junge
Head of Accounting Unit

Signed on behalf of the Commission by;

....	....
CPA Roble Nuno	CPA Mary Wanyonyi Chebukati
Commission Secretary / CEO	**Chairperson of the Commission**

1.7. Commission's Under funding.

The Commission has a key role in the devolution space as spelt in Article 215 of the Constitution. Over the years, the Commission has experienced major funding challenges that negatively affected execution of its mandate due to gross underfunding. The Commission's principal mandate and other functions require extensive stakeholder engagements before finalization. Given the budgetary constraints, the role is often underfunded or not fully implemented to fit within the limited budget available.

Given the historical trend of unsustainable budget levels, a comprehensive review of the Commission's budget is warranted to ensure it can effectively fulfill its mandate. See Table 1.

	1ST COMMISSION					2ND COMMISSION						3RD COMMISSION		
PROGRAMME:	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/2022**	**2022/23**	**2023/24**	**2024/25**
SP1. General Administration and Planning	291	289	238	196	188	243	275.62	363.39	345.36	315.8	385.16	475.6	484.3	330.82
SP2. Equitable Sharing of revenue	22	20	12	41	61	80	43.5	31.52	8.32	0.99	20.01	26.7	18.7	1.3
SP3. Public Finance Management	22	26	13	25	36	11	29.84	11.79	5.96	2.16	19.05	19	11.7	11.3
SP4.Legal & Public affairs	6	10	7	13	40	63								
SP5. Transitional Equalization	-	-	-	-	-	-	42.75	6.22	5.03	-	21.81	19.5	2.2	2.7
SP6. Fourth Formula														34.6
TOTAL PROGRAMME	**341**	**345**	**270**	**275**	**325**	**397**	**391.71**	**412.92**	**364.67**	**318.95**	**446.03**	**540.8**	**516.9**	**380.72**