

Commission on Revenue Allocation

STRATEGIC PLAN

2017 – 2022.

COMMISSION ON REVENUE ALLOCATION

STRATEGIC PLAN
2017 - 2022

VISION
No Kenyan Left Behind

MISSION
To make reliable recommendations on equitable revenue sharing, revenue enhancement and prudent public financial management

CORE VALUES
Excellence

Inclusiveness

Integrity

Equity

Objectivity

MOTTO
Promoting an Equitable Society

ABBREVIATIONS AND ACRONYMS

BPS	Budget Policy Statement
BROP	Budget review and outlook paper
CEO	Chief executive officer
CFSP	County fiscal strategy paper
CG	County government
COG	Council of Governors
CoK	Constitution of Kenya
CRA	Commission on Revenue Allocation
DPP	Directorate of Public Prosecution
EACC	Ethics and Anti-Corruption Commission
ECD	Early childhood development
EQAR	External quality assessment review
Fraward	Fiscal responsibility award
FRET	Fiscal responsibility evaluation tool
FRF	Fiscal responsibility framework
GDP	Gross domestic product
ICT	Information communication and technology
IEC	Information education communication
ISO	International organization for standardization
KRA	Key result area
MoU	Memorandum of understanding
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
PAC	Public Accounts Committee
PESTEL	Political, economic, social, technological, environment and legal
PFM	Public financial management
PFMA	Public Finance Management Act
SOP	Standard operating procedures
SWOT	Strengths, weaknesses, opportunities and threats
TA	Transition Authority

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FOREWORD

I am pleased to present the second Strategic Plan for the Commission on Revenue Allocation, for the period 2017-2022. The plan period coincides with the term of the second Commission. The plan reflects our understanding of the important constitutional mandate and specific goals and objectives we have set to effectively fulfil that mandate. It is instructive to note in this respect, that the Commission was established under Article 215 of the Constitution of Kenya with the primary mandate of making recommendations on the basis for equitable sharing of revenue raised nationally. Concomitantly, the Commission also has the Constitutional mandate of advocating for efficient use of public resources and to encourage fiscal responsibility.

The plan highlights our role in moving forward towards achievement of aspirations outlined in the Kenya Vision 2030 which is also the present national long-term policy blueprint for Kenya. Specifically, we aim to contribute to the realization of a just and cohesive society that boasts of social equity through the provision of frameworks that provide for equitable sharing of revenue between national and county governments and among county governments, to ensure that *no Kenyan is left behind* which is the vision of the Commission.

In this regard, a key flagship embedded in this second plan is the development of the third formula which will be used to share revenues among county governments for a period of five years starting fiscal year 2019. The implementation of this plan will also see the formulation of the second policy identifying marginalised areas which will delineate marginalized areas and communities, and set out the criteria for the use of the Equalization Fund for a period of five years starting 2017/18.

I am particularly pleased to note the continued enthusiasm of our staff in the Secretariat in enabling us to move forward the agenda of the Commission. The achievement of the goals as set out is certainly the responsibility of each one of us. We look forward, with confidence, to the realization of all the milestones we have set for ourselves under this Strategic Plan. The achievements of these goals is anchored in our core values; *excellence, inclusiveness, integrity, equity and objectivity*.

The plan herein has been the result of an extensive consultative process in which the views of stakeholders have been taken into account. We therefore look forward to even greater collaboration and support as we implement the plan.

Conclusively, we aim to make a lasting and meaningful difference to the people of Kenya by putting Kenyans at the centre of the formulae and policies that we produce. For this to be entirely realised, we do really look forward to everyone's involvement and support even as we implement the 2017-2022 strategic plan.

Dr. Jane Kiringai
Chairperson

THE EXECUTIVE SUMMARY

1. *The Constitutional Imperative*

This strategic plan details out what we plan to do over the next 6 years. The proposed strategies are as a result of collaborative effort and intense consultations between the Commission and various stakeholders and are intended to provide clarity and guidance towards an efficient and effective fulfilment of our constitutional mandate. The Commission on Revenue Allocation (CRA) is mandated by the Constitution in Article 216 to, primarily, make recommendations for equitable sharing of revenue between national and county governments and among county governments. While making these recommendations, the Commission is also expected to make recommendations on financing and financial management by county governments; to encourage fiscal responsibility and to define and enhance revenue sources for both levels of governments. The Commission must prepare a policy identifying marginalized areas, which it reviews regularly.

2. *Key Result Areas for the Second Commission*

The second Commission has developed this second strategic plan to guide implementation of its activities geared towards executing its Constitutional mandate. The plan covers the period between financial years 2017 and 2021 and places emphasis on four key result areas that will guide the Commission's recommendations and policy. These are; equitable sharing of revenue, prudent financial management, revenue enhancement and transitional equalization. The four can be thematically characterised in terms of the following:

i. ***Institution building:*** To continually build an institution that attracts and retains best talent, create a conducive environment that encourages innovation, creativity, hard work, honesty and demonstrates affability in ways that reflect the very best ideals in public service;

ii. ***Evidence:*** To develop the best, well researched, broadly acceptable recommendations;

iii. ***Objectivity:*** To objectively identify marginalized areas in Kenya and develop a transformative policy used as criteria for sharing of revenues from the Equalization Fund and make all its recommendations objectively;

iv. ***Leadership:*** To be the leader in promotion of prudent use and management of public resources.

3. *For a Just and Fair Society*

In addition to the strategic themes highlighted above, the Commission intends to undertake other activities as guided by the Constitution that helps to truly promote a just and fair society through the activities we will undertake over the next 6 years.

4. *Implementation Committees*

To implement this Strategic Plan successfully, the Commission has proposed the establishment of six Committees as follows:

i. Division and Allocation of Revenue;
ii. Public Financial Management;
iii. Revenue Enhancement;
iv. Equalization Fund and Stakeholder Management;
v. Finance and Administration and;
vi. Audit, Corporate Governance and Risk Management

5. *Institutional Capacity*

The Commission recognises the need for a reliable institutional capacity. To strengthen its institutional position, the Commission has reviewed its organisational structure and therefore intends to mobilize adequate resources and to rigorously engage its stakeholders. To ensure the implementation of this Strategic Plan, the Secretariat has been structured into four directorates that include; Economic Affairs, Fiscal Affairs, Research and Knowledge Management and Corporate Services. Other important functions within the Secretariat are stakeholder management, legal, information communication and technology (ICT) and communication.

CHAPTER 1

BACKGROUND AND CONTEXT OF THE STRATEGIC PLAN

1.1 Background

This Strategic Plan has been prepared to cover the period 2017 to 2022. The background is located in Kenya's recent developmental and economic history; its current state and indeed, in its future, all which have been prominently influenced by the unrelenting demands for both political and economic reforms since the early 1990s.

The underlying prominence of the past reforms' process as well as other political activities were to a large extent, related to a growing need for inclusion and the desire to bring fairness in Kenya's economic structure, by addressing inequalities and unfair distribution of resources among other factors. This process led to various initiatives that ultimately instigated a lengthy process of reviewing the national constitution in order to legally and holistically address, and correct these critical governance issues.

Kenya's new Constitution was promulgated in August 2010. The Constitution created ten independent commissions one of which was the Commission on Revenue Allocation that would serve to protect the constitutional gains made through reform processes and to safeguard the sovereignty of the people of Kenya.

The Commission on Revenue Allocation (CRA) or (the Commission) or (the Institution) was established under Article 215 with its functions spelled out in Article 216. The primary mandate of CRA is to provide an objective and independent framework for equitable sharing of revenue raised by national government. CRA espouses the principles relating to public finance, the bill of rights, national values as well as the principles of good governance, to the extent that they apply to Public Financial Management (PFM). In this context CRA continues to play a significant role in promoting and advancing accountability, development, service delivery and equity through its activities and policy recommendations.

The first Commission (2011-2016) pioneered the legislative, policy framework and the foundation of fiscal decentralization as well as PFM in Kenya as provided in the Constitution. In addition, the Commission was instrumental in establishing necessary legal mechanisms under Article 12 of the Constitution to commence the process of reforming public finance management and the funding of county governments.

In summary, the main achievements of the first Commission are the following:

a) Contributed to the first Public Finance Management Act 2012;
b) Made the first ever recommendation on equitable allocation that was passed by the 10th Parliament and funded the first devolution exercise in 2013;
c) Set the foundation, benchmarks and thresholds for the basis of equitable allocation;
d) Provided leadership and stewardship in ensuring smooth transition into devolution by creation of institutions such as the Transitional Authority (TA) and the Council of Governors (CoG);
e) Developed the first ever policy identifying marginalised areas that saw government for the very first time, fund 14 counties towards reducing marginalization on the areas specified in Article 204.

1.2 The Legal Framework

CRA draws its legal existence from the Constitution of Kenya 2010, and other enabling legislations. Specifically, Article 215 and 216 of the Constitution, which are operationalized through the CRA Act 2012, together with other legislations that govern public finance and operations of a public institution.

1.3 CRA's Role in the Kenya Vision 2030 and Medium-Term Plan III

Kenya's long term development agenda is articulated in the Kenya Vision 2030 policy blueprint whose goal is to make Kenya a newly industrialized, "middle income country providing high quality life for all its citizens by the year 2030". The Vision is based on three pillars namely:

- **The Economic pillar:** which aims at providing prosperity of all Kenyans through an economic development programme targeted at achieving an average Gross Domestic Product (GDP) growth rate of 10 % per annum;

- **The Social pillar:** which seeks to build "a just and cohesive society with social equity in a clean and secure environment", and

- **The Political pillar:** which aims at realizing a democratic political system founded on issue-based politics that respects the rule of law, and protects the rights and freedoms of every individual in the Kenyan society.

In this regard, the Commission will continue to play a significant role in the realization of the Kenya Vision 2030 and its Medium-Term Plans by supporting devolution under the political pillar.

1.4 Rationale

Following the expiry of the term of the first commissioners, a new team of commissioners came into office in February 2017 for a fixed term of 6 years. The new commissioners and the Secretariat have reviewed the successes and challenges faced by the previous commissioners in detail and have built on that platform in order to create a new impetus and to accelerate the process of developing superior and more scientifically-driven resource sharing policies in Kenya.

The Commission is optimistic that its activities as outlined in this roadmap, will become a beacon of hope in an uncertain future, and the leading institution in matters of revenue sharing, devolution, public finance management and revenue enhancement strategies. The new Commission brings to this process a commitment to be innovative in its work; to respect and embrace Kenya's national diversity and to be always impartial, honest, transparent, and accountable.

It is against this background that CRA, has developed this Strategic Plan as a guide and road-map for its operations and aimed at delivery and fulfilment of its constitutional mandate. To ensure successful implementation, the Commission has created six committees that are directly aligned to the Commission's constitutional mandate and which are discussed in chapter 4.

1.5 Methodology for Developing the Strategic Plan

The policy goals and strategies detailed in this plan are the result of a collaborative process that sought the input of a large number of stakeholders. In addition, we engaged in a comprehensive process that entailed a review of various critical documents including the Constitution of Kenya, the CRA Act, the Commission's previous Strategic Plan (2013-2015), the Kenya Vision 2030 and its Second Medium-Term Plan (2013-2017) and other economic performance blue prints.

A number of strategic planning meetings and retreats were held at various times to gain maximum inputs. A final validation workshop by senior management and external consultants was conducted to finalize the preparation of this strategic plan.

CHAPTER 2

INSTITUTIONAL REVIEW AND SITUATIONAL ANALYSIS

2.1 Overview

This chapter presents a broad overview of the implementation of the previous Strategic Plan, which was produced in 2013 and covered the period 2013 - 2015. The Chapter also contains highlights of the internal and external environment within which the CRA operates, together with a list of the key stakeholders that it engages with. It also includes a brief analysis of the risks that the Commission faced.

2.2 Key Result Area 1: Devolved Fiscal Systems and Transfers

Under this key result area (KRA), the Commission advocated for equity in revenue sharing and increased funding to county governments. The Commission achieved an acceptable revenue sharing framework between the national and county governments and among county governments. This was significant as it pioneered the process of fiscal decentralization in Kenya following the promulgation of the Constitution 2010. Specifically, the Commission developed the following:

i. Six recommendations on sharing of revenue between national and county governments;
ii. Two recommendations on sharing of revenue among county governments; and
iii. A policy identifying marginalized areas.

In the meantime, while developing its recommendations, the Commission recognized inadequate technical capacity in the field of fiscal decentralization; inadequate stakeholders' engagement as well as limited financial resources as some of the challenges faced that could adversely affect its work.

2.3 Key Result Area 2: Public Financial Management

The Commission advocated for adherence to the principles of PFM at county government levels. Explicitly, the Commission encouraged more funding for development expenditure by making recommendations to cap county governments recurrent spending. In addition, CRA trained county governments on planning and budget preparation. During the initial establishment of county governments, the Commission supported the development of public finance management legislative frameworks.

In advising county governments on PFM the Commission observed non adherence to the PFM legislation as a major challenge. These included incredibility of budgets, unrealistic revenue projections and contravention of fiscal responsibility principles.

2.4 Key Result Area 3: Revenue Enhancement

The Commission advised county governments on revenue administration measures with the aim of supporting them to increase collection of their own source revenue. Steered by the needs of the new devolution structures the Commission concentrated on county governments and less on national government. In this mandate, CRA supported counties to develop revenue administration legislations through training, providing technical assistance and developing a handbook on revenue raising model laws. The Commission guided the development of revenue automation management systems. The Commission also engaged counties to share lessons, challenges and opportunities in revenue automation. The Commission made recommendations on ways of enhancing revenues by county governments from natural resources.

In providing advice on revenue enhancement, some of the challenges the Commission observed included poor revenue forecasting of own source revenue; low uptake of revenue automation management systems and inadequate capacity in revenue management from natural resources.

2.5 Institutional Capacity

The Commission established a fully operational Secretariat with competent staff and adequate facilities that created an enabling work environment. The Commission set up six directorates with adequate technical staff. To enhance its skills set, the Commission trained its staff on skills that were necessary for effective performance. The Commission established partnerships with key stakeholders both locally and internationally. It also mobilized resources to complement allocation from the exchequer in facilitating its activities.

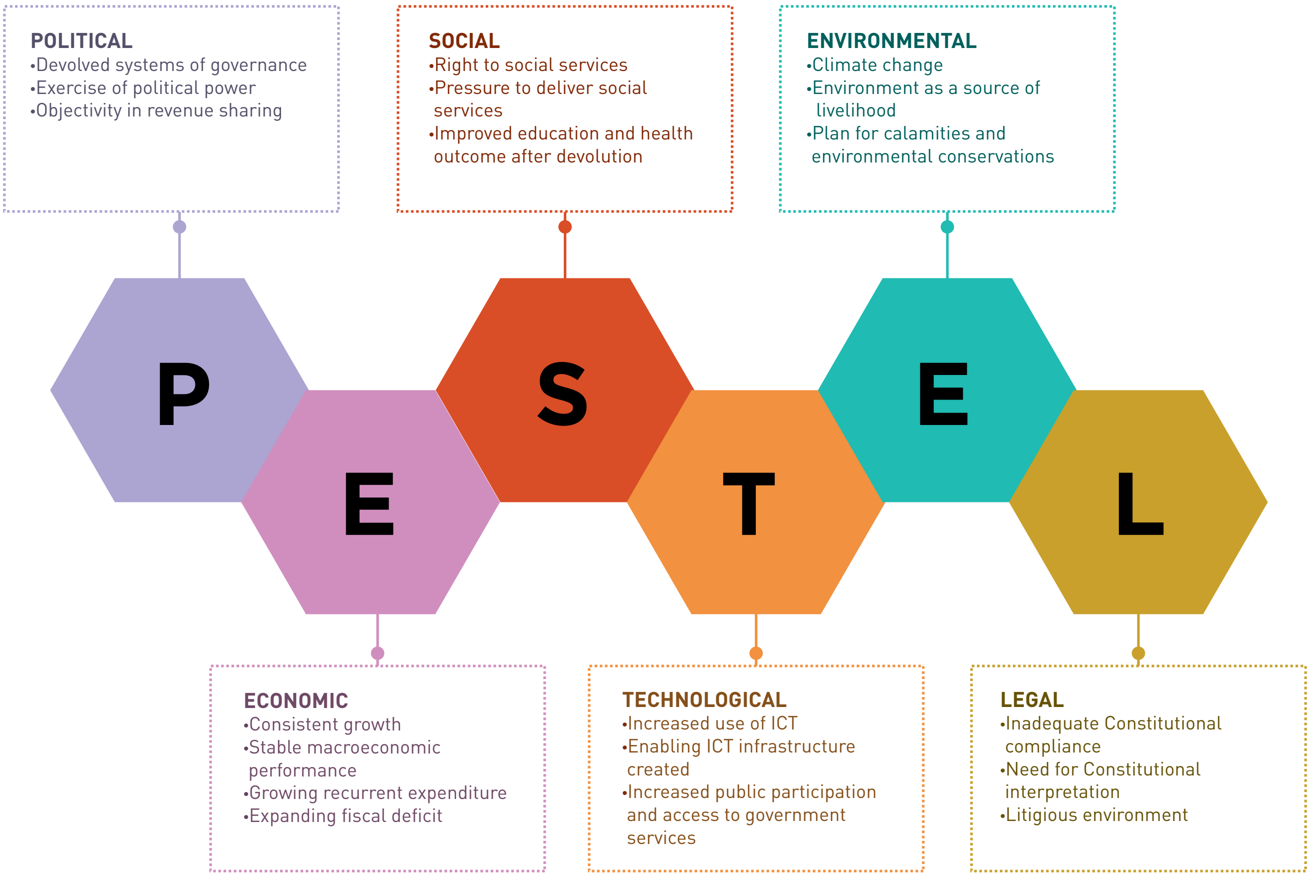
In a nutshell, although the Commission successfully completed most of its planned activities some were not exhaustively undertaken; notably:

1. Defining new revenue streams for national and county governments;
2. Articulation of principles, criteria and policies of fiscal decentralisation;
3. Preparation of tools for evaluating financial reporting and management, and;
4. Compliance with the Constitution of Kenya 2010, the CRA Act and PFMA.

2.6 PESTEL Analysis

The PESTEL analysis herein refers to a brief scan of the broad political, economic social, technological, environmental and legal environments in which the Commission finds itself and how these may inform the strategic direction to be pursued by the Commission. A summary of the PESTEL analysis is carried here below.

Table 1: The PESTEL analysis



2.6.1 The Political Environment

The Constitution of Kenya 2010 legally created, for the first time, two distinct but inter-dependent levels of government; i.e. the national and county governments. This new constitutional dispensation created a political structure that has resulted in expanded governance levels as well as additional financial burdens. The constitutional structures, which include the Executive, National Assembly, the Senate, county assemblies and county executive have also brought some administrative benefits as a result of enabling close proximity to the people on one hand while also creating new political realignment on the other. The process of resource sharing has therefore become more political with each level of government relying on the law in exercising their political power and in determining their financial needs.

2.6.2 The Economic Environment

Kenya's economy continues to be resilient, primarily driven by construction sector, financial and insurance as well as agriculture and other sectors such as transport, trading and service industries. The

GDP has grown on average at 5% over the last several years supported by strong macroeconomic policies. The broader financial sector that includes banking, insurance, capital markets and the pensions industry has witnessed substantial growth in the last five years and will continue to drive growth as inclusion and innovation holds key to the resilience. Nevertheless, various challenges lie ahead; including youth unemployment, notable inequalities, uncontrolled spending, growing national debt and the menace of corruption as some of the key factors that cumulatively pose serious challenges to Kenya's economic prospects.

2.6.3 The Social Environment

Kenya has a very diverse culture and a population that is growing at an estimated rate of 1.8%, with 60% of the current population under the age of 24 years. Although this demographic offers a huge potential, inadequate social amenities, especially in urban informal settlements, arid and semi-arid areas continue to threaten the country's economic prospects and social cohesion. The devolved system of government has made significant contributions to service delivery, but the key lies in more efficient expenditure systems and job creation opportunities. There has been notable progress in the social sector after devolution. Specifically, enrolment in early childhood development (ECD) and youth polytechnics has increased by 12% and 8.2% respectively. Equally, the health sector has realized significant achievement such as reduced infant mortality rate from 52 to 39 per 1,000 live births; immunization coverage increasing from 77% to 83.5%; malaria incidences reduced from 32 to 22% and HIV prevalence rate declining from 6.3 % to 5.6 % [1] .

2.6.4 The Technological Environment

The use of technology in Kenya has advanced in the last three years. Between 2012 and 2015, internet users increased by 125 per cent and mobile phone subscription also grew from 31 million to 38 million[2] . On its part, the government has constructed national ICT infrastructure by laying a network of fibre optic cables linking the 47 counties. This infrastructure has provided a platform for easier communication to the public on government's plans and policies. It has also enhanced access to government services by citizens. As a result, the public is more engaged in policy formulation and execution. The ICT infrastructure has also supported automation of public financial management by both levels of government. The automation has increased accountability and efficiency in administration of public resources.

2.6.5 The Legal Environment

The Constitution has been interpreted differently by various actors especially in the areas of resource sharing and public financial management. This has led to several institutions turning to litigation to seek clarity on their different mandates with an aim to strengthen their institutions' power. This litigious environment although useful in clarifying the roles of different institutions has been derailing budget implementation, revenue administration and enactment of legislations at the county level.

2.6.6 The Environmental Scan

The Government of Kenya has realized and embraced the reality of climate change phenomenon and its adverse effect on the general environment. The government therefore continues to pursue policies that can address this well-recognised global challenge in order to adapt to, or mitigate the adverse effects of climate change while also conserving and protecting the environment. The conservation is largely aimed at securing the dependence on rain fed agriculture, which is also the main source of livelihood for the majority of Kenyans. Moreover, it is incumbent upon both levels of government to plan and budget for the unforeseen climate and environmental calamities in order to protect its citizens. Although very important, conservation and disaster preparedness are areas that are traditionally, not prioritized in government expenditure.

[1 & 2] Review of Medium Term Plan II of Kenya Vision 2030

2.7 A SWOT Analysis

The table below provides a summarised representation of the Commission's analysis of its strengths, weaknesses, opportunities and threats (SWOT analysis).

Table 2: SWOT Analysis

INTERNAL FACTORS	
STRENGTHS	**WEAKNESSES**
1. Mandate anchored in the Constitution 2. Competent and experienced workforce 3. High stakeholder support and goodwill	1. Inadequate financial resources 2. Lack of regional presence 3. No performance measurement policies 4. Weak visibility especially in public
EXTERNAL FACTORS	
OPPORTUNITIES	**THREATS**
1. Visible support across board 2. Untested areas of work – marginalization 3. Synergies with the legislature, national and county government 4. Expanded internet connectivity and usage	1. Increased financial demands in public institutions 2. Weak linkages to national government and other bodies

2.8 Stakeholder Analysis

The stakeholder analysis identifies expectations and obligations of various stakeholders on the operations of the Commission. Recommendations on revenue sharing and public financial management are both technical and political processes, which require adequate stakeholder engagement.

In summary, the following are the main stakeholders of the Commission, along with an indication of their respective roles and responsibilities.

i. ***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 for deviating from the Commission's recommendations;

ii. ***The National Assembly:*** Is the ultimate decision-maker on the sharing of revenue between national government and county governments and among county governments. It is responsible for enacting the annual division of revenue bill and county allocation of revenue bill. The Commission expects both Senate and National Assembly to request and consider its recommendations. Parliament requires the Commission to provide recommendations that are impartial and credible;

iii. ***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;

iv. ***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 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;

v. ***Civil Society Organisations:*** 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.

vi. ***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 these recommendations.

vii. ***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.

viii. ***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 recommendations.

ix ***The Judiciary:*** Is empowered by the Constitution to provide clarity and interpretation of the Constitution. In this respect, CRA relies on their judgments to provide clarity on activities of the Commission to strengthen its role and mandate.

Figure 1 illustrates the Commission's linkages with its various stakeholders.

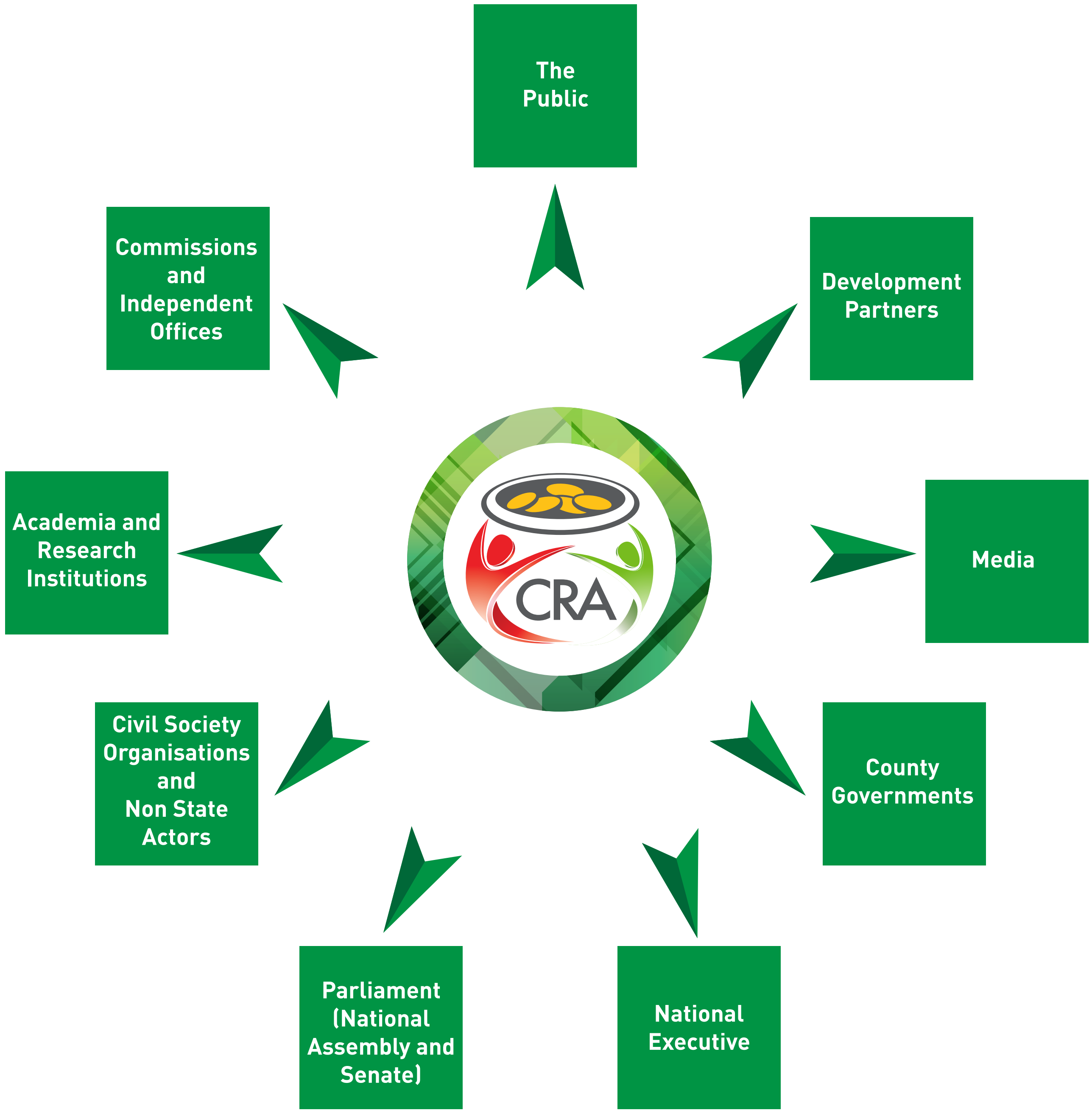


Figure 1: Commission's linkages with key stakeholders

2.9 The Commission's Risks and Mitigation Strategies

The main risks that the Commission faces include the following:

1. **Non-adoption of CRA's recommendations by Parliament:** The process of determining equitable share, though largely professional, has a political angle at the adoption stage, involving both houses of parliament. Should parliament not adopt CRA's recommendations, or adopt different recommendations from those of CRA, the impact on the credibility of the Commission would be significant. The mitigation strategies will include enhancing professionalism in collection, collation and analysis of data used in informing the recommendations, extensive engagements throughout the process of coming up with recommendations and continuously lobbying parliament and other stakeholders to adopt our recommendations.

2. **Use of unreliable data and/or loss of data:** Is a key strategic risk for the Commission. To mitigate this risk, the Commission will work closely with various data sources, including Kenya National Bureau of Statistics (KNBS), ministries and counties to ensure reliability of data, as well as strengthen ICT controls and assure credibility of data stored in the systems. In addition, the Commission will put in place a robust business continuity and disaster recovery plan.

3. **Transitional risk:** Both houses of Parliament have seen a significant number of new members elected into office. County executives and assemblies have also seen a significant number of new members. National Assembly, Senate and county governments are key stakeholders for CRA. To mitigate against this risk, the Commission has prepared induction materials for key parliament committees, and is continuously engaging Parliament on the need to consider CRA input in legislation on money bills. The Commission will also continuously cultivate and nurture goodwill with county assemblies so as to ensure the transition does not derail achievement of our mandate, especially that of ensuring prudent financial management for county governments.

4. **Financial risk:** Inadequate funds is an inherent risk for the Commission's operations. This requires the Commission to constantly engage with the National Treasury and to continuously look for alternative funding for the Commissions' activities from development partners.

5. **Litigation risk:** Is also a major risk for the Commission. To mitigate against this risk, the Commission will ensure that it complies with all laws and regulations in addressing its mandate, enhance the skills capacity in the legal department and conduct civic education for specific sections of the public.

CHAPTER 3

STRATEGIES AND THE NEW STRATEGIC DIRECTION

3.1 Introduction

This Chapter presents the key strategic themes that will guide the Commission's activities over the next five years. The strategies will be reviewed from time to time as the Commission endeavours to fulfil its Constitutional mandate and to make a difference to the citizens of Kenya.

Overall, the Commission will pursue the following four main strategies:

i. **Institution Building:** To continually build an institution that attracts and retains best talent, creates a conducive environment that encourages innovation, creativity, hard work,honesty and demonstrates affability in ways that reflect the very best ideals in public service;
ii. **Evidence:** To develop the best, well-researched, broadly acceptable recommendations among them bases for equitable revenue sharing in Kenya;
iii. **Objectivity:** To objectively identify marginalized areas in Kenya and develop transformative policies used as criteria for sharing of revenues from the Equalization Fund;
iv. **Leadership:** To be the leader in the promotion of prudent use and management of public resources.

The key results areas (KRAs) and strategic objectives of this Strategic Plan are summarized in figure 2.

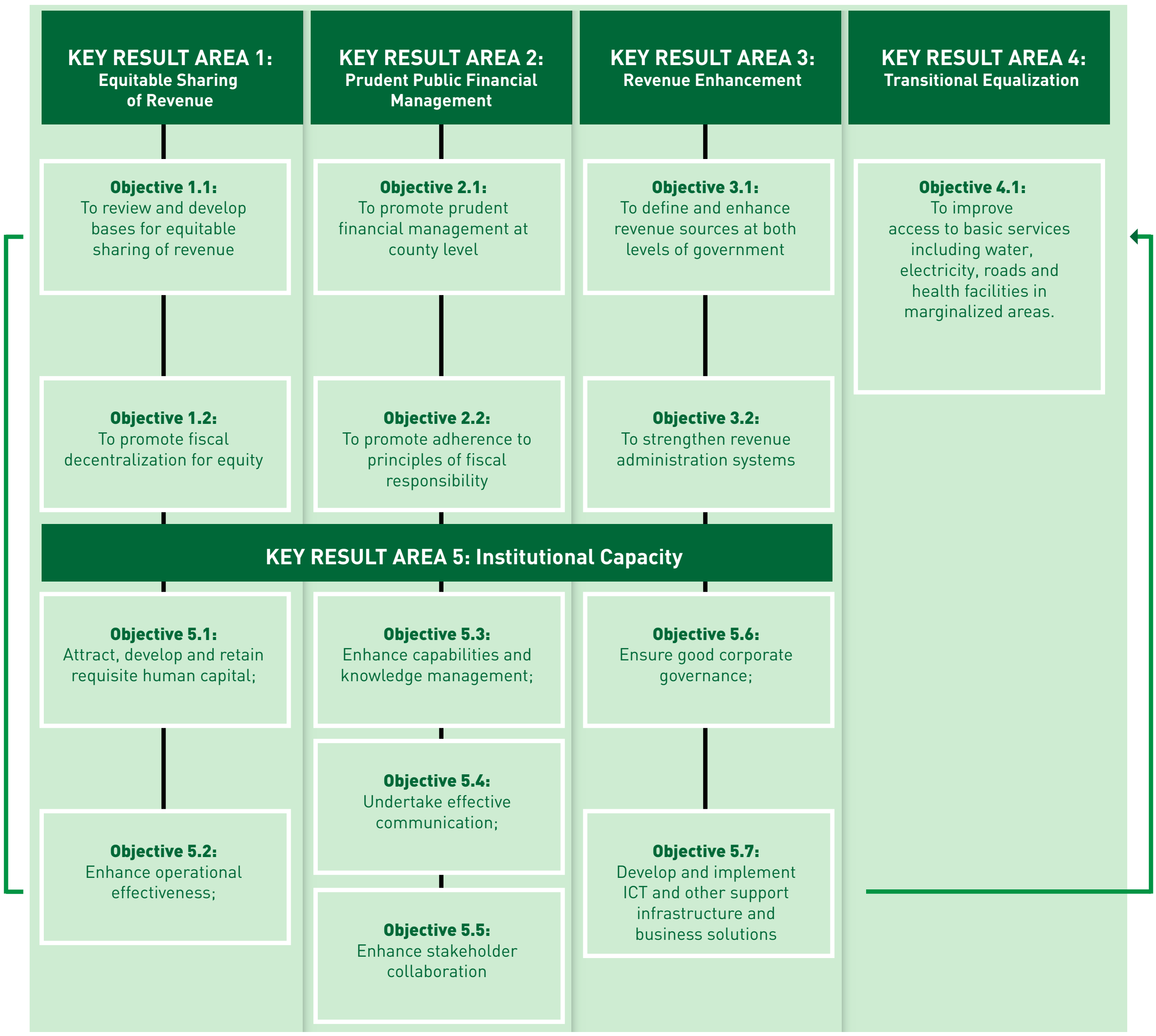


Figure 2: Summary of CRA's Key Result Areas for 2017 to 2022

3.2 KRA 1: Equitable Sharing of Revenue

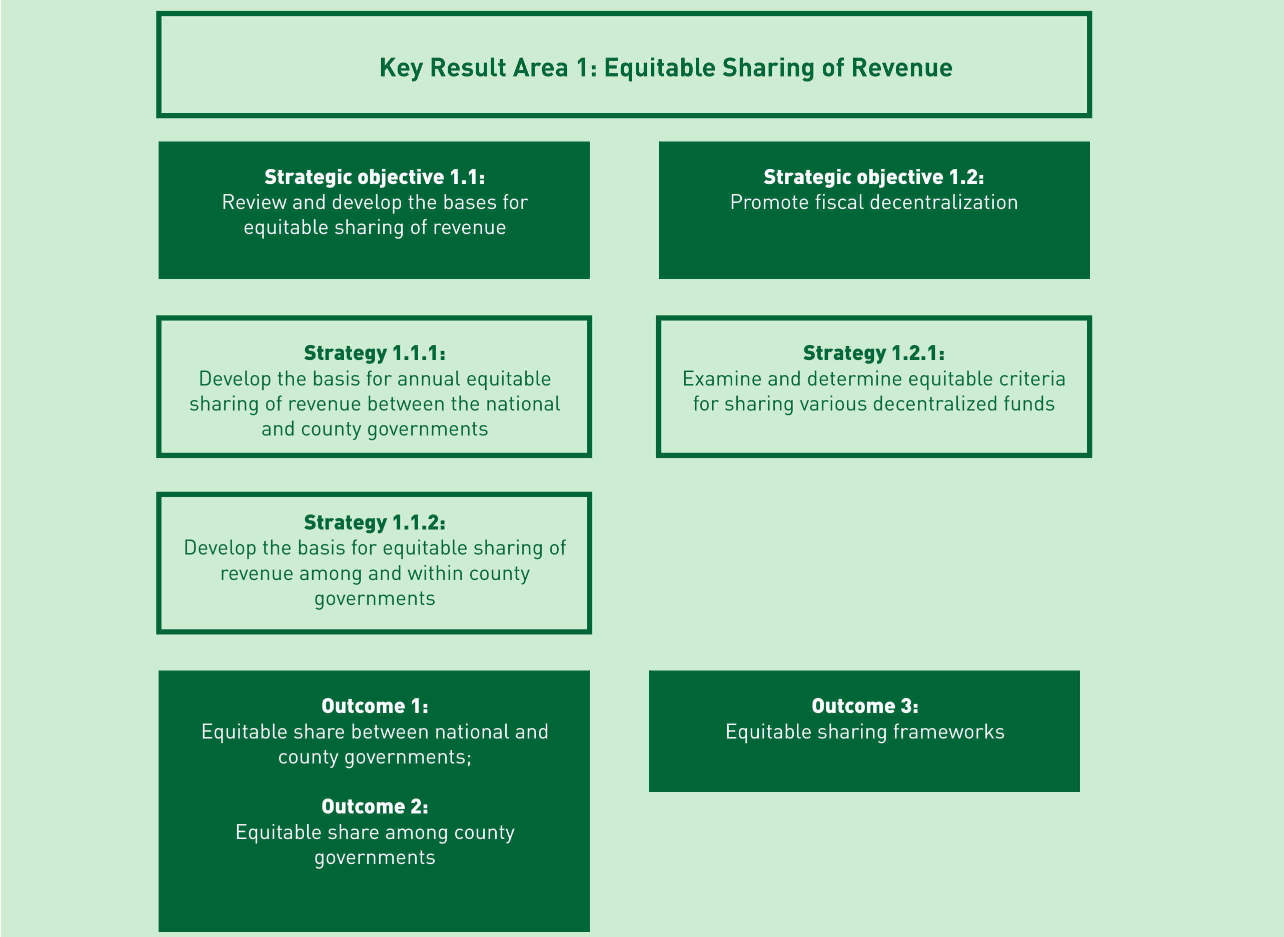


Figure 3 : Key Result Area 1 - Equitable sharing of revenue

CRA plans to aggressively pursue fair and transparent distribution of resources through the allocation criteria. This will be realized through extensive consultations among various stakeholders that include National Assembly, Senate, National Treasury and Council of Governors, as well as county assemblies among others. Over the last six financial years, revenues raised nationally have been shared as shown below in Ksh. Billions:

Year	National	County
2013/14	746	190
2014/15	811	227
2015/16	983	260
2016/17	1100	280
2017/18	1247	302

The Commission has prepared two revenue sharing basis that have been used to share revenues among county governments. The First and Second Revenue Sharing Basis are shown below:

	First Basis	Second Basis
Parameter	Weights	Weights
Population	45	45
Equal Share	25	26
Poverty	20	18
Land Area	8	8
Fiscal responsibility	2	2
Development Index	-	1

In addition, CRA will continue to make annual recommendations to the Senate regarding the basis for revenue allocation among county governments.

There are, at least, five (5) key policy objectives for CRA to accomplish in the period of this strategic plan namely:

1. **Develop a new revenue sharing basis:** This will replace the current one and will be the third basis for equitable sharing of the revenue among county governments. The first and second bases are similar and macro in nature. In preparing the third basis of revenue sharing, the Commission proposes to enhance the process by including sectoral considerations based on key functions assigned to county governments. This is important in ensuring that financing to county governments is aligned to service delivery demands;
2. **Develop new criteria to finance urban areas and cities:** There are counties which face additional financial burdens in providing services to their residents. The development of the criteria will be carried out in line with the Urban and Cities Act No.13 of 2011 and the PFM sections 174 and 175. It will provide strategic direction on how urban areas and cities can access additional funds to address their additional financial requirements;
3. **Review the bases for sharing of other decentralized funds among lower level units:** In consultation with other stakeholders, the Commission shall review the bases used for sharing of other decentralized funds among lower level units and existing natural resources policies and recommend equitable criteria for sharing those revenues;
4. **Support the review of various finance bills:** The objective here is to seek to enhance the debate on the constitutional interpretation on equitable share, specifically, in an attempt to highlight and educate the public at large on the role and mandate of CRA as envisaged in chapter 12 of the Constitution;
5. **Develop special support policies:** The Commission shall develop special support policies targeting marginalized groups in Kenya.

Strategic objective 1: Develop the basis for equitable revenue sharing

Guided by Articles 202, 203 and 216(1) of the Constitution, as well as other factors, the Commission shall:

a. Develop a more robust, research based and broadly acceptable basis for sharing revenue between national and county governments;
b. Outline a fair and objective policy to unbundle functions outlined in schedule 4 of the Constitution and use the cost of functions approach as a basis for establishing funds to be transferred to county governments;
c. From time to time carry out research and make recommendations regarding the transfer of additional funds to county governments in form of conditional grants.
d. Engage other stakeholders to develop a framework for financing cities and urban areas
e. Support county governments to develop criteria for allocating development funds and decentralize resources beyond county headquarters.

Strategic objective 2: Promote fiscal decentralization

The promotion of fiscal decentralization is a constitutional requirement that seeks to ensure that financial resources and their management are transferred from a centralized system to a wider sub-national system throughout Kenya by:

a. Ensuring that the principle of equity is adhered to by institutions involved in revenue allocation;
b. Developing a universal index that will guide allocation of all other shareable funds in an equitable manner. This index will be used by both public-sector agencies and development partners;
c. Developing the third criteria for sharing revenue among county governments.

3.3 KRA 2: Prudent Public Financial Management

The Commission's mandate on Public Financial Management is provided for under Article 216(2) which states that, "The Commission shall also make recommendations on other matters concerning the financing of, and financial management by, county governments as required by the Constitution and national legislation" and Article 216(3)(c) which states that, "in making recommendations, the Commission shall seek to encourage fiscal responsibility".

To encourage fiscal responsibility, CRA made the following recommendations for recurrent expenditure budget ceilings for counties:

YEAR	CA	CE
KShs. Million		
2014/15	19,617	13,356
2015/16	27,493	20,663
2016/17	29,060	20,843
2017/18	28,897	26,157

The responsibility of the Commission entails making recommendations that ensure fiscal responsibility at both level of government. Further, CRA is required to ensure that financial management by county governments is carried out in accordance with provisions of the Constitution and national legislation.

Currently CRA makes recommendations on national government's budget policy statement (BPS); the budget review outlook paper (BROP) and, county planning documents. While most of these documents are received, reviewed and recommendations made, a number of county budgets and eventual expenditure patterns are not aligned to the planning documents.

County governments are required to adhere to:

i. Financial management structures;
ii. Planning and budgeting cycle;
iii. Maintenance of financial records; and, reporting;
iv. Principles of fiscal responsibility.

The Commission will therefore seek to ensure that financial plans, budgets, expenditure and reports by counties adhere to these requirements.

Figure 4: Key Result Area 2 - Prudent Public Financial Management

3.4 KRA 3: Revenue Enhancement

CRA's revenue enhancement mandate is found in Article 216(3)(b), which states that, *"In formulating recommendations, the Commission shall seek, when appropriate, to define and enhance revenue sources of national and county governments"*.

The Commission will continue to work with all 47 county governments to develop sustainable, own source revenue mechanisms and reduce over-reliance on national government

Own sources revenue collection by counties has improved from the onset of devolution as per the table below.

YEAR	Equitable Share	Own Sources Revenue
KShs. Million		
2011/12	NA	16,696
2012/13	NA	20,295
2013/14	190,000	26,296
2014/15	226,660	33,849
2015/16	259,775	35,022
2016/17	280,300	32,522

To define and enhance revenue sources at both levels of government, the Commission will employ the following strategies:

i. Assess potential sources of revenue for each county;
ii. Advise and recommend policies for exploration of natural resources;
iii. Develop necessary revenue enhancement policies;
iv. Develop incentives that encourage counties to improve their revenue collections capabilities, and;
v. Support counties in revenue automation.

To strengthen revenue administration capacity, CRA aims to strengthen revenue administration systems in county governments by:

i. Developing capacity for county governments on revenue forecasting;
ii. Strengthening capacity of county governments in revenue accounting, internal control and reporting;
iii. Enhancing capacity of county assemblies on revenue administration.

Figure 5 summarises how the revenue enhancement objective will be realised.

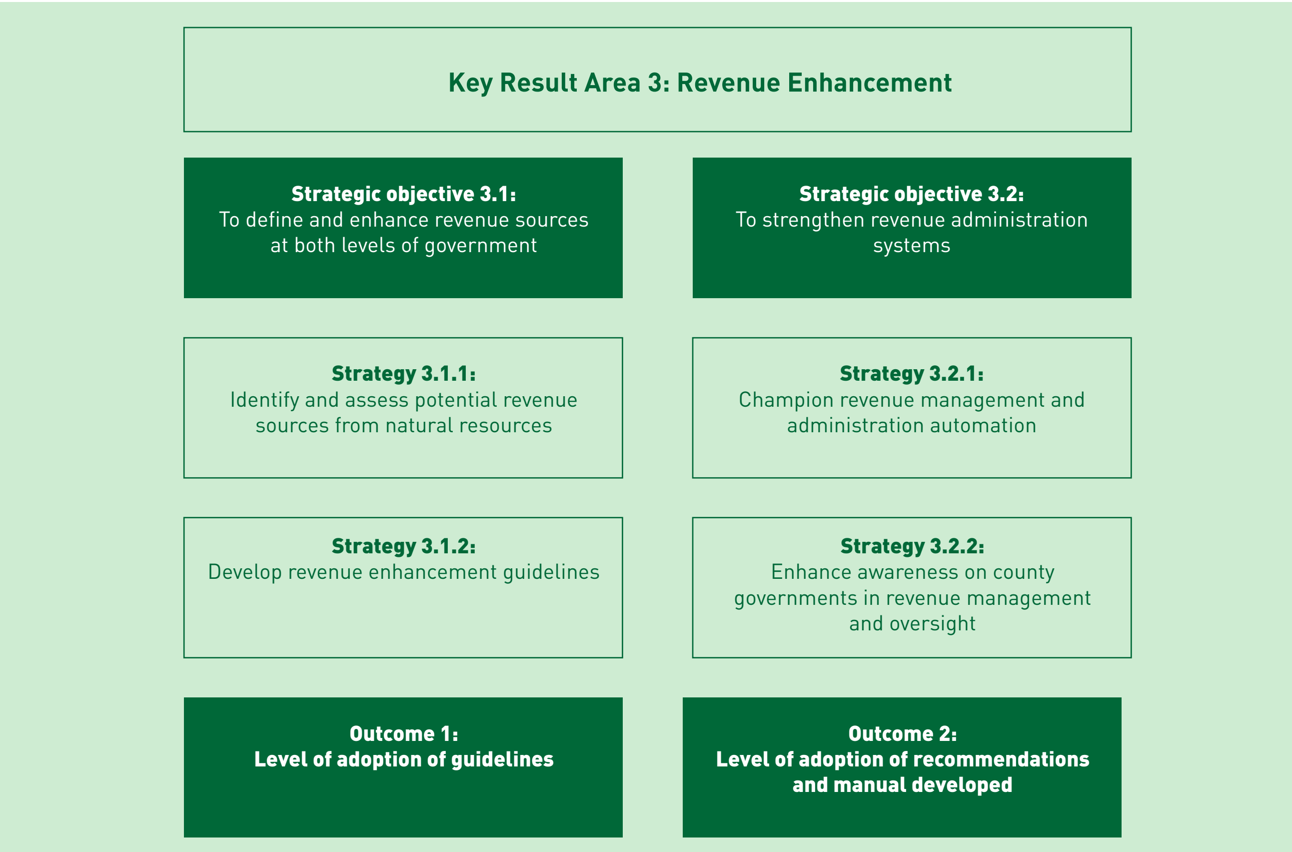


Figure 5 : Key Result Area 3 - Revenue Enhancement

3.5 KRA 4: Transitional Equalisation

The Commission is mandated to determine, publish and regularly review a policy identifying marginalized areas in Kenya. The policy sets out criteria for sharing revenue from the Equalization Fund, whose primary objective is to accelerate provision of basic services including water, roads, health facilities and electricity to marginalized areas in order to uplift the living standards in such areas.

The first policy published in 2013 set the criteria used to share Kshs 12.4 billion among fourteen counties that were identified as marginalized. The counties were Turkana, Mandera, Marsabit, Samburu, West Pokot, Tana River, Narok, Kwale, Garissa, Kilifi, Taita Taveta, Isiolo, Wajir and Lamu.

The Commission has reviewed the first policy and now intends to prepare the second policy to identify marginalized areas within counties. CRA will use robust data analysis, physical on ground assessments, targeted needs assessments and detailed community consultations to identify marginalized areas in Kenya. This is important in ensuring that funds are properly targeted to areas with the greatest needs. The strategies for realising KRA 4 are summarised in figure 6.

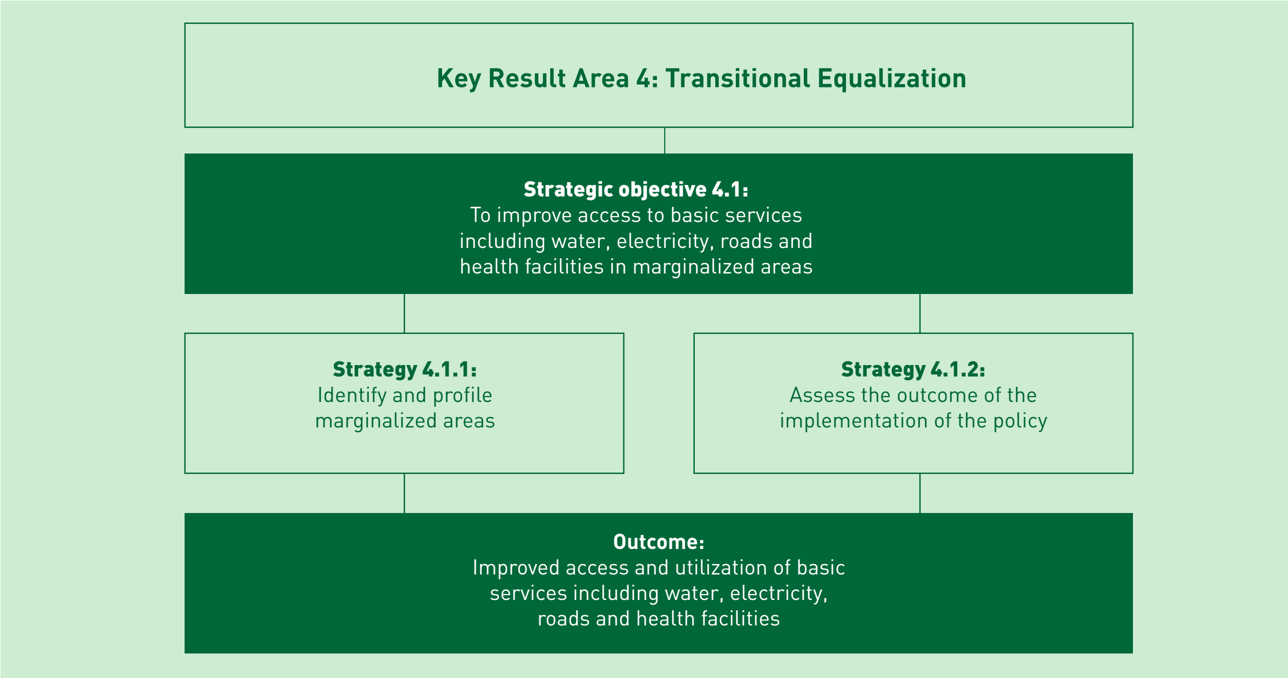


Figure 6 :Key Result Area 4 - Transitional Equalization

3.6 KRA 5: Institutional Capacity

Institutional capacity is key in implementation of the Commission's mandate (figure 7). Areas under institutional capacity are human capital, financial management, communication, knowledge management, stakeholder collaboration, internal systems, good corporate governance, ICT infrastructure and solutions.

The Commission will seek to enhance and diversify its financial streams in regards to its budgetary matters. This will ensure that the strategic plan is implemented without experiencing major budgetary allocation challenges. Effective external and internal communication will aid in the exchange of knowledge and information in order to get understanding and support in implementation of the Commission's mandate.

The Commission will continue to enhance its corporate governance, by augmenting; internal audit, risk management framework and internal control processes. Strengthened stakeholder collaboration will contribute to ensuring greater acceptance of CRA recommendations. The Commission will continue to streamline its operations and strengthen the existing ICT infrastructure and solutions in order to improve operational efficiency.

Key Result Area 5: Institutional Capacity

Strategic Objective 5.1	Strategic Objective 5.2	Strategic Objective 5.3	Strategic Objective 5.4	Strategic Objective 5.5	Strategic Objective 5.6	Strategic Objective 5.7
Strategic Objective 5.1: Attract, develop and retain requisite human capital	**Strategic Objective 5.2:** Enhance operational efficiency	**Strategic Objective 5.3:** Enhance CRA's capability and knowledge management	**Strategic Objective 5.4:** Undertake effective internal and external communication	**Strategic Objective 5.5:** Enhance stakeholder collaboration	**Strategic Objective 5.6:** Ensure good cooperate governance	**Strategic Objective 5.7:** Develop and implement ICT, other support infrastructure and business solutions
Strategy 5.1.1: Review, implement human resource policies	**Strategy 5.2.1:** Acquire ISO certification and implement standards	**Strategy 5.3.1:** Develop research framework and tools	**Strategy 5.4.1:** Develop and implement communication framework	**Strategy 5.5.1:** Develop and implement a stakeholder engagement framework	**Strategy 5.6.1:** Enhance internal audit function	**Strategy 5.7.1:** Strengthening ICT governance, risk and compliance **Strategy 5.7.2:** Enhance business process automation, integration and adoption
	Strategy 5.2.2 Adhere to best financial management practices	**Strategy 5.3.2:** Develop knowledge management framework			**Strategy 5.6.2:** Develop a risk management framework	**Strategy 5.7.3:** Modernize ICT infrastructure and system availability **Strategy 5.7.4:** Management of information security and cyber security
		Strategy 5.3.3: Develop and implement an integrated data management capacity			**Strategy 5.6.3:** Enhance internal control systems	**Strategy 5.7.5:** Enhance understanding, viability and adoption of emerging ICT trends
Outcome: Competent skilled human capital	**Outcome:** Enhanced operational efficiency and adequate funding	**Outcome 1:** Robust research on CRA mandate **Outcome 2:** Improved access and sharing of knowledge	**Outcome:** Awareness of the Commission and its role	**Outcome:** Effective stakeholder support	**Outcome 1:** Effective oversight **Outcome 2:** Mitigate risk **Outcome 3:** Improved compliance and operational efficiencies	**Outcome 1:** Automated business processes and adoption **Outcome 2:** Modernized and functional ICT infrastructure **Outcome 3:** Secured ICT infrastructure **Outcome 4:** Implemented ICT solutions as per ICT industry best practices

Figure 7: Key Result Area 5 - Institutional Capacity

CHAPTER 4

INSTITUTIONAL MANAGEMENT AND STRUCTURE

4.1 Commission's Functional Committee System

The Commission is made up of commissioners who serve for a six-year non-renewable term. It has a secretariat headed by a chief executive officer who is also the secretary to the Commission. The Commission works with an overall objective of fulfilling its constitutional mandate and in this regard, has adopted a functional framework based on a committee system of governance. Four-mandate driven committees have been created that are outward looking and whose functions and activities are directly aligned to the constitutional specific mandate. Another two 'inward-facing' committees that deal with institutional structures together with governance and other statutory requirements have also been created. All the committees and their respective functions are further elaborated here below.

4.1.1 Division and Allocation of Revenue Committee

Division and allocation of revenue is among the core mandates of the Commission. This Committee is charged with the responsibility of guiding the Commission's technical matters relating to policies and recommendations on the basis for equitable sharing of revenue. Further, the committee is responsible for consultations and advisory work that surrounds all legislative bills that address sharing of revenue or any financial matter concerning county governments.

4.1.2 Public Financial Management Committee

The Public Financial Management Committee (PFM) is a critical committee that is responsible for the preparation of all activities and recommendations on financing of, and financial management by county governments. The work of this committee also includes working with county governments to encourage fiscal responsibility such as prudent use of public resources. In addition, the committee makes recommendations on:

i. County financial plans, budgets and budget implementation;
ii. Management of county governments' recurrent expenditure;
iii. Framework for prudent financial management at the county level;
iv. Adherence to the principles of fiscal responsibility throughout the PFM structures and processes.

4.1.3 Revenue Enhancement Committee

This Committee fulfils the Commission's revenue enhancement responsibilities by:

i. Guiding activities that support county governments enact revenue legislations;
ii. Advising county governments on tax imposition and other legal revenue raising measures;
iii. Advising both national and county governments on policies relating to revenue generation from natural resources;
iv. Supporting county governments in setting up and enhancing systems of revenue projection, collection, administration and internal controls.

4.1.4 Equalization Fund and Stakeholder Management Committee

This Committee's main area of focus and mandate is primarily to guide the Commission in developing marginalization policies that seek to identify marginalized areas in Kenya, and offer advice to parliament before the passage of any bill appropriating money out of the Equalization Fund. This of itself is a core mandate for the Commission in as far as its work on equity in resources' sharing is concerned. Other than the equalization objectives, the Committee is also responsible for ensuring that the Commission is maintaining the necessary engagements and relationships with all stakeholders that have a role to play in the implementation of its mandate. This engagement, primarily and broadly, is not just limited to the national government, National Assembly, Senate, county governments but includes development partners and other agencies.

4.1.5 Audit, Corporate Governance and Risk Management Committee

This committee is among the two that are described as "inward looking," and it is established in accordance with the PFM Act (Section 73 (5); the PFM Regulations (Section 174) and Gazette Notice No. 2691 of 15th April, 2016 on Audit Committee Guidelines for national governments. The primary function of the committee is to evaluate and improve the effectiveness of governance, risk management and control processes of the Commission. The committee achieves this objective by providing an independent expert assessment of the activities of the Commission; the quality of risk management, financial reporting, financial management, as well as, internal audit. It ensures that the quality of internal audit is of an appropriate standard and that management has full regard of internal audit recommendations; monitoring and reviewing the risk, control and governance processes that have been established in the entity. The committee also ensures that external audit recommendations are fully addressed.

4.1.6 Finance and Administration Committee

The Finance and Administration Committee is the second "inward looking" committee and is primarily responsible for supporting CRA internally by ensuring that the entire structures of the Commission are running smoothly and efficiently. The committee broadly provides policy and guidance that ensure that CRA is an efficient, accountable and transparent institution. These functions include all human resources, financial, operations as well as evaluation and monitoring of how well the Commission is fulfilling its mandate. Other functions under this committee include, but are not limited to:

i. Prudent financial management;
ii. Transparent procurement process;
iii. Responsive ICT systems and
iv. Effective internal and external communication.

4.2 CRA's New Organisational Structure

To coordinate the implementation of this Strategic Plan, the Commission has embarked on rigorous review of all its structures, operations and processes to ensure timely and efficient fulfilment of its mandate. The new corporate structure places priority on ensuring that the secretariat is well aligned to the aforementioned committee structures and that it has the optimal level of staffing, skills and experience necessary for delivery of the desired outcomes.

Accordingly, a new organisational structure that is shown in figure 8 here below is designed to ensure that all employees of CRA have a clear and functional reporting structure. The structure includes a new position of a technical deputy CEO who will be the principal assistant to the CEO and who will oversee much of the activities that relate to CRA's policies and recommendations.

4.2.1 The Secretariat of the Commission

The day to day activities of the Commission are carried out by the secretariat to the Commission that is headed by the commission secretary, who is also the chief executive officer (CEO). The CEO provides leadership in the implementation of the Commission's strategies and as the accounting officer, oversees all the financial and administrative functions of the Commission. The CEO is supported by a secretariat currently consisting of fifty seven members of staff. Moreover, the secretariat has been further re-structured into four directorates whose functions are described hereunder.

4.2.2 Economic Affairs Directorate

The Economic Affairs directorate will be responsible for various activities that relate to the making of recommendations on equitable sharing of revenue between national and county governments and among county governments. These activities include carrying out in-depth research, analysis, review and forecasts that then inform preparation of the division of revenue recommendations. Further, the directorate is responsible for preparation and review of policies identifying marginalized areas in Kenya.

4.2.3 Fiscal Affairs Directorate

This directorate will implement the mandate of the Commission, which is to make recommendation on financing of and financial management by county governments. The directorate will also make recommendations that define and enhance revenue sources for both levels of government.

4.2.4 Research and Knowledge Management Directorate

This directorate will form the backbone of CRA's policy work and recommendations by adopting high standards of research methods and best practices in data analysis and communication of our policies and constitutional recommendations.

4.2.5 Corporate Services Directorate

The functions of this directorate will be to support the implementation of the Strategic plan through attraction and retention of competent staff and in the utilization of resources of the Commission in a prudent manner. Corporate Services include human resources and financial functions that are critical in ensuring that CRA operations run smoothly and efficiently.

Supporting functions include:

4.2.6 Legal

The legal function will continue to play a critical function of ensuring that the Commission's work and in deed its recommendations meet the highest legal threshold and are in strict compliance with the Constitution. The legal function will also be responsible for ensuring that the Commission recommendations are considered in all money and finance-related bills presented in Parliament and in particular, in relation to county governments.

4.2.7 ICT

The ICT function plays an important role in supporting various committees in the delivery of their mandate. Specifically ICT supports the areas of revenue enhancement, research and fiscal affairs. Further, the function will remain at the forefront of the Commissions' endeavour to maintain best practices in technology and leverage these skills to enhance the efficiency of CRA's recommendations.

4.2.8 Communication

Communication in CRA plays a critical role in ensuring that information on the Commission's mandate, policies, formulae and recommendations are effectively conveyed to stakeholders. This enables the Commission to disseminate information and receive feedback to aid in decision making as well as to get external stakeholder buy in and support in the implementation of CRA mandate. Internally the communication function champions the flow of information between and among commissioners and employees which helps in the implementation of the Commission's mandate.

4.2.9 Stakeholder Management

This function will ensure CRA's closer and continuous interaction with key stakeholders for purposes of enhancing buy in for CRA's recommendations.

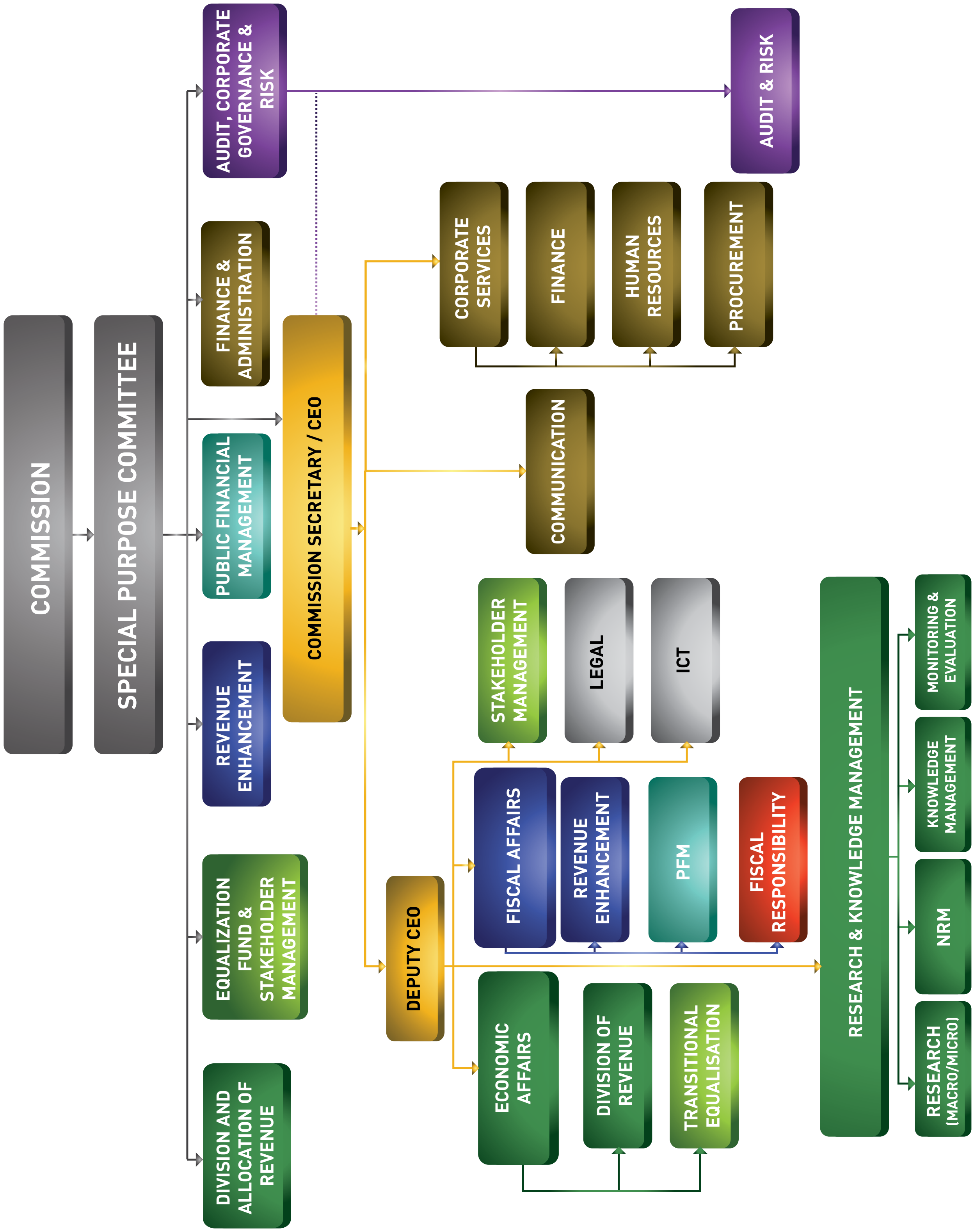


Figure 8: CRA's New Organisational Structure

4.3 Financial Requirements

To fully implement this strategic plan, meet its Constitutional mandate and make the envisaged difference, CRA will require over Kshs 750 million during the 2018/19 financial year. This is particularly important because the organization has to finalize the policy identifying marginalized areas and also produce the next generation of revenue sharing formulae among other activities as summarised in table 3 here below:

Table 3: Envisioned Financial Requirements for Overall Strategic Plan Implementation

No	KEY RESULT AREAS	RESOURCE REQUIREMENT (IN MILLION KSHS)				
		2017/18	2018/19	2019/20	2020/21	2021/22
1	Equitable Sharing of Revenue	124.7	80.23	83.51	145.26	101.61
2	Prudent Public Financial Management	66.56	194.67	183.2	123.85	159.21
3	Revenue Enhancement	52.67	79.3	90.89	85.87	86.99
4	Transitional Equalization	46.28	31.24	46.87	1.50	4.70
5	Institutional Capacity and Resource Mobilization	463.36	433.43	480.07	511.34	493.46
	Total	**753.57**	**818.87**	**884.54**	**867.82**	**845.97**

CHAPTER 5

MONITORING AND EVALUATION

5.1 Overview of Monitoring and Evaluation

Monitoring is about reviewing progress made in implementing actions or activities. The aims of monitoring and evaluation are to provide information that inform decisions, improve performance and achieve planned results.

Table 4 here below provides a sample monitoring framework that can be easily used.

Specifically, the monitoring and evaluation framework is geared towards achieving the following aims:

i. **Tracking** the realization of results from the defined strategies and activities over the next 6 years and beyond;
ii. **Ascertaining** whether resources earmarked for the implementation of the activities suffice and are delivering desired outcomes;
iii. **Assessing** whether expected outcomes from the strategies are being realized from the implementation process;
iv. **Establishing** whether there are any unanticipated challenges that might have arisen and seek ways of addressing them; and,
v. **Ascertaining** whether the institutional capacity in terms of facilities, logistics, human resources and financial resources are adequate to enable realization of the objectives of the Commission

Table 4 : A Sample Monitoring Framework

Committee/Directorate:						
Key Result Area:						
Strategic Objective:						
Strategy	**Activity**	**Output**	**Performance**	**Target**	**Achievements**	**Comments**

5.2 Appreciating the Importance of Evaluation

Evaluation is an independent assessment of either completed or ongoing activities to determine the extent to which they are achieving stated objectives. It will involve a systematic and objective process of examining the relevance, effectiveness, efficiency, impact and sustainability of strategies. There will be annual reviews based on respective work plans developed by responsible committees or departments for the implementation of the Strategic Plan. These will be coordinated by the senior management team at the Commission. CRA's Strategic Plan will be evaluated at two levels; namely: (a) a mid-term evaluation and (b) an end-term evaluation.

The mid-term evaluation will examine the progress being made towards achieving the set targets and will be spearheaded internally by a technical committee appointed by the chief executive officer. It will be undertaken two and half years into the implementation of this Plan and the results will inform changes aimed at improving the strategic plan implementation process.

The end-term evaluation will, on the other hand, be conducted near the end of the strategic plan period and will be spearheaded by an independent expert under the guidance of the senior management team of the Commission.

5.3 Performance Indicators and Targets

The monitoring, evaluation and reporting regarding the progress, and in deed, the total effectiveness of this strategic plan will involve a systematic and continuous process of follow up, review and rigorous analysis based on performance indicators and targets set out in the work plans. The Commission will commit its efforts to ensure that the earmarked activities are implemented through the following methods:

i. Developing indicators and targets for all activities of the strategic plan;
ii. Formulating annual work plans;
iii. Projecting resource requirements.

The aforementioned respective Committees will guide implementation of activities while departments will be the implementation units. The division of human resources and administration will be charged with monitoring the implementation of the strategic plan through regular interactions, review and assessment meetings. The results of this monitoring and evaluation exercise will be used to improve and enhance efficiency as well inform CRA's future plans. The implementing unit will be expected to provide detailed progress and status reports on a quarterly basis.

5.4 The Strategic Plan Implementation Framework

The overall responsibility for implementation of the Strategic Plan rests with the chief executive officer of the Commission. Each implementing unit (departments) will be responsible for the coordination, implementation and reporting of the assigned activities in the implementation matrix. The units will derive their respective work plans from the implementation matrix as outlined in annex 1, here below.

5.5 Conclusion

Over the next 5 years, CRA will not only deliver on its constitutional mandate but also lay a strong foundation of sound equitable sharing of national revenue, prudent financial management in county governments and speed up the fiscal decentralization process. Our commitment is to leave a lasting impact for future generations. To achieve these broad but well defined objectives, CRA has set out robust governance structures by organizing all our activities and day to day operations through committees whose core objectives is the fulfilment of the constitutional mandate. The committees are aligned with our key objectives in order to efficiently support the pillars of devolution as well as broad service delivery promises.

Our solid commitment to the Constitution and the people of Kenya will enable us bring together various stakeholders through an elaborate consultative process to ensure that recommendations and policy guidelines carry adequate weight and are widely accepted. In developing this strategy we have fully recognized the enormous task ahead, especially, in balancing various competing interests, expectations and ever growing demands for financial resources in both level of government. We shall address these challenges in a way that espouses fairness, transparency and integrity.

ANNEX 1: IMPLEMENTATION MATRIX

STRATEGIES	ACTIVITIES	ACTIVITY INDICATORS	OUTCOME
KEY RESULT AREA 1: EQUITABLE SHARING OF REVENUE			
Strategic objective 1.1: Review and develop the bases for equitable sharing of revenue			
Develop the basis for annual equitable sharing of revenue between national and county governments	Analyze performance of the economy	No. of briefs	Equitable share between national and County governments
	Provide guidelines for utilisation of transferred resources	No. of guidelines	
	Assess the economic efficiency of delivering public services	Costing of functions report	
	Develop scientific criterion on sharing of revenue between national and county governments	Criteria	
	Undertake a comparative analysis of best practices on intergovernmental transfers	Analytical reports on best practices	
	Assess the rationale for conditional grant	Analytical reports	
	Research into new conditional intergovernmental transfers	Research papers	
	Make recommendation on the provisions of the BPS, BROP, and debt strategy paper	Recommendations to NT and Parliament	
	Prepare annual recommendation on basis for equitable sharing of revenue between national and county government	Recommendation	
	Engage key stakeholders in equitable sharing of revenue recommendations	No. of stakeholder engagement reports	
	Publish and publicise the recommendation on sharing of revenue	Published Recommendation	
	Make recommendations on bills that deal with the sharing of revenue	Recommendations to NT and Parliament	
	Engage stakeholders and prepare a recommendation on natural resource revenue sharing criteria	Report	
	Recommend a framework for benefit sharing from natural resources revenues	Framework	
	Make recommendations on debt management by national government	Recommendation	
Develop the basis for equitable sharing of revenue among county governments	Research into functional assignments/ sectoral studies	No. of working papers	Equitable share among county governments
	Review the first and second basis for revenue sharing among counties	Review report	
	Assess impact of devolution on service delivery by county governments	Impact assessment report	

	Undertake stakeholder engagement on the third basis for revenue sharing among county governments	No. of stakeholder engagement reports	
	Prepare and submit the third basis for revenue sharing among county governments	Recommendation	
	Engage stakeholders to develop a framework for financing cities and urban areas	Report	
	Support county government to develop criteria for allocating development funds	Report	
Strategic Objective 1.2: Promote fiscal decentralization for equity			
Examine and determine equitable criteria for sharing various decentralised funds	Assess equity in decentralised funds	No. of research papers published	Equitable sharing frameworks
	Make recommendation on criteria for sharing of decentralised funds	No. of recommendations adopted	
	Review existing natural resource fiscal frameworks and policies	Report	
	Make recommendation on natural resource policy formulation and reforms	Number of recommendations	
STRATEGIES	**ACTIVITIES**	**ACTIVITY INDICATORS**	**OUTCOME**
KRA RESULT AREA 2 : PRUDENT PUBLIC FINANCIAL MANAGEMENT			
Strategic Objective 2.1: To promote prudent financial management at county government level			
Advocate for proper management of recurrent expenditures for county governments	Make recommendations on recurrent expenditure ceilings to counties.	Timely submission of recommendations	More resources allocated for development
	Make recommendation on PFM legislation adherence in planning, budgeting and spending by counties	Number of reports reviewed	
Promote consistency between county plans, budgets and implementation	Review and make recommendations on county planning documents	No. of recommendations	Proper utilisation of resources
	Prepare guidelines for county governments on norms and standards for five sectors	Approved guidelines	
	Develop and utilise fiscal responsibility evaluation tool (FRET)	Approved FRET	
	Evaluate and make recommendations on the effectiveness of county PFM structures	No. of recommendations	

Develop a framework for prudent financial management for county governments	Make legislative proposals on strengthening Commission's PFM role	No. of legislation	Accountable and transparent utilisation of resources
	Develop and use tools for analysing financial performance	No. of tools	
	Make recommendation on standard financial reporting templates	No. of recommendations	
	Develop a system of inter-county peer to peer learning on PFM	No. of counties facilitated	
	Make recommendation on PFM process automation in counties	No. of counties and stakeholders engaged.	
STRATEGIES	**ACTIVITIES**	**ACTIVITY INDICATORS**	**OUTCOME**
KRA RESULT AREA 2 : PRUDENT PUBLIC FINANCIAL MANAGEMENT			
Strategic Objective 2.2: Promote adherence to principles of fiscal responsibility			
Strengthen transparency and accountability arrangements within Kenya's fiscal responsibility framework	Publish on fiscal responsibility	No. of publications	Public finance conduct is fully transparent; accountability to citizens is adequately discharged, and overall fiscal manner is broadly sustainable
	Engage stakeholders in fiscal prudence	No. of engagements	
	Develop and disseminate popular versions of fiscal reviews	No of reviews	
	Promote public debate on fiscal policies	No of interactive sessions held / knowledge materials developed	
	Promote peer learning and knowledge sharing in fiscal responsibility	No of working inter -agency / international collaborations established / knowledge materials developed / repository established	
	Review statutes and seek amendments that enhance clarity of roles and responsibilities for PFM	No of legislative proposals for strengthening FRF architecture	
	Promote data democracy in general government	No of collaborative arrangements for data access / No of analytical reviews published / No of citizen groups engaged	
	Deepen horizontal accountability to citizens	No of legislative proposals developed / No of initiatives implemented to strengthen citizen self-help	

STRATEGIES	ACTIVITIES	ACTIVITY INDICATORS	OUTCOME
KRA RESULT AREA 2 : PRUDENT PUBLIC FINANCIAL MANAGEMENT			
Strategic objective 2.2: Promote adherence to principles of fiscal responsibility			
	Engage stakeholders in improving fiscal reporting, deterrent quality of independent audit and scrutiny and general accountability	Financial reporting diagnosis with recommendations / Seamless collaboration between EACC, DPP, OAG, and PAC / Increased conversion of PFM fraud cases into convictions	
STRATEGIES	**ACTIVITIES**	**ACTIVITY INDICATORS**	**OUTCOME**
KRA RESULT AREA 2 : PRUDENT PUBLIC FINANCIAL MANAGEMENT			
Strategic Objective 2.2: Promote adherence to principles of fiscal responsibility			
Support a sustainable fiscal stance in governance	Implement a holistic enforcement mechanism for fiscal responsibility	Enforcement mechanisms / FRET /County rankings / FRawards	
	Report on adherence to fiscal responsibility rules within macro-fiscal, budgetary reporting frameworks	Fiscal performance report	
	Support development of an enabling environment for county government borrowing	Collaborative arrangements for debt rating and reporting for county governments / debt rating / CG borrowing framework / instruments for CG borrowing	
	Review, report and recommend on thematic issues around Kenya's fiscal sustainability	County public expenditure review report	
	Promote proactive fiscal risk management	Fiscal risk surveillance mechanism(s)	
STRATEGIES	**ACTIVITIES**	**ACTIVITY INDICATORS**	**OUTCOME**
KRA RESULT AREA 3: REVENUE ENHANCEMENT			
Strategic Objective 3.1: Define and enhance revenue sources at both levels of governments			
Identify and assess potential revenue sources from natural resources	Undertake studies to identify revenue source from natural resources exploration and exploitation	No. of recommendation	Level of adoption of guidelines on natural resource revenue management
	Engage stakeholders in development of future funds at national and county level	No. of engagement	
	Assess policy and capacity gaps in natural resource revenue enhancement	No. of reports	
	Advice on natural resource revenue assignment	No. of recommendations	

Develop and regularly review revenue enhancement guidelines	Develop revenue enhancement guidelines	No. of recommendation	Level of adoption of guidelines
	Make recommendation on revenue-raising laws and tariff policies	No. of recommendation	
	Assess impact of revenue raising legislation on business	No. of assessment reports	
	Research revenue enhancement measures and best practices	No. of research reports	
	Analyse and publish revenue performance of county governments	No. of revenue performance reports	
STRATEGIES	**ACTIVITIES**	**ACTIVITY INDICATORS**	**OUTCOME**
KRA RESULT AREA 3: REVENUE ENHANCEMENT			
Strategic Objective 3.2: To strengthen revenue administration systems			
Champion revenue management and administration automation	Assess the user, process and capacity requirement in resource automation	Technical requirement report	Level of adoption of recommendations
	Recommend framework for revenue management system implementation	No. of recommendation	
Enhance awareness of County governments in revenue management and oversight	Develop a revenue management procedure manual	No. of recommendations	Level of adoption of manual
	Make revenue management recommendation	No. of Staff trained	
	Monitor and evaluate county revenue performance	M& E report	
	Develop and disseminate County assemblies' revenue monitoring framework	Framework	
Advice on County Government revenue forecasting	Undertake studies to identify and rationalise revenue streams and sources in counties	Study report	Adoption of forecasting recommendations
	Identify and communicate the primary revenue sources	Published report	
	Develop and recommend a revenue projection model	Model	

STRATEGIES	ACTIVITIES	ACTIVITY INDICATORS	OUTCOME
KEY RESULT AREA 4: TRANSITIONAL EQUALISATION			
Strategic Objective 4.1: To improve access to basic services including water, electricity, roads and health facilities in marginalized areas			
Identify and profile marginalised areas	Prepare baseline database primary socio-economic indicators for county governments	Baseline report	Improved access and utilisation of essential services including water, electricity, roads and health facilities in marginalised areas
	Review the first policy identifying marginalised areas	Assessment and review reports	
	Prepare the second policy identifying marginalized areas	Policy	
	Define the criteria for sharing the Equalization Fund among marginalised areas	Criteria	
	Engage stakeholders in developing the policy identifying marginalized areas	Report	
	Publish and publicise the policy on marginalised areas	Publication	
Assess the outcome of the implementation of the second policy identifying marginalised areas	Undertake an impact assessment on implementation of the policy	Reports	
	To make recommendations on implementation of the policy	Recommendation	
	Engage stakeholders in implementation of the policy	Report	
Assess the outcome of the implementation of the second policy identifying marginalised areas	Publish and publicise the recommendation on implementation of the policy	Publication	
STRATEGIES	**ACTIVITIES**	**ACTIVITY INDICATORS**	**OUTCOME**
KEY RESULT AREA 5: INSTITUTIONAL CAPACITY			
Strategic Objective 5.1: Attract, develop and retain requisite human capital			
Review and implement human resource policies	Review HR policies and procedures manual	Approved policies and procedures	Competent/skilled, motivated human capital
	Conduct work environment surveys	Survey reports	
Strategic Objective 5.2: Enhance operational efficiency			
Acquire ISO certification and implement standards	Develop standard operating procedures (SOPs)	Approved SOPs	Enhanced operational efficiency and adequate funding
	Acquire quality management system	Quality management system	
Strategic Objective 5.3: Enhance CRA's capability and knowledge management			
Develop research framework and tools	Develop an information management policy	Policy published and publicised	Robust research on CRAs mandate
	Equip resource centre	Materials, equipment and publications	
Develop knowledge management framework	Establish partnerships with academic and other institutional resource centres	MoUs	Improved access and sharing of knowledge
	Upgrade resource centre software (KOHA)	Resource centre software	
	Establish digital repository	No. of materials accessed	

Develop and implement an integrated data management capability	Facilitate counties to develop law on county statistics	Report	Improved access and sharing of knowledge
	Compile national and county data	Database and reports	
	Facilitate linkage between county and CRA databases	No. of county databases linked	
	Upgrade devolution data portal and database	Upgraded integrated portal	
	Rollout of integrated devolution data portal	No. of counties using portal	
	Re-design and enhancement of CRA Website	Dependable user-friendly website	
Strengthen the Commission legislative frameworks	Prepare CRA regulations	CRA regulations	
	Seek legal interpretation to clarify role of the Commission	Interpretations	
STRATEGIES	**ACTIVITIES**	**ACTIVITY INDICATORS**	**OUTCOME**
KEY RESULT AREA 5 : INSTITUTIONAL CAPACITY			
Strategic Objective: 5.4 Undertake effective internal and external communication			
Develop and implement a communication framework	Develop and implement a communication strategy	Communication strategy	Awareness of the Commission and its role
	Conduct baseline survey on Commission image	Survey report	
	Prepare and disseminate information education communication (IEC) materials	No. of IEC materials	
	Prepare a brand manual	Brand manual	
	Undertake media campaigns	No. of media campaigns	
	Content management of the CRA website and social media pages	No. of articles and briefs	
	Prepare and disseminate publications on the Commission's mandate	No. of e-newsletters and Magazines	
Strategic Objective: 5.5 Enhance stakeholder collaboration in support of CRA mandate			
Develop and implement a stakeholder engagement framework	Identify and profile stakeholder under each key result area	Stakeholder mapping report	Effective stakeholder support and improved corporate image
	Identify how best to engage stakeholders	Report and MOU	
	Enhance awareness of stakeholders on CRA mandate	Report	
STRATEGIES	**ACTIVITIES**	**Report**	**OUTCOME**
KEY RESULT AREA 5 : INSTITUTIONAL CAPACITY			
Strategic Objective: 5.6 Ensure good corporate governance			
Enhance internal audit function	Increase human and skills capacity in internal audit department	Enhanced command on PFM, risk management, public procurement	Effective oversight
	Develop internal audit charter	Internal audit charter	
	Review audit committee charter	Revised audit committee charter	
	Carry out external quality assessment review	EQAR report	

Develop a risk management framework	Develop risk management policy	Risk management policy	Mitigate risk
	Develop risk measurement criteria and risk appetite Statement	Risk measurement criteria and risk appetite statement	
	Carry out regular risk assessment	Risk assessment reports	
Enhance internal control systems	Undertake regular internal audits	Internal audit reports	Improved compliance and operational efficiencies
	Carry out periodic audits of ICT systems and infrastructure	ICT systems and infrastructure audit reports	
	Undertake special audits	Special audit reports	
Strategic Objective 5.7: Develop and implement ICT infrastructure and business solutions			
Enhance use of ICT in operations and communication	Review ICT strategy and policy	Reviewed and approved ICT strategic plan	Strengthened ICT governance framework
	Modernize ICT infrastructure and enhance system availability	Over 95% systems availability	
	Manage information security and cyber security		

ANNEX 2: PROFILES OF COMMISSIONERS

PROFILES OF COMMISSIONERS

DR. JANE KIRINGAI

CHAIRPERSON

Dr. Jane Kiringai is an economist with experience spanning over twenty years. She started her career as an economist in the Ministry of Finance determining the aggregate budget framework and ministerial and sectoral budget ceilings.

Dr. Kiringai holds a PhD in Economics from University of Nottingham, UK, a Masters in Development Economics from Williams College, US, a Bachelor of Philosophy in Economics and a Bachelor of Science in Mathematics and Computer Science both from University of Nairobi.

MR. HUMPHREY WATTANGA

VICE CHAIRPERSON

Mr. Humphrey Wattanga holds a Masters degree in Business Administration from the Wharton School of Finance, USA, and a Bachelor's degree in Biochemistry (cum laude) from Harvard University, USA.

He is a Peer Review member of Grand Challenges Canada; a member of the Brookings Institution's review panel on the potential and limitations of Social Impact Bonds; and an integral party in the conceptualization, structuring and rollout of the M-Akiba platform, the world's first mobile-only government bond.

PROF. EDWARD OYUGI

COMMISSIONER

Professor Edward Akong'o Oyugi holds a PhD in Psychology and Paedagogy from the University of Cologne, Germany and post-doctoral training from University of Cologne, Germany and University of Bayreuth, Germany.

Professor Oyugi has published extensively and written several books, articles, book chapters, and papers on diverse subjects. He has received several awards including Otto Benecke Foundation Award (1980) and Hellmann/Hammett Award of the Fund for Free Expression, New York (1992).

DR. IRENE ASIENGA

COMMISSIONER

Dr. Irene Koech Asienga has over 15 years' experience in research, teaching and administration. Prior to joining the Commission on Revenue Allocation, Dr. Asienga worked as a Senior Lecturer and Director of Kabarak University, Nairobi Campus.

She holds a doctorate degree in Economics from the University of Strathclyde, Scotland, UK; a Master of Arts in Economics from the University of Malawi and a Bachelor of Arts in Economics from the University of Nairobi.

DR. KAMAU THUGGE

PRINCIPAL SECRETARY NATIONAL TREASURY/ COMMISSIONER

Dr. Thugge holds a Bachelors of Arts (Economics) from Colorado College, USA, Master in Economics from Johns Hopkins University, USA and a Doctor of Philosophy (PhD) in Economics from Johns Hopkins University, USA.

Dr. Kamau Thugge is currently the Principal Secretary at the National Treasury. He has previously worked in the Ministry of Finance as Head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor. Before joining the Ministry of Finance, he worked with the International Monetary Fund (IMF) both in the policy making Departments and non-policy making Departments as Economist/Senior Economist and Deputy Division Chief.

MR. PETER GACHUBA

COMMISSIONER

Mr. Peter Gachuba is an investment banker with over 20 years of investment banking and private equity experience. Prior to joining CRA, Mr. Gachuba worked as the managing partner of Strategic Africa Fund, Strategic Africa Advisors from 2012 to 2016 and as the Managing Partner of AfriCap Fund, a specialized private equity fund based in Johannesburg, South Africa from 2004 to 2010.

He holds an Accounting and a Master's Degree in International Business from Southern New Hampshire University in New Hampshire, USA.

MR. KISHANTO OLE SUUJI

COMMISSIONER

Mr. Kishanto ole Suuji has over twenty-seven years' experience in public service and the financial sector. Prior to joining the Commission on Revenue Allocation, Mr. Suuji worked as a Director at Kenya School of Monetary Studies, Central Bank of Kenya, where he rose through the ranks in various departments of the bank. Under this capacity, he was in charge of the Finance and Administration Department.

He holds an MBA from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a B.A. in Economics and Government from University of Nairobi.

PROF. PETER KIMUYU

COMMISSIONER

Professor Peter Kiko Kimuyu holds a PhD in Energy Economics from University of Nairobi, an M.Sc. in Energy Economics from University of Surrey, UK, an M.A. in Economics from University of Nairobi, and a B. Ed. in Economics and Mathematics from University of Nairobi.

He is the founder director of the School of Economics in the University of Nairobi and former Executive Director of the Institute of Policy Analysis and Research.

Professor Kimuyu has published extensively and written several books, articles, book chapters, and papers on diverse development issues.

MS. FOUZIA ABDIKADIR

COMMISSIONER

Ms. Fouzia has over 10 years' experience in financial management. She holds a Postgraduate Diploma in Portfolio Management and Investment Analysis from the London School of Commerce, U.K. and a Bachelor of Commerce-Finance from Jomo Kenyatta University of Agriculture and Technology (JKUAT). She is currently undertaking an MBA from the University of Wales Institute, Cardiff. She also has certification in civic leadership from Tulane University (USA).

Commissioner Fouzia is a Mandela fellow (Young African Leadership Initiative, 2014) and she has also published on the challenges of the girl child in Africa education in the Hunger Report by Bread for the World.

ANNEX 3: SENIOR MANAGEMENT

SENIOR MANAGEMENT

GEORGE OOKO

COMMISSION SECRETARY/CEO

George Ooko holds a Bachelor of Commerce and Masters of Business Administration degrees from the University of Nairobi. He has vast experience from both public and private sectors. He was formerly a Senior Executive at Barclays and NIC Banks. He was previously chief executive officer of the Coffee Development Fund.

JAMES KATULE

DIRECTOR, FISCAL AFFAIRS

James Katule holds a Masters of Business Administration from the Eastern and Southern Africa Management Institute (ESAMI) and a Bachelor of Arts in Economics & Business Education from Kenyatta University. He is a Certified Public Accountant and a member of ICPAK. He has previously worked for Kenya National Trading Corporation, the International Centre for Insect Physiology and Ecology (ICIPE), International Livestock Research Institute (ILRI), the Africa Medical Research Foundation (AMREF) and the Capital Markets Authority (CMA).

LINETH OYUGI

DIRECTOR, RESEARCH AND POLICY

Lineth Oyugi holds a Masters of Arts in Economics from the University of Nairobi and is a PhD student of Economics at University of Nairobi. She has vast knowledge and experience in research having worked for the Federation of Kenya Employers as the head of research and policy advocacy.

Lineth previously worked for the Institute of Policy Analysis and as a research fellow, macroeconomics programme and also with the Ministry of Finance and Ministry of Planning and National Development as an economist.

SHEILA YIEKE

DIRECTOR OF LEGAL

Sheila Yieke is an Advocate of the High Court of Kenya and holds an MBA, Finance from the United States International University and a Certified Public Secretary (K). In addition she is alumni of the International Development Law Organization (IDLO) and a member of the Chartered Institute of Purchasing and Supplies (UK). She has worked with Sotik Tea and Sotik Highlands Tea Estates, Kenya Investment Authority and Kosgey and Masese Co. Advocates. Internationally she has worked at the UN, IGAD, NORDIC and UNOPS.

JOSEPH KURIA

DIRECTOR, ICT

Joseph Kuria holds a Masters in Business Administration, Strategic Management from University of Nairobi and BSc. Computer Science degree from Egerton University. He has several certifications such as MCP, MCSE, MCDBA, MCT, Project Management and CISA. He is a Certified Information Systems Auditor and a member of ISACA. He has over 11 years working experience with different organizations including InfoTech Training Centre Ltd, Aga Khan University Hospital and Kenya Airways. He has been involved in large scale ICT projects, IT strategic formulation, execution and alignment with the business, IT security, business continuity management, IT service management, project and change management.

ANGELA KARIUKI

DIRECTOR CORPORATE SERVICES

Angela Kariuki holds a Masters in International Commercial Law (LLM) from the University of Nottingham (UK) and a Bachelor of Laws (LLB) from the University of Sheffield (UK). She is an Advocate of the High Court of Kenya and a member of the Law Society of Kenya. Mrs. Kariuki has broad professional experience in the areas of legal compliance with regards to securities law, corporate law, policy formulation and implementation, human capital management, facilities management, supply chain management, strategic planning and corporate governance.

She previously worked with Kilonzo and Company Advocates for two years and at the Capital Markets Authority for nine years

DR. AMENYA P. NYAKUNDI

ADVISOR NATURAL RESOURCE MANAGEMENT

Dr. Amenya Nyakundi holds a PhD in Environment Technology from JKUAT; an MA in (planning) from the University of Nairobi, a B.Sc. in geology from Poona University, advanced certificate in Geothermal Energy- University of Pisa (Italy), Certificate of Corporate Governance (KIM), Certificate in Strategic leadership Development (Kenya School of Governance) and senior management course (Government Training Institute Mombasa).

Dr. Nyakundi previously worked in the office of the former Prime Minister (Coordinating Inter-ministerial energy and environment projects). He also worked in the Ministry of Energy for over twenty five years and has extensive experience in energy project planning, development and management.

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