COMMISSION ON REVENUE ALLOCATION

Promoting an Equitable Society

RECOMMENDATION ON THE BASIS FOR EQUITABLE SHARING OF REVENUE BETWEEN NATIONAL AND COUNTY GOVERNMENTS

FINANCIAL YEAR 2020/2021

DECEMBER 2019

TRANSMITTAL LETTER

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COMMISSION ON REVENUE ALLOCATION

Our Ref: CRA/14/Vol.6 (6) **DATE:** 18th December, 2019

Jeremiah M. Nyegenye, CBS
Clerk of the Senate/Secretary
Parliamentary Service Commission

Michael Sialai, EBS
Clerk of the National Assembly

Hon. Amb. Ukur Yatani
Ag. Cabinet Secretary, National Treasury

All Governors
County Governments

Clerks of County Assemblies

Dear all,

RE: Recommendation on Sharing of Revenue for Financial Year 2020/21

Pursuant to Article 216 (1)(a) of the Constitution of Kenya 2010, the Commission on Revenue Allocation (CRA) is mandated to make recommendations concerning the basis for equitable sharing of revenue raised by the national government between the national and county governments. The PFMA (2012) Section 190 requires that the recommendation be submitted at least six months before the beginning of the financial year.

Accordingly, the Commission recommends that for the financial year 2020/21, out of a projected revenue of Kshs. 1,883.7 billion, **Ksh. 1,561.96 billion** and **Ksh.321.74 billion** be allocated to national and county governments respectively, as equitable shares. The Commission also recommends that a new conditional grant amounting to **Ksh. 5 billion** be allocated from the national government equitable share to financing services in urban areas and cities. To unlock the sharing of mining loyalties across various counties where mining takes place, the commission recommends that the State Department of Mining works with various stakeholders to finalise the Regulation on the Mining Act 2016.

Further, in accordance with the provisions of the PFMA 2012, Section 190(d), the Commission also presents the determination of each county's equitable share based on the CRA recommendation on the third basis for revenue sharing as submitted to Parliament in April 2019.

Yours Sincerely,

Dr. Jane Kiringai
CHAIRPERSON

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ACRONYMS

AG	Attorney General
A-i-A	Appropriation-in-Aid
BROP	Budget Review and Outlook Paper
CAJ	Commission on Admirative of Justice
CBK	Central Bank of Kenya
CoB	Controller of Budget
CRA	Commission on Revenue Allocation
EAC	East Africa Community
EACC	Ethics and Anti-Corruption Commission
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information, Communication and Technology
IEBC	Independent Electoral and Boundaries Commission
IGTRC	Intergovernmental Relations Technical Committee
IPOA	Independent Oversight Authority
JSC	Judicial Service Commission
KNBS	Kenya National Bureau of Statistics
KNCHR	Kenya National Commission on Human Rights
KRA	Kenya Revenue Authority
MDAs	Ministries, Departments and Agencies
NGEC	National Gender and Equality Commission
NLC	National Land Commission
NPSC	National Police Service Commission
OAG	Office of Auditor General
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSC	Public Service Commission
SRC	Salaries and Remuneration Commission
TSC	Teachers Service Commission
UACA	Urban Areas and Cities Act
VAT	Value Added Tax

EXECUTIVE SUMMARY

Article 216(1)(a) of the Constitution mandates the Commission on Revenue Allocation (CRA) to make annual recommendations concerning the basis for the equitable sharing of revenue raised nationally between the national and county governments. This recommendation provides the basis for equitable sharing of revenue between the national and county governments for the Financial Year (FY) 2020/21.

The preparation of the FY 2020/21 recommendation has taken into account the fiscal framework of both the national and county governments, the functional transfers to county governments as provided in the Fourth Schedule, the requirements in Article 203 and the need for fiscal consolidation aimed at a sustainable fiscal framework. The recommendation has been made under constrained fiscal framework characterised by revenue underperformance, high debt repayment and rising wage bill.

The shareable revenue for the FY 2020/21 is projected at Kshs. 1,883.7 billion. The Commission, in accordance with the provisions of Article 216(1)(a) and Article 203(1), recommends an allocation of **Kshs. 1,561.96 billion** to the national government and **Kshs. 321.74 billion** to the county governments as equitable shares, and **Kshs. 5.77 billion** to the Equalization Fund for financial year 2020/21. In making this recommendation, the Commission considered the development needs of both levels of government. The recommended allocation to county governments for FY 2020/21 is equivalent to 31 per cent of the last approved audited accounts of Kshs. 1,038 billion for FY 2014/15, which therefore meets the requirements of Article 203(2).

The additional allocation of Kshs.5.24 billion to county governments is for purposes of sustaining development, especially as relates to provision of Universal Health Coverage, Food security and Housing in line with national priorities. Both levels of government are encouraged to exercise austerity measures on their recurrent expenditure budgets to constrain them within the approved budgets for FY 2019/20. In this regard, the recurrent expenditure budget ceiling for counties for FY 2020/21 will be retained at FY 2019/20 levels.

The Commission also recommends an allocation of a new conditional grant of **Kshs. 5 billion** from the national government equitable share to finance urban services within the provision of the Urban Areas and Cities Act 2011. The new conditional transfer is meant to enable counties deliver basic urban services such as garbage collection and management, water supply, sanitation, and storm water drainage as required by Urban Areas and Cities Act. In making the recommendation the Commission has considered the financing gap and the growing service delivery needs of the cities.

The Mining Act 2016 Section 183 (5) provides that proceeds from mining be apportioned among the national government, county government and communities where mining operations are carried out. The Commission recommends that the state Department of Mining together with other stakeholders prepare the regulations to operationalise the Mining Act 2016. This is important to ensure county governments and communities in areas where mining is carried out benefit from the share of royalties.

1.0 INTRODUCTION

Article 216(1)(a) of the Constitution mandates the Commission on Revenue Allocation (CRA) to make annual recommendations concerning the basis for the equitable sharing of revenue raised nationally between the national and county governments. Further, section 190 of the Public Finance Management Act (PFMA) 2012 requires the Commission to submit its recommendation to the Senate, National Assembly, County Assembly, National Executive and County Executives six months before the beginning of the financial year or at a later date agreed between the National Treasury and the Commission.

This is the eighth recommendation the Commission is making since the onset of devolution which provides the basis for equitable sharing of revenue between the national and county governments for the FY 2020/21. In formulating this recommendation, the Commission has taken into account the functional assignments between the natonal and county governments as provided in the Fourth Schedule, the requirements in Article 203, the fiscal framework and the need for fiscal consolidation to ensure a sustainable fiscal framework for FY 2020/21.

The recommendation is organized as follows: section one analyses the overall performance of the economy, section two reviews national and county government fiscal performance and section three provides the Commission's recommendation on equitable shares of revenue to national and county governments. Section four presents the functional assignments and financing of national and county governments, section five demontrates how the recommendation fulfils the requirements of article 203 of the Constitution and section six details the outcomes of the equitable share allocations among the 47 county governments.

1.1. Overview of Performance of the Economy

This section provides a description of the performance of the economy by analysing selected indicators that directly or indirectly influence the revenue generated in the economy and thereby have an effect on the division of revenue.

1.1.1 Gross Domestic Product

The **global economy** experienced decelerated growth of 3.6 per cent in 2018 compared to a 3.8 per cent growth in 2017, albeit with marked varying performances across countries and regions. The growth was dampened by higher energy prices and uncertainties associated with trade tensions experienced in major economies of United States of America (USA) and China, and the United Kingdom-European Union trade relationship. The World economic growth is expected to decelerate further to 3.2 per cent in 2019 owing to a less favourable international trade environment and low investment. Growth for 2020 is, however projected to rise to 3.5 per cent.

Kenya's main trading partners, namely India, Pakistan, USA and China are expected to have robust growth in 2019 and 2020. This is likely to impact positively on Kenya's economic growth over the period.

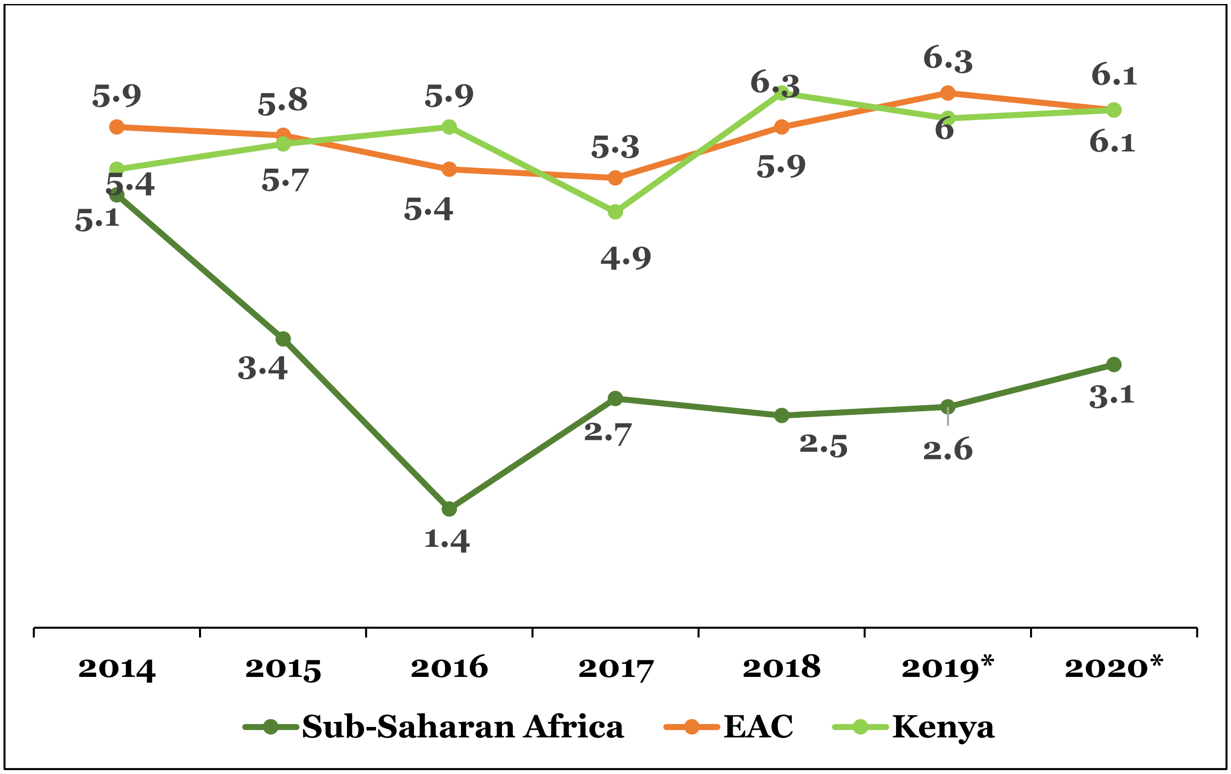
Africa's general economic performance continues to improve. The economy registered a Gross Domestic Product (GDP) growth of 3.5 per cent in 2017 and 2018. This growth is projected to accelerate to 4 percent in 2019 and 4.1 percent in 2020. Although this growth is higher than that of other emerging and developing countries, it remains insufficient to address the African countries' structural challenges of persistent current account deficits and debt vulnerability.

The GDP growth in **Sub-Saharan Africa (SSA)** slowed down in 2018 to 2.5 per cent compared to a growth of 2.7 per cent in 2017. The growth was impacted negatively by unfavourable external environment and falling commodity prices. Sub-Saharan Africa's economic performance has remained sluggish due to persistent uncertainty in the global economy and the slow pace of reforms to enhance domestic resilience. The growth, however, is projected to rise to 2.6 per cent in 2019 and 3.1 per cent in 2020.

The average economic growth in the **East African Community (EAC)** is higher relative to that of SSA. The GDP in the **EAC** grew by 5.9 per cent in 2018 compared to 5.3 per cent growth in 2017. The growth was underpinned by a strong rebound of agriculture in Kenya, Uganda and Rwanda following the drought experienced in 2017. Rwanda's GDP growth in 2018 stood at 8.6 per cent, the highest growth in the region. This was supported by strong growth in the services and industrial sectors. In Uganda, GDP grew by 6.2 per cent in 2018 compared to a growth of 5.0 per cent in 2017. The growth was fuelled by increased investment in public infrastructure as well as the vibrance in services and industry sectors. The Tanzanian economy is estimated to have expanded by 6.6 per cent in 2018 compared to a growth of 6.8 per cent in 2017, supported by private investment and services sector.

East Africa is the fastest growing region in Africa. The region is projected to achieve a growth of 6.3 per cent in 2019 and 6.1 percent in 2020 (Figure 1).

Figure 1: Regional GDP Growth Rates % (2014-2020)

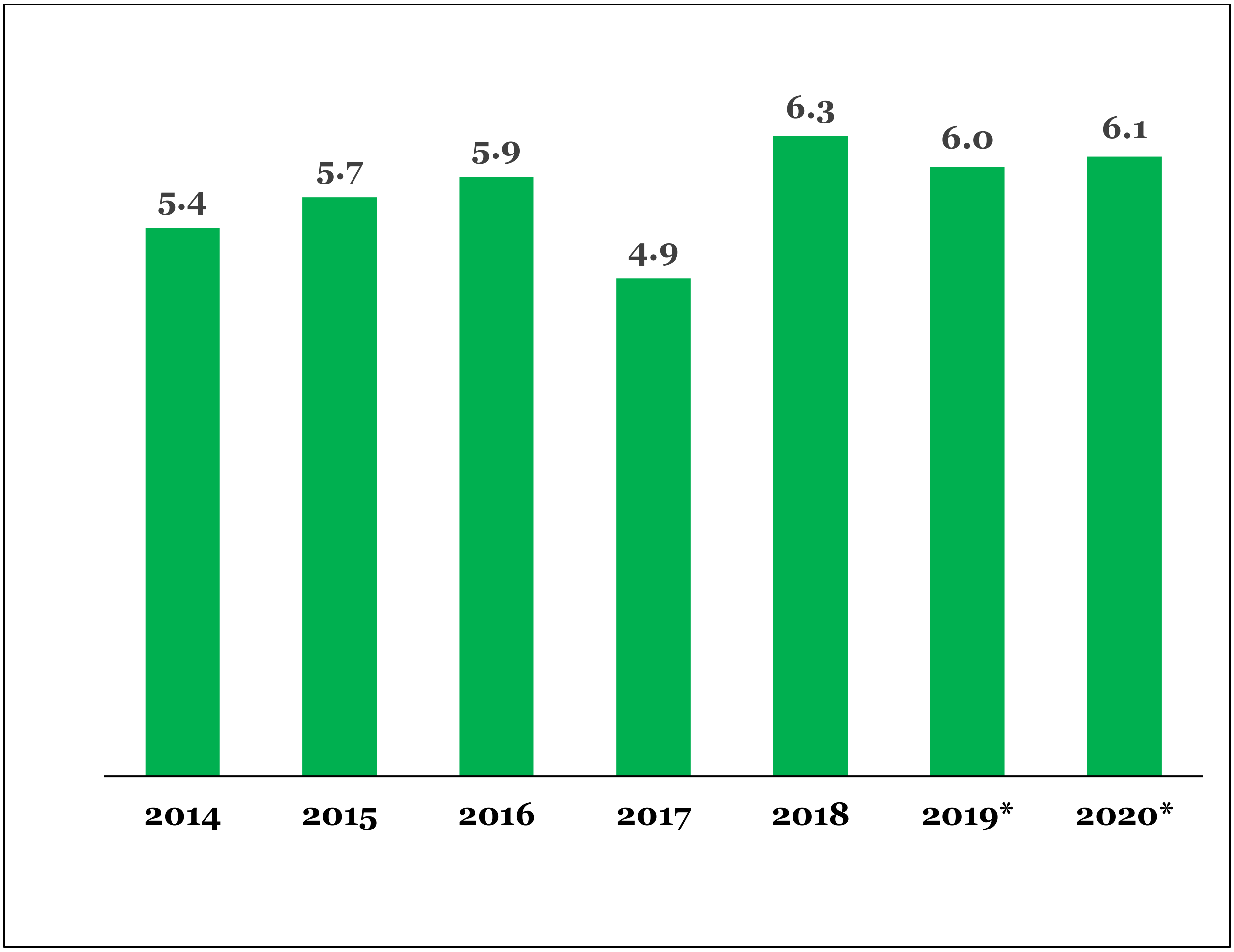


*Source: Economic Survey, various issue, * Projected*

Kenya's economy recovered from the effects of the persistent drought experienced in 2017 coupled with uncertainties associated with 2017 general elections to realise GDP growth of 6.3 per cent in 2018 compared to 4.9 per cent in 2017. The growth was mainly attributed to increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and vibrant service sector activities compared to 2017. The growth also benefited from a relatively stable macroeconomic environment. However, due to the structural change of the Kenyan economy, the stable performance of the economy has not translated to substantive increase in revenue collection as shown in subsequent sections.

The GDP growth is projected to remain at 6.0 per cent in 2019 and 6.1 per cent in 2020, (Figure 2). This has been attributed to improved business confidence and continued macroeconomic stability.

Figure 2: Kenya's Economic Growth rate %, 2014 – 2020



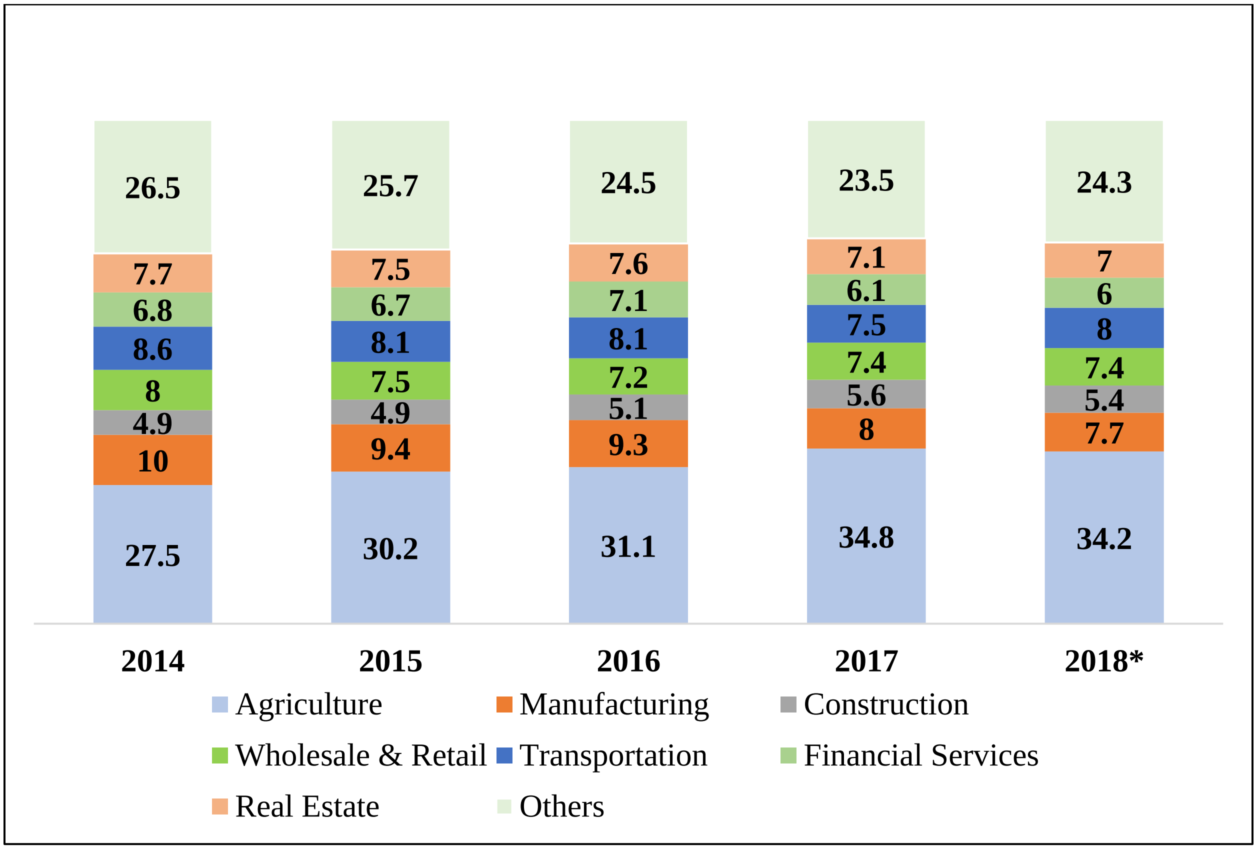
*Source: Economic Survey, various issues, * Projected*

The structural decomposition of Kenya's economic growth shows an expansion in the agriculture sector over the years while the manufacturing and service sectors have contracted (Figure 3). The agriculture sector contribution to GDP has grown from 27.5 per cent in 2014 to 34.2 percent in 2018. However, the contribution of manufacturing to GDP declined from 10 per cent to 7 per cent over the same period. The decline in the manufacturing sector could point to among other factors, declining value addition on output from the agricultural sector. It is also worth noting that despite the growth in contribution of agriculture to GDP its tax base is narrower compared to the manufacturing sector. For instance, the contribution of agriculture and manufacturing sectors to ordinary revenue in 2017/18 was 2.3 per cent and 18.4 per cent respectively while in 2018/19, their contribution to revenue was 2.6 per cent and 18.2 per cent respectively[1].

[1] 2019 Budget Review and Outlook Paper

This structural composition is worrying given that Kenya is a lower middle- income country. As an economy develops and industrialises, the share of agriculture output to GDP and employment should invariably decrease. Therefore, the above GDP structural composition, where agriculture continues to drive the Kenya economy may negatively affect the performance of ordinary revenue.

Figure 3: Sector Contribution to GDP, 2014 -2018



Source: Economic Survey

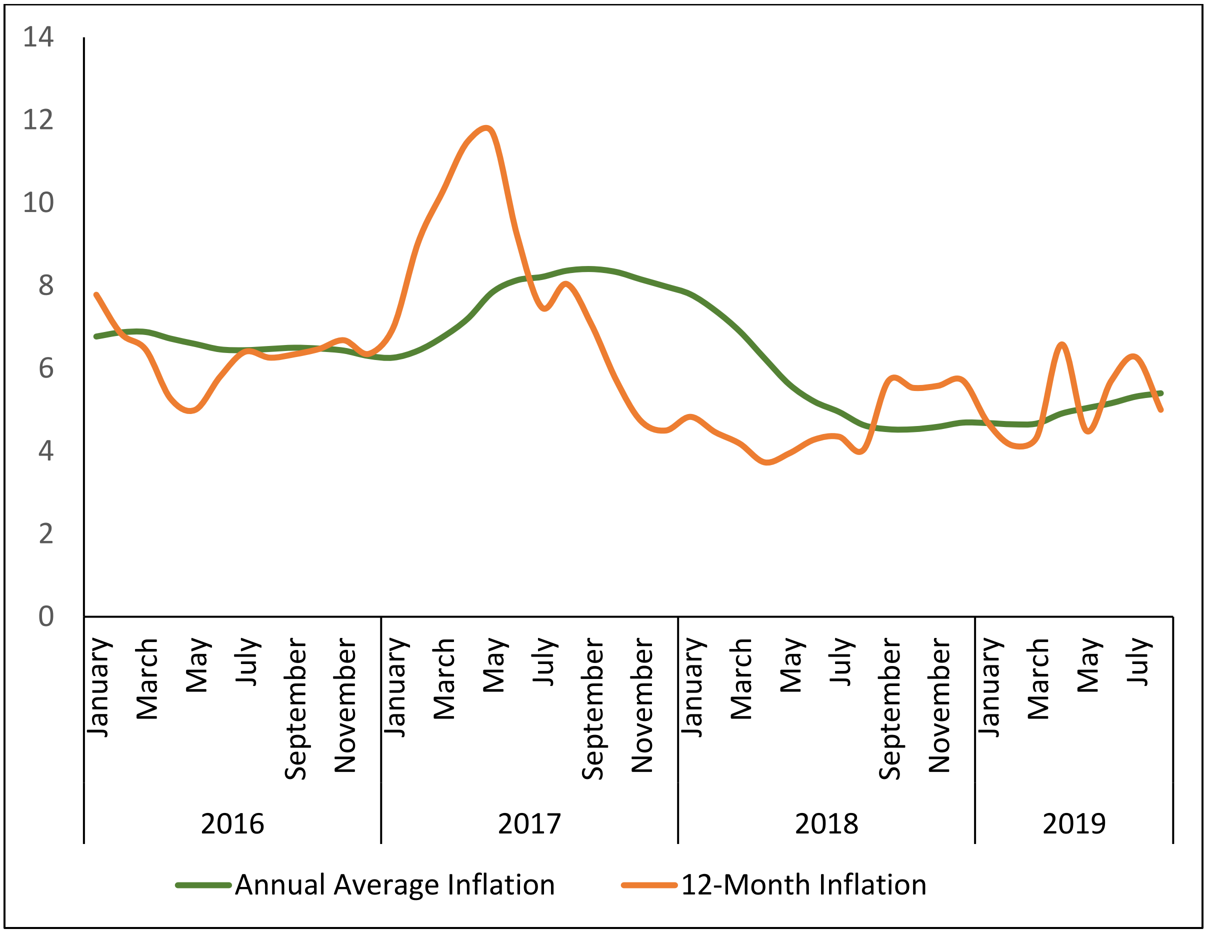
1.1.2 Macroeconomic Environment

i. Inflation

Inflation has remained within the government's target range of 5±2.5 per cent. It remained low at 4.7 per cent in 2018 representing the lowest inflation in seven years compared to 8.0 per cent in 2017 (Figure 4). The decline was on account of favourable weather conditions, considerable decline in prices of food after the shortage experienced in 2017 and prudent macroeconomic policies. Inflation is likely to rise slightly to 5.5 per cent in 2019 driven by increase in food prices as a result of constrained domestic production. However, it is projected to decline to 5.4 per cent in 2020 due to prudent monetary policy.

The rate of inflation affects the cost of living and therefore impacts on the expenditures of both levels of government.

Figure 4: Inflation Rate: January 2016 – August 2019

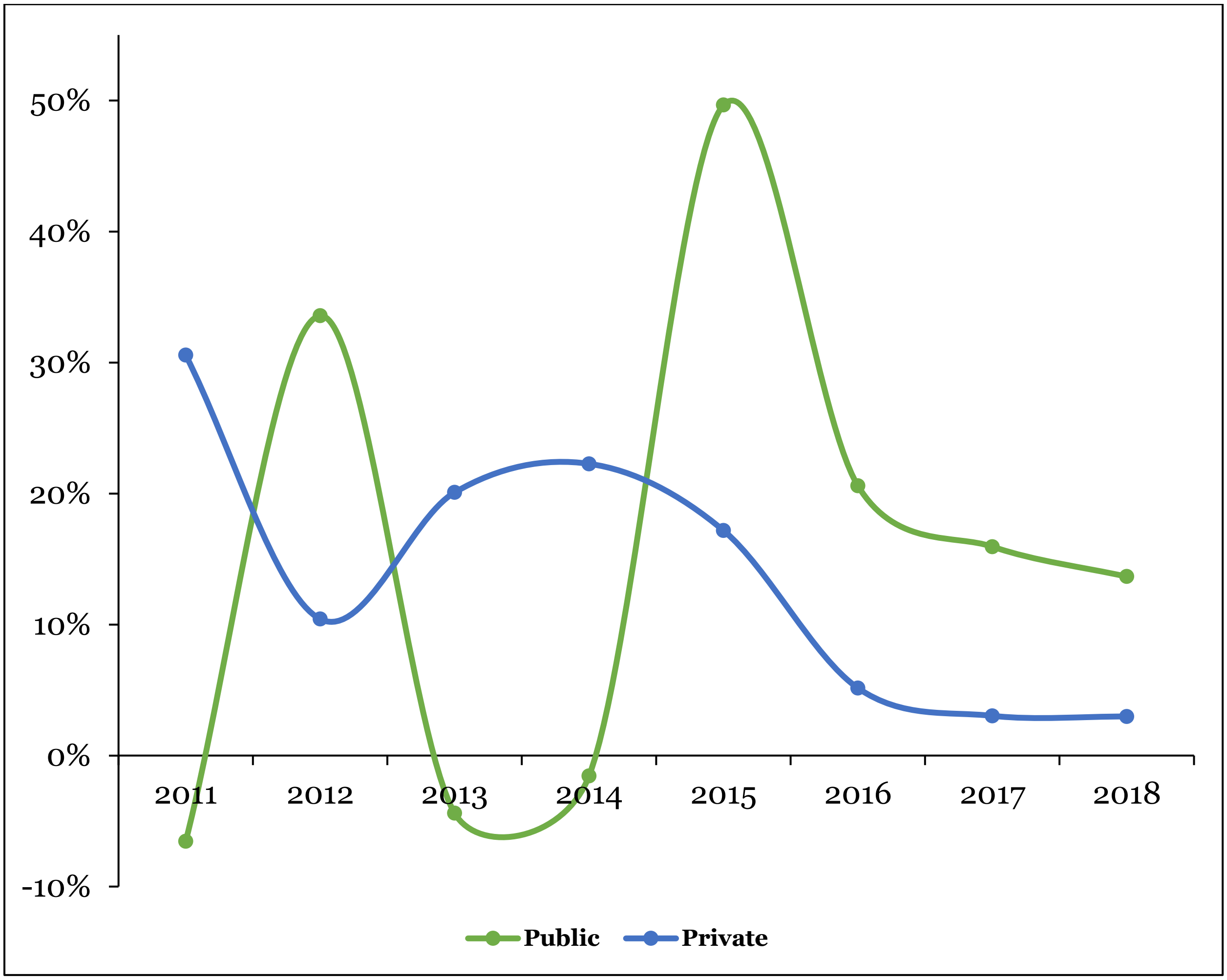


Source: Central Bank of Kenya

ii. Interest Rates

A law capping interest rates in the country came into effect in September 2016 setting the limits on lending rates at a maximum of no more than four percentage points above the Central Bank of Kenya (CBK) base rate. Under the law, a minimum interest rate granted on a deposit held in interest earning account was also capped to at least 70 per cent of the CBK rate. As shown in Figure 5, the interest rate capping did not achieve its objective of increasing credit, especially to the private sector.

Figure 5: Growth in Private and Public Sector Credit 2011-2018



Source: Central Bank of Kenya

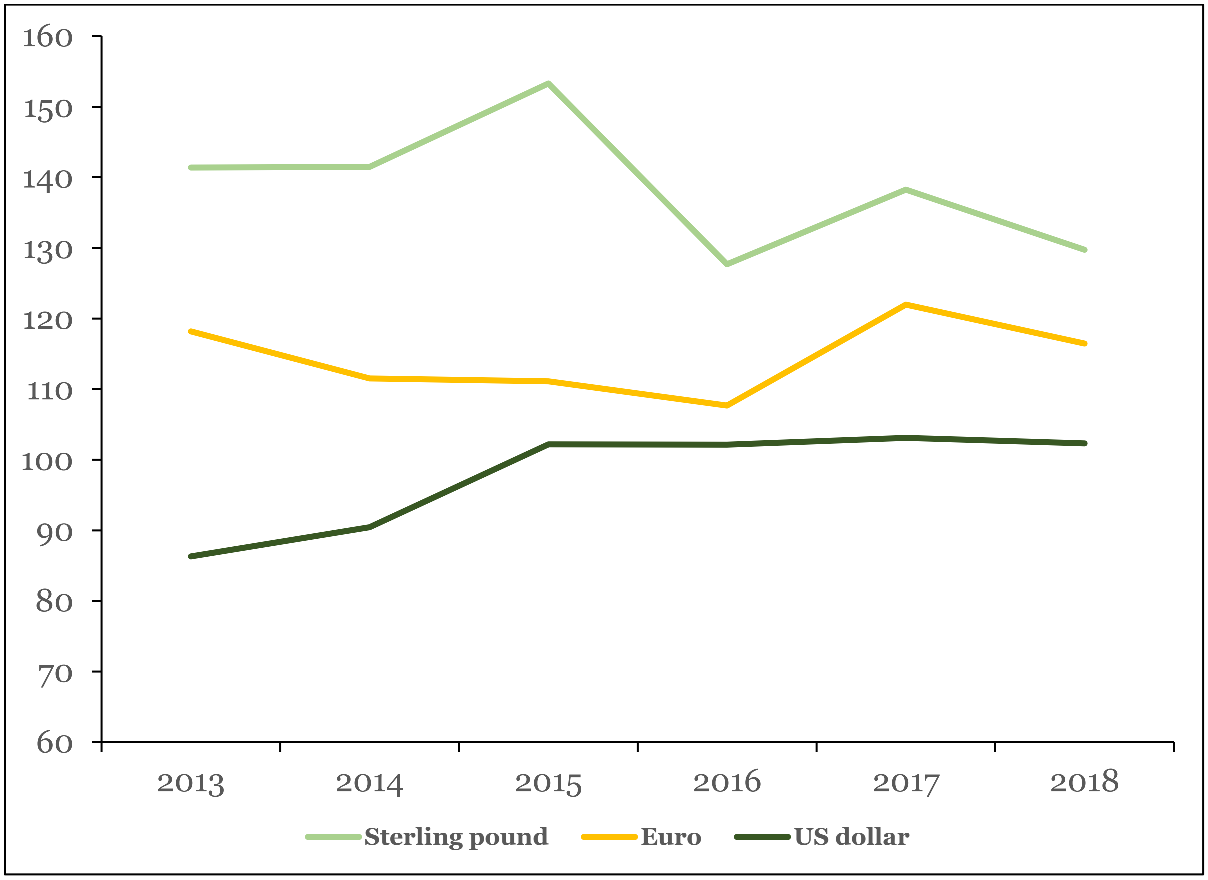
The Finance Act 2019 uncapped the interest rate. It is expected that credit to the private sector will expand thereby stimulating business growth and overall performance of the economy.

iii. Exchange Rates

Exchange rate fluctuations have an effect on current account balance and the amount of debt service repayable on foreign denominated loans.

The Kenyan Shilling weakened against major trading currencies in 2018. The shilling weakened against the Euro, the Sterling Pound and the US Dollar by 6 per cent, 5 per cent and 1 per cent, respectively, in 2018 (Figure 6). The Kenya Shilling exchange rate against major trading currencies is expected to remain stable supported by diaspora remittances and a significant level of reserves.

Figure 6: Kenya Shilling Exchange Rate: 2013 – 2018



Source: Central Bank of Kenya

Despite the stable macroeconomic environment exhibited by low inflation, low interest rates and stable exchange rate, the economy is currently under fiscal stress occasioned by increasing expenditures not matched by tax revenues, and an increasing public debt as shown in the section that follows.

2.0 REVIEW OF FISCAL PERFORMANCE FOR FY 2018/19

2.1. Introduction

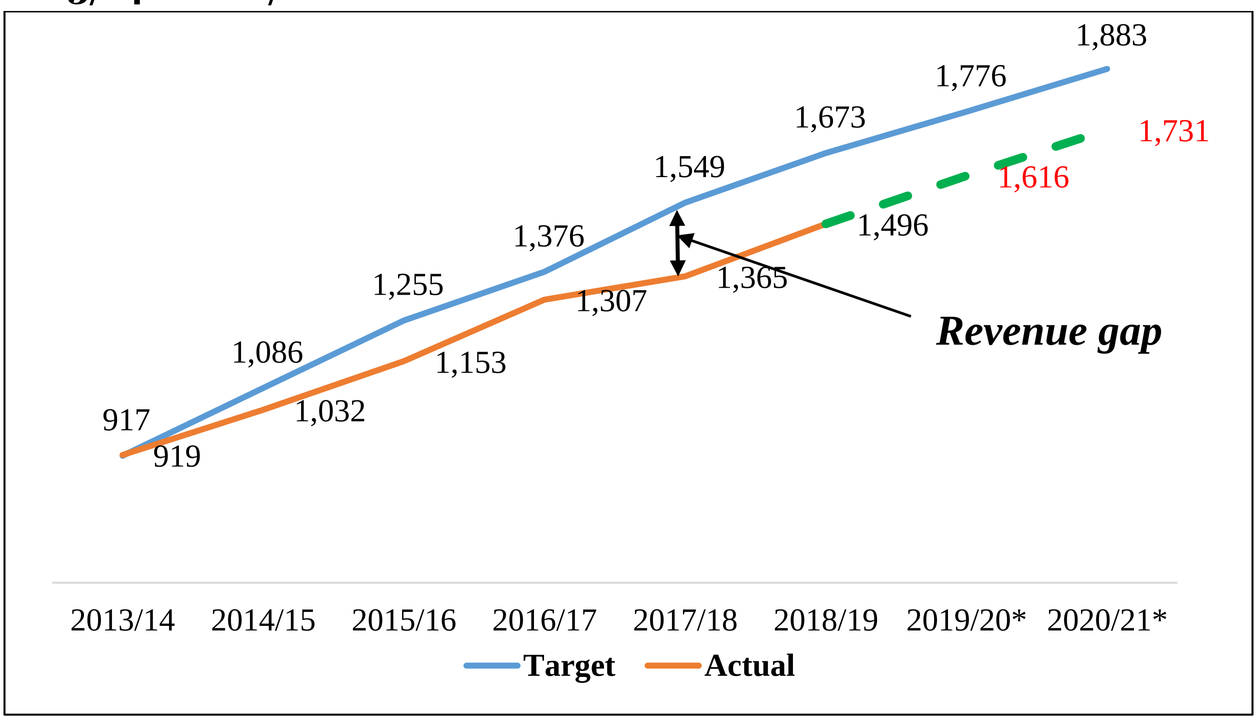
This section analyses the fiscal performance of the national and county governments. The fiscal performance for the FY 2018/19 budget was characterised by revenue shortfalls and rising expenditure pressures at both the national and county governments.

2.2. Performance of Nationally Raised Revenue

2.2.1 Performance of Ordinary Revenue

Performance of ordinary revenue has fallen below target for the last six financial years since the FY 2014/15 as shown in Figure 7 below. The National Treasury projects to collect Kshs. 1,776 billion in the FY 2019/20 and Kshs. 1,883.7 billion in the FY 2020/21. However, the actual revenue collected during the first quarter of the financial year 2019/20 was Kshs. 384.4 billion and fell below the target of Kshs. 444.5 billion by 13.5 per cent. This points to the possibility of non-realisation of revenue targets for FY 2019/20 and FY 2020/21.

Figure 7: performance of ordinary revenues (Kshs. Billions), FY 2013/14 - 2020/21



Source: BROP, Various issues
*Projected revenues

Table 1 gives the breakdown of actual revenue by sources for 2017/18 and 2018/19, and targeted revenues for 2018/19.

Table 1: Nationally Raised Revenue, FY 2017/18-2018/19 (Kshs. Million)

Revenue Head	2017/18	2018/19			
	Actual	Actual	Revised Target	Deviation (Kshs)	Deviation in percent
Total Revenue (a+b)	**1,522,419**	**1,671,071**	**1,794,522**	**-123,451**	**-6.9**
a) Ordinary Revenue	**1,365,063**	**1,496,930**	**1,588,132**	**-91,202**	**-5.7**
Import duty	99,215	107,702	108,504	-802	-0.7
Excise duty	162,484	194,289	198,362	-4,073	-2.1
PAYE	350,631	393,362	403,344	-9,982	-2.5
Other income tax	289,962	292,028	338,886	-46,858	-13.8
VAT domestic	206,257	230,600	241,124	-10,524	-4.4
VAT imports	150,599	182,586	184,374	-1,788	-1.0
Investment income	24,123	24,575	36,716	-12,141	-33.1
Import declaration fees	23,782	24,182	26,509	-2,327	-8.8
Others[1]	58,011	47,607	50,312	-2,705	-5.4
b) Appropriation-in-aid	**157,356**	**174,140**	**206,391**	**-32,251**	**-15.6**
c) External grants	**26,484**	**19,702**	**34,990**	**-15,288**	**-43.7**
Total revenue and external grants	**1,548,903**	**1,690,773**	**1,829,513**	**-138,740**	**-7.6**
Total revenue and external grants as a percentage of GDP	**18.17**	**17.78**	**19.24**		

Source: BROP 2019

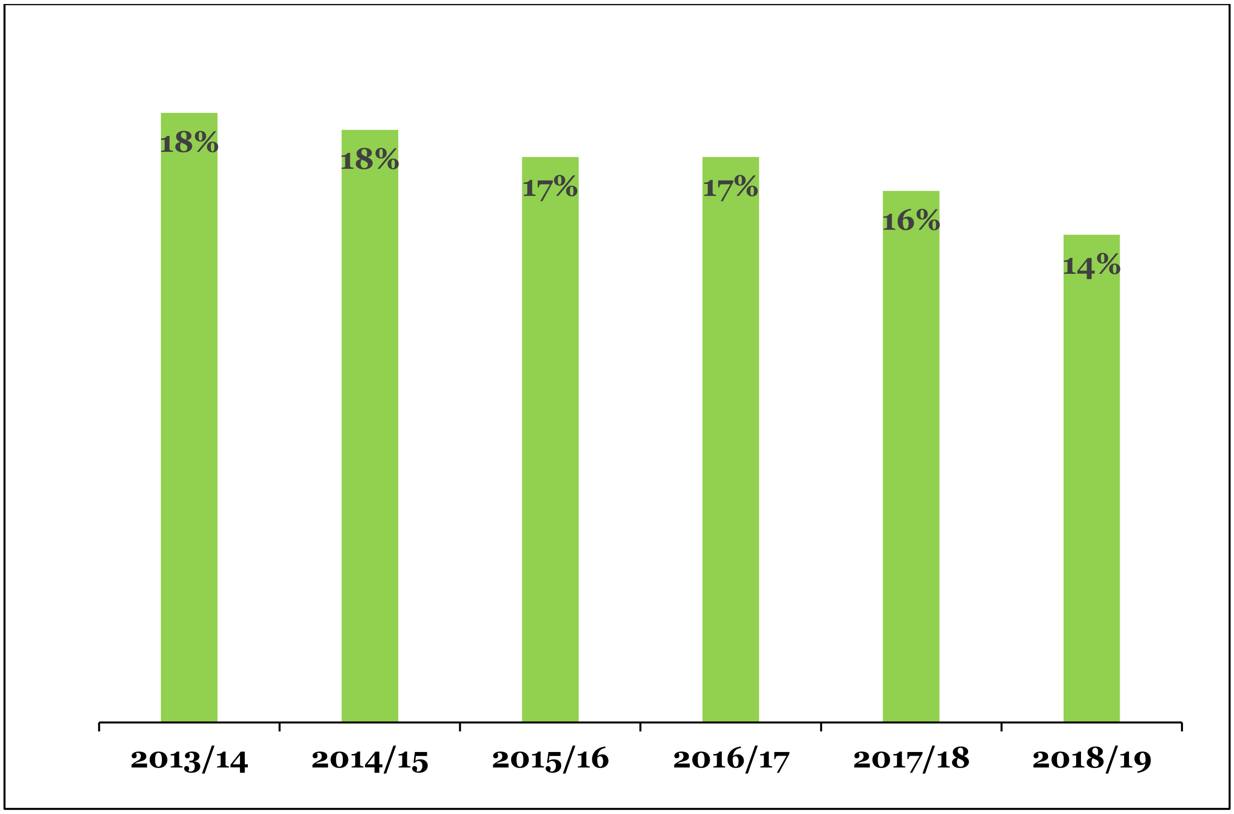
[1] Includes rent on buildings, fines and forfeitures, other taxes, reimbursements and other fund contributions, traffic revenue and miscellaneous revenue.

As shown in Table 1, ordinary revenue grew by 9.6 per cent from Kshs. 1,365.1 billion in 2017/18 to Kshs. 1,496.9 billion in 2018/19. Ordinary revenue collection for 2018/19 however, fell below the target of Kshs. 1,588.1 billion by 5.7 per cent in all the broad categories. Income tax (PAYE and other income tax) recorded the highest shortfall of Kshs. 56.8 billion. The shortfall was partly as a result of delayed enactment of the Finance Act 2018 and thereafter court injunctions which followed its enactment frustrated implementation of revenue yielding policy measures especially withholding tax on betting winnings. The VAT (domestic and imports) recorded a shortfall of Kshs.12.3 billion on account of increased exemptions and compliance challenges.

Excise duty recorded a shortfall of Kshs. 4 billion as a result of the introduction of anti-adulteration levy which led to a drop in annual kerosene volumes by 60 per cent thereby negatively affecting collection of the levy and overall excise duty taxes. The A-i-A shortfall of Kshs. 32.3 billion is explained in part by delayed reporting by the collecting Ministries, Departments and Agencies (MDAs) and is expected to reduce significantly when the MDAs present their final financial statements.

Ordinary revenue as a percentage of GDP has been declining and stood at 14 per cent in the FY 2018/19 from a high of 18 per cent in the FY 2013/14 (figure 8).

Figure 8: Ordinary Revenue as a % of GDP, 2013/14 to 2018/19



Source: BROPs

2.2.2. Performance of Natural Resource Revenue

Article 69(1) obligates the state to ensure sustainable exploitation, utilization, management and conservation of the environment and natural resources and ensure the equitable sharing of the accruing benefits. Natural resources revenues form part of the nationally raised revenue which includes proceeds from royalties and other levies from extractives. Table 2 summarises the contribution of mining extractives to the national income between FY 2017/18 to FY 2019/20.

Table 2: Natural Resource revenues for FY 2017/18 – 2019/20 (Kshs)

Source	2017/2018	2018/2019	2019/2020*
Cement levy	742,108,192	761,820,357	686,978,700.49
Mineral Export License Fee	8,437,105	8,858,960	6,060,410.54
Prospecting Fee	-	17,693,244	42,067,968.97
Royalty on Carbon Dioxide	-	-	51,263,495.98
Mining Royalties	143,188,548	150,347,975	136,159,317.68
Magadi Soda Royalties	104,985,349	57,734,616	145,290,836.27
Base Titanium Royalty	356,580,563	426,909,591	582,998,116.81
Total Estimates	**1,355,299,757**	**1,423,364,744**	**1,650,818,846.74**

Source: National Treasury

*Estimates

2.3 National Government Expenditure Performance

Total expenditure and net lending in the FY 2018/19 stood at Kshs. 2,405.9 billion. Compared to the FY 2017/18, the total expenditure in FY 2018/19 grew by 12.1 per cent from Kshs. 2,146.7 billion (Table 3).

Table 3: Expenditure and Net Lending, FY 2018/19 (Kshs. Billion)

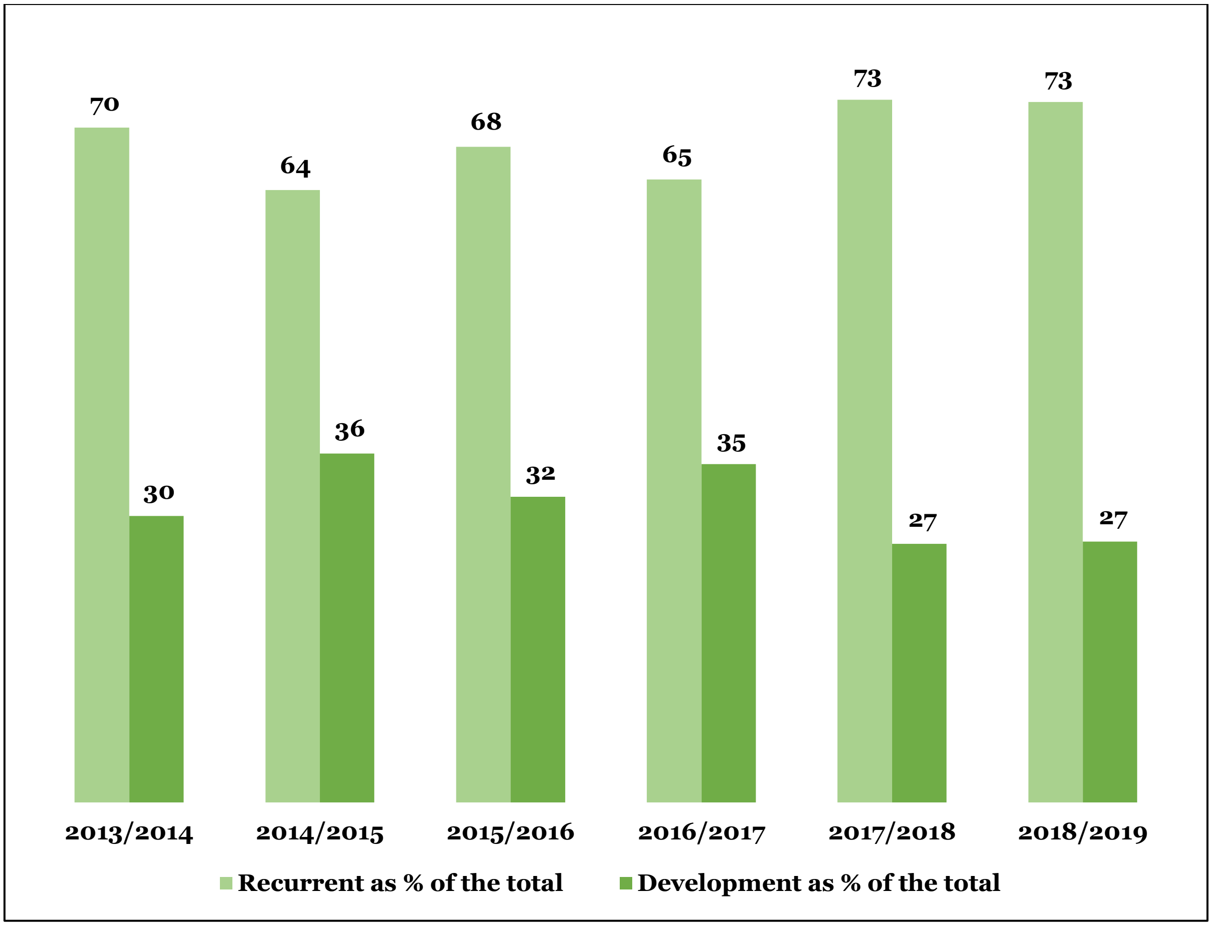
	Expenditure Head	2017/2018	2018/2019
		Actual	Actual
1	**Recurrent**	**1,312.1**	**1,496.2**
	Domestic Interest	239.47	272.4
	Foreign Interest	84.4	103.4
	Pensions	65.1	70.8
	Wages and Salaries	388.9	417.5
	Operations and Maintenance	534.2	590.9
	o/w Appropriation-in-Aid	109.7	112.9
2	**Development**	**469.7**	**549**
	Development Projects (Net)	216.4	300.1
	Payment of Guaranteed loans	2.5	2.5
	Appropriation in Aid	250.8	239.4
3	**Parliamentary Service**	**25.7**	**28.5**
4	**Judicial Service**	**11.9**	**12.7**
5	**Equalization Fund**	**-**	**6.96**
	Total Expenditure	**2,146.70**	**2,405.90**

Source: BROP 2019

In the FY 2018/19 recurrent expenditure totalled Kshs. 1,496.2 billion, equivalent to 73 per cent of total expenditure. Overall, recurrent expenditure grew by 14 per cent in FY 2018/19 compared to FY 2017/18.

Development expenditure stood at Kshs. 549.0 billion (27 per cent of total expenditure) in FY 2018/19. Figure 9 below presents the proportions of recurrent and development expenditures.

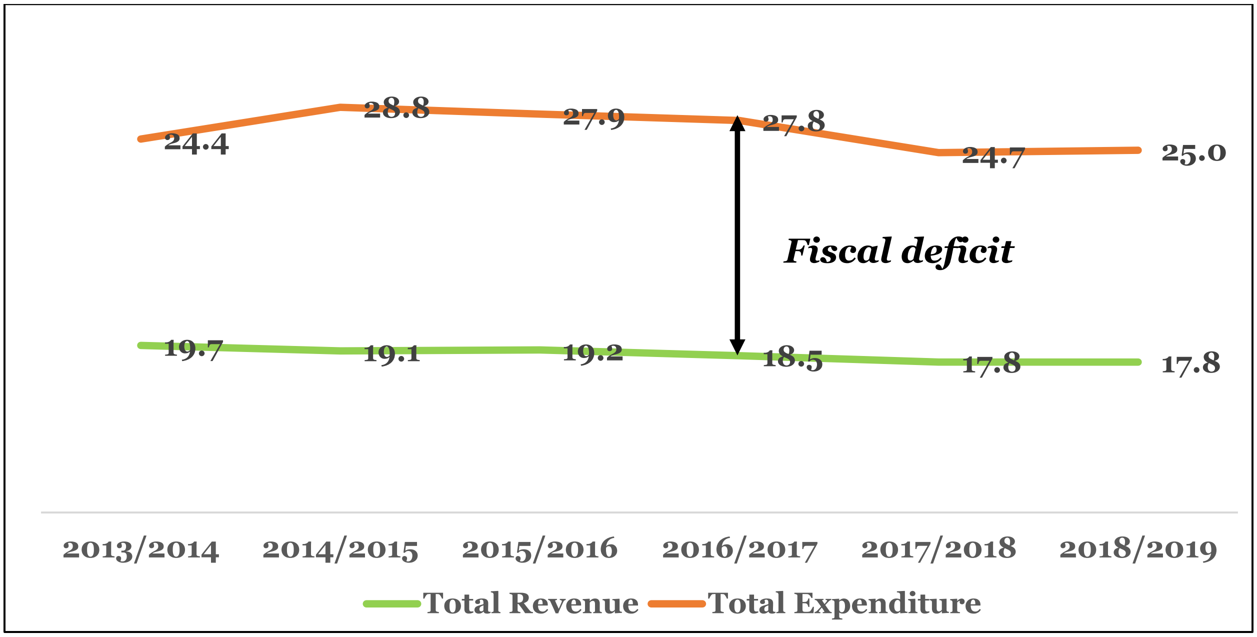
Figure 9: Percentage Share of Recurrent and Development Expenditure for FY 2013/14 – FY 2018/19



Source: Budget Implementation Review Reports

A review of the fiscal performance shows that total revenues as a percentage of GDP has been declining over time (Figure 10). On the other hand, national government expenditure rose from 24.4 per cent in the FY 2013/14 to 28.8 per cent in FY 2014/15 but dropped to 25 per cent in 2018/19. As noted earlier, the decline in revenues does not compare with the growth in the economy owing to the changing structure of the economy.

Figure 10: Total national revenue and expenditure as a % of GDP for FY 2013/14 – FY 2018/19



Source: National Treasury

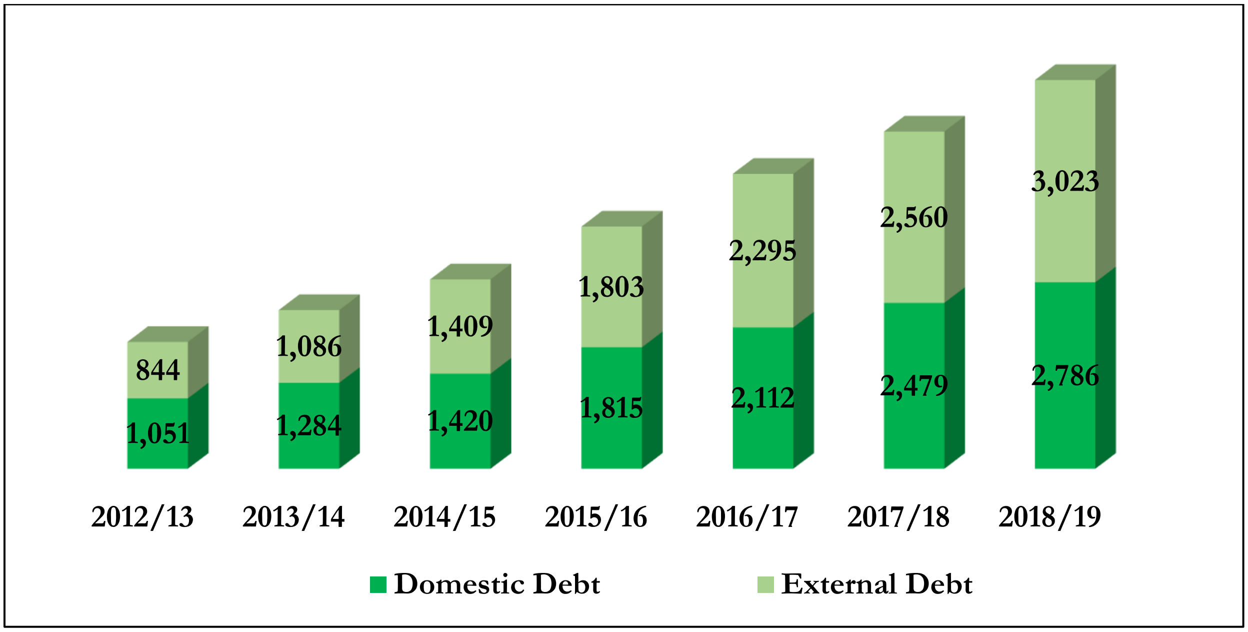
2.4 Public Debt

A growing fiscal deficit occasioned by underperforming ordinary revenue has led to the government incurring more debt year-on-year for project financing. Some of the infrastructure projects initiated overtime include the Lamu Port South Sudan Ethiopia Transport Corridor (LAPSSET) project and the Konza Technology City. Debt from China was incurred to fund the Mombasa-Nairobi Standard Gauge Railway line (SGR). Besides the SGR, Chinese loans have been used to fund projects in other sectors including power; roads; telecommunication and ICT; education and youth; health; economic and technical cooperation[2]. The public debt register shows that as at the end of 2015 project financing cuts across many sectors including agriculture, roads, education, energy (petroleum and geothermal exploration), financial sector technical support, micro and small enterprise training among others.

The total stock of public debt rose by 15.1 per cent from Kshs. 5,047.2 in FY 2017/18 to Kshs. 5,809 billion as at June 2019. External debt which accounted for 52 per cent of the total debt rose by 18.1 per cent to Kshs. 3,023 billion in 2018/19 while domestic debt grew by 12.4 per cent to Kshs. 2,786 billion (Figure 11).

[2] China Development Finance in Global Perspective: Case study of Kenya

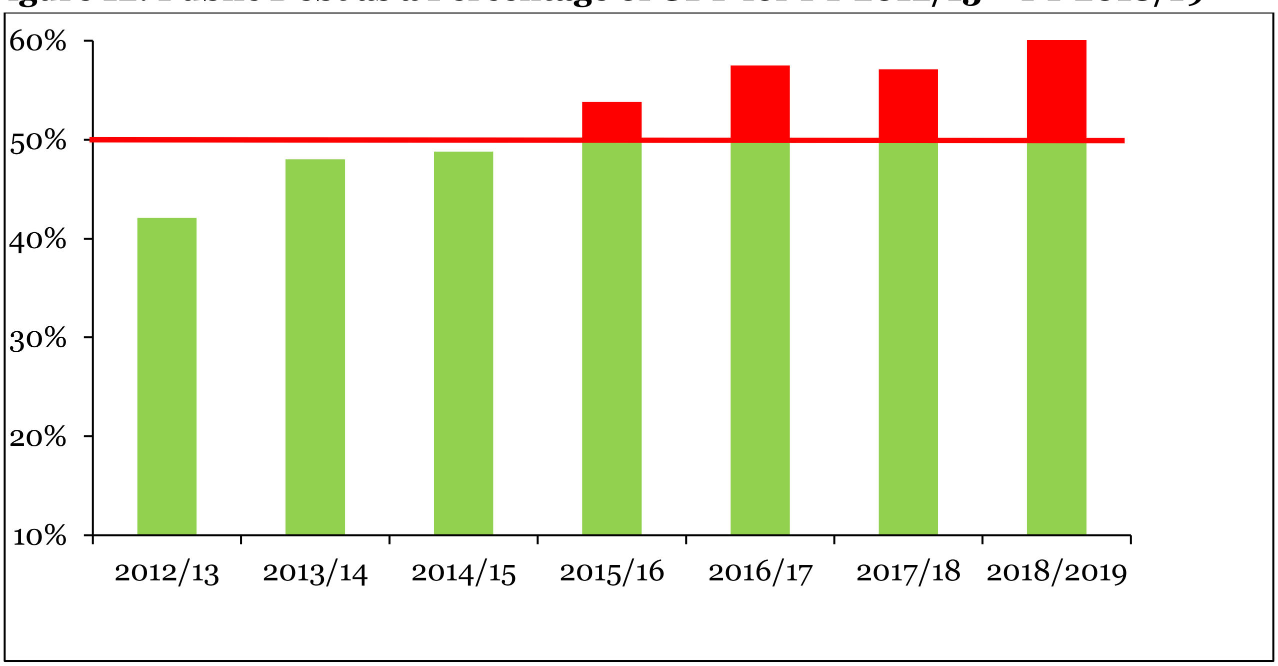
Figure 11: Kenya's Public Debt Stock: 2012/13 to 2018/19 (Kshs. Billion)



Source: National Treasury Debt Management Reports

In FY 2018/19 the debt to GDP ratio was 11.1 per cent above the threshold of 50 per cent as shown in Figure 12 below

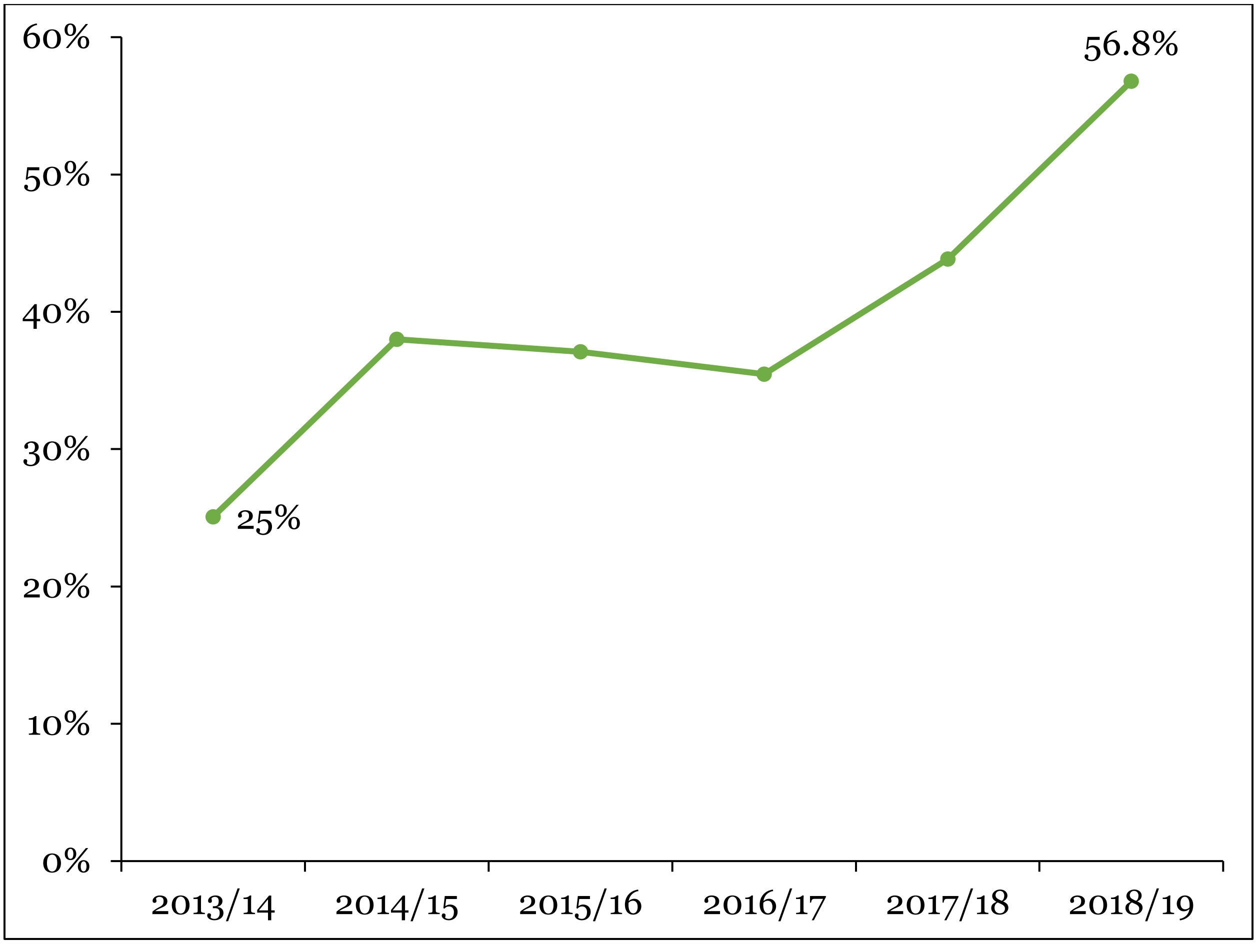
Figure 12: Public Debt as a Percentage of GDP for FY 2012/13 – FY 2018/19



Source: National Treasury Debt Management Reports

As the public debt increases, so does the cost of servicing the debt. As shown in Figure 13, the ratio of debt service to revenue has increased considerably from 25 per cent in FY 2013/14 to 57 per cent in FY 2018/19 taking up the much-needed fiscal space.

Figure 13: Public debt payment as a percentage of ordinary revenue for FY 2013/14 – FY 2018/19



Source: National Treasury Debt Management Reports

The overview of economic performance shows moderate economic growth in a stable macroeconomic environment but with depressed revenues and rising public debt which continue to impact the division of revenue. This together with high debt repayment and rising wage bill constrains the fiscal framework within which the FY 2020/21 division of revenue is being made.

2.5 Fiscal Performance of County Governments

This sub section reviews the performance of county revenue including the equitable share, own source revenue (OSR) and conditional grants. It also analyses county expenditures.

2.5.1 Analysis of County Government Revenues

Article 202 of the Constitution provides for unconditional and conditional allocation of revenues to county governments from nationally raised revenues. Conditional allocations are tied to implementation of specific policies. Article 209 (3) empowers county governments to raise their own revenue through imposition of rates, taxes, fees and charges on services. Besides, counties may borrow as stipulated in Article 212 of the Constitution.

Equitable share is the major source of unconditional revenue to the counties. As shown in Table 4, over the past seven years, counties have been allocated a total of Kshs. 1,889.30 billion and Kshs. 247 billion as equitable shares and conditional grants respectively. In addition, counties collected a total of Kshs. 200.54 billion in OSR over the last six years.

Table 4: County Governments' Total Revenue for FY 2013/14 – 2019/20, Kshs. Billion

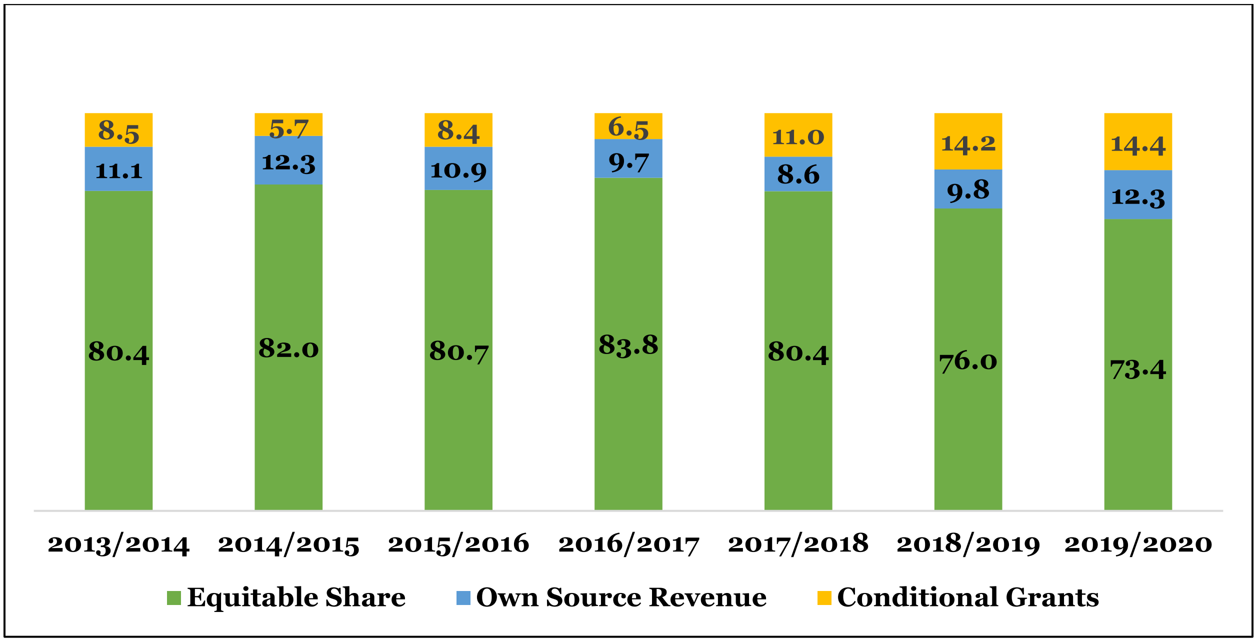
Source of Revenue	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Equitable Share	190	227	260	280	302	314	316.5	**1,889**
Own Source Revenue	26	34	35	33	32	40	53*	**253**
Conditional Grants	20	16	27	22	41	59	62	**247**
Total	**236**	**276**	**322**	**335**	**376**	**413**	**431.5**	**2,379**

Sources: County Budget Implementation Review Reports

* *Projected OSR for 2019/20*

The average contribution of equitable share allocation to the total county revenue is 79.5 per cent whereas that of OSR is 10.7 per cent. Conditional grants contribute approximately 9.8 per cent to total county revenue (Figure 14).

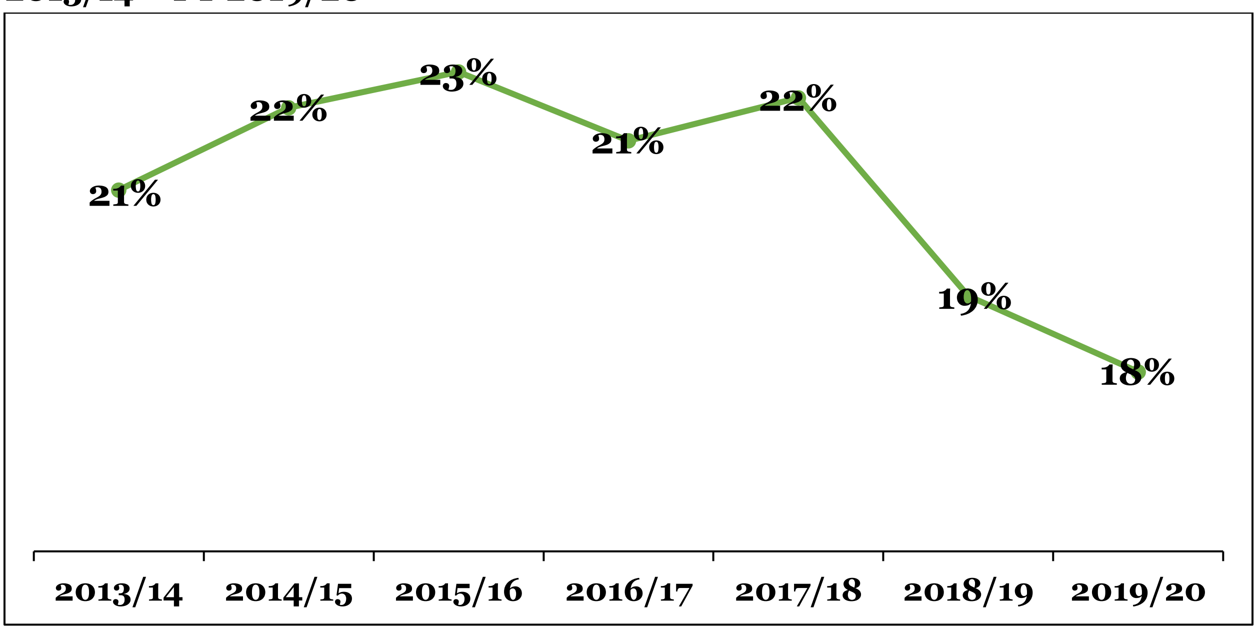
Figure 14: Contribution to County Governments' total Revenue for FY 2013/14 – 2019/20



Source: County budget implementation reports
Note: OSR data for the FY 2019/20 is an estimate

Although the absolute equitable share has progressively increased over the years as shown in Table 4 above, its proportion to ordinary revenue is on a declining trend as shown in Figure 15 below.

Figure 15: Equitable Share as a Percentage of Ordinary Revenue for FY 2013/14 – FY 2019/20

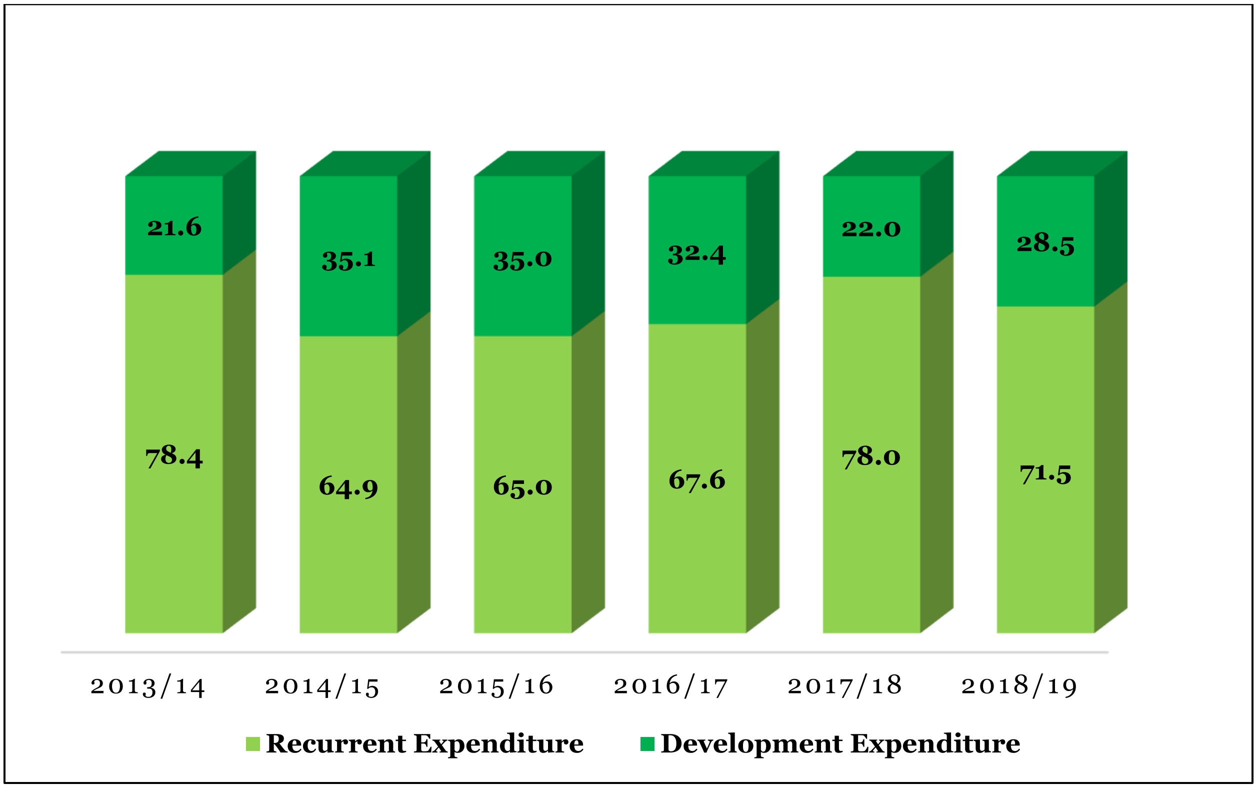


Source: Budget Review and Outlook Paper – Various issues

2.5.2 County Governments Expenditure Performance

County spending is to a large extent funded by national transfers covering on average 79.5 percent of the counties' total approved budget. However, actual expenditures depict low spending in development with only a handful of counties attaining the required threshold. Counties' development expenditure on average has been below the PFMA requirement of 30 percent (Figure 16).

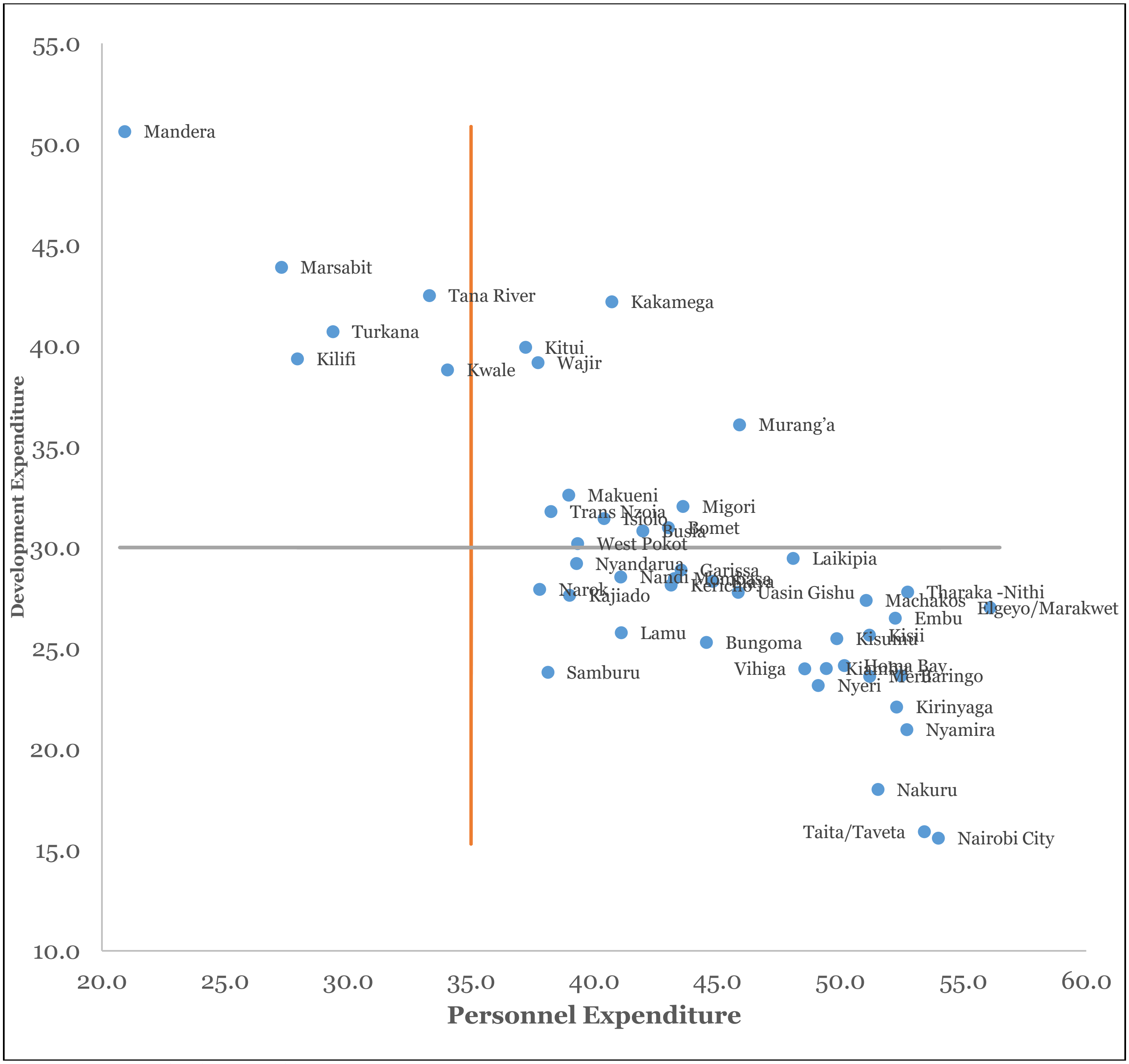
Figure 16: County Recurrent and Development Expenditures for FY 2013/14 – FY 2018/19



Source: County budget implementation reports

Expenditure on personnel by counties in the past six years averaged 31.4 per cent of the total county revenues. Only 6 counties kept personnel emoluments below the 35 per cent threshold required by PFMA, while 17 counties adhered to the 30 per cent development threshold (Figure 17).

Figure 17: Aggregate County Expenditure in Development and Personnel Emoluments

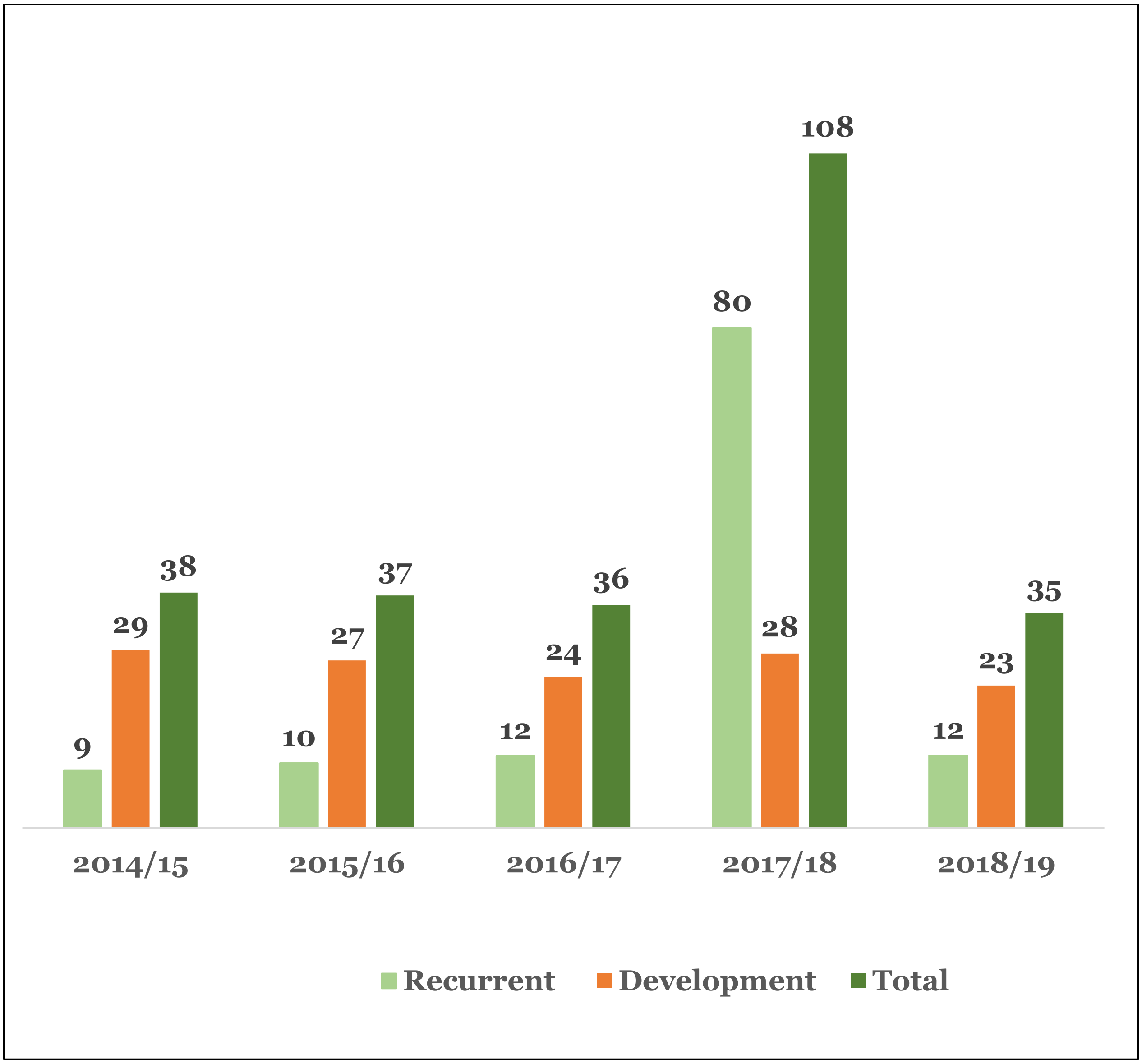


Source: County budget implementation reports

2.5.3 Pending Bills

In addition to the challenges of non-adherence to the PFM requirements on development and expenditure on wages, counties continue to face challenges of pending bills due to several reasons. These include: delay in disbursement of equitable share by the national government; incomplete projects at the end of the financial year and delays in enactment of crucial laws that authorizes payment of funds to the counties. During the FY 2018/19 total pending bills for counties amounted to Kshs.34.54 billion of which, Kshs.22.9 billion was in development expenditure and Kshs. 11.6 billion in recurrent expenditure (Figure 18).

Figure 18: County pending bills (Kshs. Billion) for FY 2014/15 – FY 2018/19



Source: *County budget implementation reports*

An analysis of counties' pending bills since FY 2014/15 shows that a higher portion is in development expenditure. This has a negative effect on the development budgets of the specific year as money allocated is used to pay outstanding bills.

3.0 RECOMMENDATION ON EQUITABLE SHARES OF REVENUE TO NATIONAL AND COUNTY GOVERNMENTS

Article 202(1) of the Constitution stipulates that the nationally raised revenue shall be shared equitably among the national and county governments. The shareable revenue excludes loans (internal and external) borrowed by the national government. This revenue is defined in the Constitution and Section 2 of the Commission on Revenue Allocation Act, 2011 as:

"all taxes imposed by the national government under Article 209 of the constitution and any other revenue (including investment income) that may be authorized by an Act of Parliament, but excludes revenues referred to under Articles 206(1)(a)(b) and 209 (4) of the Constitution".

The National Treasury projects to collect Kshs. 1,776.1 billion in the FY 2019/20 and Kshs. 1,883.7 billion in the FY 2020/21. The analysis of nationally raised revenue shows under-performance, which together with high debt repayment and rising wage bill constrains the fiscal framework within which the FY 2020/21 division of revenue is being made.

3.1 Equitable Share of Revenue

The fiscal framework underpinning previous recommendations made by the Commission ensured that additional allocation to each level of government compensated for price variation to enable them provide comparable level of services in the subsequent years. However, given the constrained fiscal frameworks for FY 2019/20 and FY 2020/21, it is not feasible to adjust equitable shares for each level of government to fully compensate for anticipated price variations. Instead the Commission recommends an adjustment to both the national and county governments' development expenditures on the basis of the average rate of the country's economic growth.

The Commission therefore recommends an adjustment of 5.7 per cent on the actual three-year average development expenditure for each level of government. The 5.7 per cent adjustment is based on the country's three-year (2016-2018) average economic growth. This adjustment translates to additional allocation of Kshs. 5.24 billion to the counties and Kshs. 31.35 billion to the national government to finance development activities. This will increase the allocation to counties from Kshs. 316.5 billion in FY 2019/20 to Kshs. 321.74 billion in FY 2020/21 and to the national government from Kshs. 1,459.6 billion in FY 2019/20 to Kshs. 1,490.95

billion in FY 2020/21. The national government is further allocated an additional Kshs. 71.01 billion for the purpose of investing in the strategic areas under the Big Four Agenda. In effect, the national government's equitable share will increase to Kshs. 1,561.96 billion as shown in Table 5.

Table 5: Equitable share allocation to national and county governments (Kshs. Billion) for FY 2020/21

	Baseline allocation (2019/20)	Three-year average development expenditure	Adjust by 5.7% three-year average economic growth	Equitable share (2020/21)
County Government	316.5	92	5.244	321.74
National Government	1,459.6	550	31.35	1,490.95
Total				**1,812.69**
Additional allocation to national government				**71.01**
Ordinary revenue	**1,776.1**			**1,883.7**

Source: CRA

3.2 New Conditional Grant for Financing of Cities

Since the enactment of the Urban Areas and Cities Act (UACA) in 2011, five cities have been recognised: Nairobi, Mombasa, Kisumu, Nakuru and Eldoret. These cities are experiencing rapid urbanization and contribute over 26 percent of Kenya's GDP, provide significant number of employment opportunities and are home to key industrial clusters necessary to achieve Vision 2030. However, despite their economic significance, the delivery of basic urban services in the cities as required by UACA has deteriorated and they are not able to meet the rising demand exerted by growing urban population.

The first schedule of UACA stipulates that cities provide among others the following key basic services: water supply, sanitation, road networks, storm water drainage and solid waste management. In addition to functions assigned by the Constitution to all counties, section 6(3) of UACA mandates Nairobi City to perform additional functions arising from its status as a capital city. The capital city shall provide infrastructure necessary to sustain: the seat of the national government; offices of diplomatic missions; efficient transport network connecting to rural areas, towns and other local, regional and international cities; and commerce and industry.

Currently, these cities have a funding gap estimated between Kshs. 36.1 billion and Kshs. 184.4 billion. Alternative approaches have estimated the gap in funding to cities as follows:

i. The historical expenditures approach compared city expenditures pre-devolution and during devolution and estimated a funding gap of Kshs. 36.1 billion between FY 2013/14 and FY 2015/16.
ii. The fiscal needs assessment – a bottom-up costing of seven Schedule Four functions that are unique to cities estimated a fiscal need of Kshs. 184.4 billion.
iii. The State Department for Urban Development and Planning estimated a funding gap of USD 1 billion or approximately Ksh. 100 billion for all urban areas in Kenya.

These cities require additional funding to enable them provide urban infrastructure and services to promote higher levels of productivity, service delivery and economic growth. Based on the foregoing, the Commission recommends a new conditional grant of Kshs. 5 billion per year to the five cities beginning in the FY 2020/21

3.3 Natural Resources Revenue Sharing

There are various legal provisions on revenue sharing from natural resources as stipulated in the Petroleum Act, Energy Act and Mining Act.

The Petroleum Act 2019 provides for sharing of revenue from upstream petroleum operations to ensure that the county governments and local communities benefit directly from exploitation of petroleum resources located in their counties. Section 58(1) of the Act provides that proceeds from petroleum will be apportioned as follows: 75 percent to national government, 20 per cent to county government and five per cent to local community. However, there are no revenues to be shared currently from petroleum.

The Energy Act 2019, section 85 (3) provides that royalty from geothermal energy shall be paid to the National Treasury and apportioned as follows: county governments 20 per cent; the local community five percent which shall be payable through a trust fund and the remaining 75 per cent shall form part of national revenue. However, no revenues have been shared to counties and communities yet from geothermal energy.

The Mining Act 2016, Section 183 (5) provides that proceeds from mining shall be apportioned as follows: 70 percent to national government, 20 percent to county governments and 10 percent to the community where mining operations are carried out. The total royalties collected from FY 2017/18 to FY 2019/20 is Kshs. 2,155,458,409 (Table 6).

Table 6: Natural Resources Royalties

Source	2017/2018	2018/2019	2019/2020*
Royalty on carbon dioxide	-	-	51,263,495.98
Mining royalties	143,188,548	150,347,975	136,159,317.68
Magadi soda royalties	104,985,349	57,734,616	145,290,836.27
Base titanium royalty	356,580,563	426,909,591	582,998,116.81
Total	**604,754,460**	**634,992,182**	**915,711,767**

Source: National Treasury
** Projections*

The Commission recommends that the State Department of Mining together with other stakeholders prepare the regulations to operationalise the Mining Act 2016. This is important to ensure county governments and communities in areas where mining is carried out benefit from the share of royalties.

4.0 FUNCTIONAL ASSIGNMENT AND FINANCING OF NATIONAL AND COUNTY GOVERNMENTS

The functions and powers of national and county governments are listed in the Fourth Schedule of the Constitution. In addition, Article 186(2) and (3) provides for concurrent functions that are performed by more than one level of government, and residual functions or power not assigned by the constitution or national legislation to a county government as a function of the national government.

Financing of national and county government functions is based on historical estimated cost of service delivery. Table 7 presents a summary of the sector expenditure of the national government functions for FY 2017/18 and FY 2018/19 and the expenditure estimates for the FY 2019/20 and FY 2020/21.

Table 7: Financing of National Government Functions

No	Sector	Actual Expenditure		Estimates	Ceilings
		2017/18	2018/19	2019/20	2020/21
1	Social Protection, Culture and Recreation: Sports, Culture and Arts; Labour Social Security and Services	51,101	50,928	68,690	67,474
2	Education: Education; Science and Technology; TSC	388,886	449,002	494,807	507,521
3	National Security: Defense, National Intelligence Services	144,626	146,384	159,270	149,320
4	Environment Protection, Water and Natural Resources: Environment & Natural Resources; Water & Regional Authorities; Mining	52,715	53,152	90,247	96,467
5	Health	47,603	73,300	92,725	111,653
6	Agriculture, Rural and Urban Development: Land, Housing and Urban Development, Agriculture, Livestock, Fisheries, NLC	42,312	69,607	59,638	48,285
7	Public Administration and International Relations: Presidency; Planning; Devolution; Foreign Affairs & International Trade; National Treasury, Parliamentary Service Commission, CRA, PSC, SRC, OAG, CoB; IGTRC; & CAJ	173,287	186,052	288,821	259,845

No	Sector	Actual Expenditure		Estimates	Ceilings
		2017/18	2018/19	2019/20	2020/21
8	Energy, Infrastructure and ICT: Infrastructure; Transport, ICT; Energy and Petroleum)	292,172	375,871	435,107	404,634
9	Governance, Justice, Law and Order: Interior; Coordination of National Government; AG & Justice; The Judiciary; EACC; DPP; Registrar of Political Parties, KNCHR, IEBC, JSC, NPSC; NGEC; IPOA	183,781	175,706	209,625	195,581
10	General Economic and Commercial Affairs: Industrialization & Enterprise, East African Affairs; Commerce & Tourism	11,192	25,382	29,890	23,024
	Total	**1,387,675**	**1,605,384**	**1,928,820**	**1,863,804**
11	**Other Government obligations:** Loan repayments, pension and other expenses	**338,989**	**446,527**	**550,100**	**585,400**

Source: National Treasury

In aligning county funding to their assigned functions and national priorities, the Commission recommends allocation to sectors as shown in Table 8. The additional allocation of Kshs. 5.24 billion to counties for FY 2020/21 should go towards strengthening the much needed infrastructure for health care, food security and housing.

Table 8: Financing of County Governments

Devolved Functions		Actual Transfers 2017/18	2018/19	2019/20	Recommendation 2020/21
1	Health Services	86,151	90,768	91,518	94,388
2	Planning & Development	58,000	56,554	57,021	57,021
3	Agriculture, Livestock and Fisheries	23,479	24,195	24,395	25,820
4	Culture, Public Entertainment & Public Amenities	3,596	3,858	3,890	3,890
5	Youth Affairs and Sports	5,202	5,582	5,628	5,628
6	Trade, Cooperative Development & Regulation	5,210	5,590	5,636	5,636
7	Roads &Transport	47,489	48,958	49,363	49,363

Devolved Functions		Actual Transfers 2017/18	2018/19	2019/20	Recommendation 2020/21
8	Lands, Housing and Public Works	6,778	7,275	7,335	8,285
9	Water, Natural Resources & Environmental Conservation	8,517	8,860	8,933	8,933
10	Pre-Primary Education	2,795	2,800	2,823	2,823
Sub Total Devolved Functions		**247,217**	**254,441**	**256,543**	**261,787**
11	Public Administration	54,783	59,559	59,957	59,957
Total Equitable Share		**302,000**	**314,000**	**316,500**	**321,744**
New conditional Grant : Financing of cities		-	-	-	5,000

Source: CRA 2019

5.0 FINANCING OF THE PROVISIONS OF ARTICLE 203 OF THE CONSTITUTION

5.1. Introduction

Article 216(3) provides that in formulating the basis for equitable sharing of revenue between the national and county governments, the Commission shall seek to promote and give effect to the criteria in Article 203 (1). Sub section 5.2 explains how this recommendation meets the requirements of Article 203 (1).

5.2. Application of Article 203

i. Article 203(1)(a): The national interest

National interest are the policies, goals, priorities, and programs which have fiscal implications and benefit the whole country. Decisions on priorities of national interest affect the functions of both levels of government.

In determining the national interest, the Commission considered the following national interest priorities:

(a) Enhancement of security operations
(b) National social safety net for older persons, orphans and vulnerable children, presidential bursary and severe disability
(c) Enhancement of education programme to include free day public secondary schools
(d) Youth empowerment
(e) National irrigation and fertilizer subsidy
(f) School examination fees (KCSE and KCPE)

ii. Article 203(1)(b): Provision in respect of the public debt and other national obligations

a) Public debt

Article 214 of the Constitution defines public debt as all financial obligations associated with loans raised or guaranteed and securities issued or guaranteed by the national government. In line with Article 203(1), the Commission has considered the national government's expenditure on public debt in its recommendation for FY 2020/21. In the FY 2020/21 it is projected that the national government will spend Kshs. 476.0 billion on debt interest repayment.

b) Other national obligations

This refers to obligations that the National Government may have, and which affect the entire country. However, those obligations that arise as part of the National Government's functions are excluded from this criterion. In this recommendation the obligations that are outside the national government functions are the cost of shared institutions including the Judiciary, Parliament, constitutional commissions, independent offices and pension obligations.

iii. Article 203(1) (c): the needs of the national government, determined by objective criteria; (d) the need to ensure that county governments are able to perform the functions allocated to them

The functions assigned to national and county governments are specified in the Fourth Schedule of the Constitution. The Commission recommends that Kshs. 1,561.96 billion and Kshs. 321.74 billion be allocated to finance national and county governments respectively in the FY 2020/21.

iv. Article 203(1)(g): Economic disparities within and among counties and the need to remedy them

The Commission in line with Article 202 (2) recommends a new conditional grant of Kshs. 5 billion for the financing of five cities of Nairobi, Mombasa, Kisumu, Nakuru and Eldoret for the FY 2020/21. The grant is meant to address the deteriorating basic urban services in the cities as well as the rising demand for services exerted by growing urban population.

v. Article 203(1)(j): The desirability of stable and predictable allocations of revenue

The Commission has endeavoured to ensure that the recommendation on equitable sharing of revenue between the national and county governments remain stable and predictable. This is evident in the fact that every subsequent year's allocation has not fallen below the previous year's allocation.

vi. Article 203(1)(k): the need for flexibility in responding to emergencies and other temporary needs, based on similar objective criteria

Disaster management is a concurrent function allocated to both levels of government. The Constitution requires the establishment of a Contingency Fund to manage unforeseen and urgent expenditure, including disaster management. In line with Section 20(2) of the PFMA 2012, the national government has established the Contingency Fund with a ceiling of Ksh. 10 billion. The national government has, however, projected to set aside Kshs.5.0 billion in FY 2020/21 to provide for contingencies.

Similarly, county governments are required to set up an emergency fund to manage urgent and unforeseen expenditures for which there is no specific legislative authority to deal with emergencies that may affect counties. Section 110 of the PFMA 2012 provides that a county government may establish an emergency fund not exceeding two percent of its total revenues.

Table 9 summarises the provisions of Article 203 with respect to division of revenue.

Table 9: Allocation of revenue between the National and County Governments

No.	Item Description (Kshs. millions)	2017/18	2018/19	2019/20	2020/21
	Ordinary Revenue (exclude AiA)	**1,365,063**	**1,651,517**	**1,776,100**	**1,883,700**
A	**National Interest [Art. 203(1)(a)]**	**82,696**	**84,186**	**94,168**	**82,311****
	Enhancement of security operations (police vehicles, helicopters, defense)	20,556	27,800	27,974	
	National irrigation and fertilizer clearance	8,880	11,775	11,103	
	Youth empowerment	18,544	7,442	16,226	
	National social safety net-(for older persons, OVC, child welfare, presidential bursary, severe disability)	17,305	26,812	26,362	
	Primary school digital program	13,408	6,333	8,400	
	School examination fees	4,003	4,024	4,103	
B	**Public Debt (Art. 203[1][b])**	**462,243**	**637,396**	**585,703**	**476,000***
C	**Other National Obligation (Art. 203[1][b])**	**398,589**	**427,239**	**491,269**	**512,144**
	Pensions, Constitutional Salaries and other	68,702	90,573	109,526	124,500
	Constitutional Commissions	224,623	233,619	261,387	271,724
	Independent Offices	5,177	6,412	6,336	6,493
	Parliament	30,915	34,490	39,501	40,305
	Other Constitutional Institutions - State Law Office and DPP	6,498	7,602	8,765	9,137
	Other statutory bodies	5,484	5,724	5,937	6,403
	Judiciary	17,678	13,458	18,937	15,435
	Other Statutory Allocations/Earmarked Funds	39,512	35,361	40,880	38,146
D	**Emergencies (Art. 203(1)(k))**	**9,294**	**6,419**	**6,418**	**5,000**

No.	Item Description (Kshs. millions)	2017/18	2018/19	2019/20	2020/21
	Contingencies	5,000	5,000	5,000	5,000
	Strategic Grain Reserve	4,294	1,419	1,418	
	Equalization Fund (Art. 203 (1)(g)	**7,727**	**4,700**	**5,765**	**5,765**
E	**County Government functions**	**325,273**	**339,500**	**339,395**	**349,244**
	Equitable Share	*302,000*	*314,000*	*316,500*	*321,744*
	Conditional allocations	*23,273*	*25,500*	*22,895*	*27,500*
F	**National Government functions**	**79,241**	**152,077**	**253,382**	**453,236**

Source: Division of Revenue Acts
*Public debt includes interest payments only
**Used average growth rates for lack of data

6.0. BASIS FOR SHARING OF REVENUE AMONG COUNTIES FOR FY 2020/21

Section 190 (1) (b) of PFMA, mandates the Commission to submit the determination of each county's equitable share in the county share of the revenue.

In accordance with the provision of Article 217 and Section 16 of the Sixth Schedule, Parliament in June 2016 determined the second basis for sharing revenue raised nationally among the counties. The approved basis is shown in Table 10 and has been used to share revenues for financial years 2016/17, 2017/18, 2018/19 and 2019/20.

Table 10: Second Basis for Revenue-sharing among Counties

No	Parameter	Second Basis
1	Population	45%
2	Basic Equal Share	26%
3	Poverty	18%
4	Land Area	8%
5	Fiscal effort	2%
6	Development Factor	1%
	TOTAL	**100%**

Source: CRA 2019

The Commission has developed a third basis for revenue sharing. In accordance with the provisions of Article 217, the third basis will be used to share revenue for a period of five years. The basis is summarised in Table 11.

Table 11: Third Basis for Revenue Sharing among Counties

Public Sector Function	Constitutional Functions & Powers	Indicator of Expenditure	Weight
Objective 1. Enhance services delivery			
1.1 Health	• County health services	Health index	17%
1.2 Agriculture	• Agriculture • Animal control and welfare	Agricultural index	10 %
1.3 Other county services	• Pre-primary education, village polytechnics, homecraft centres and childcare facilities. • Cultural activities, public entertainment and public amenities	County population	18 %

Public Sector Function	Constitutional Functions & Powers	Indicator of Expenditure	Weight
1.4 Public Administration	• County planning and development • Implementation of specific national government policies on natural resources and environmental conservation • Ensuring and coordinating the participation of communities in governance at the local level	Basic share index	20%
Objective 2. Promote balanced development			
2.1 Infrastructure	• County transport • Trade development and regulation	Land area Rural access index Poverty	8 % 4 % 14%
2.2 Urban Services	• Urban services and environment ✓ Control of air pollution, noise pollution, other public nuisances and outdoor advertising. ✓ Fire-fighting services and disaster management. ✓ Control of drugs and pornography. ✓ County public works and services for storm water management, water and sanitation services	Urban households	5 %
Objective 3. Incentivize capacity to raise revenue			
3.1 Revenue collection	• County revenue collection	Fiscal effort index	2 %
Objective 4. Incentivize prudent use of public resources			
4.1 Prudent use of public resources	• Establishment of Internal audit committee • Establishment of the County Budget and Economic Forum • Expenditure on development • Opinion of the External Auditor	Prudence index	2 %

Source: CRA 2019

Table 12 presents the determination of each county's equitable share in the county share of revenue based on the CRA recommendation on the third basis as submitted to Parliament in April 2019. However, given that Parliament has not approved the third basis, these allocations will change with the use of the population census data for 2019.

Table 12: Summary of Equitable Share Allocation among Counties

No	County	Second Basis	Allocations 2019/20	Third Basis	Allocations 2020/21*
1	Baringo	1.61	5,096	1.80	5,805
2	Bomet	1.74	5,507	1.93	6,197
3	Bungoma	2.81	8,894	2.97	9,550
4	Busia	1.90	6,014	2.04	6,580
5	Elgeyo-Marakwet	1.22	3,861	1.25	4,013
6	Embu	1.36	4,304	1.47	4,731
7	Garissa	2.22	7,026	2.00	6,421
8	Homa Bay	2.13	6,741	2.03	6,525
9	Isiolo	1.34	4,241	1.29	4,138
10	Kajiado	2.03	6,425	2.08	6,702
11	Kakamega	3.29	10,413	3.53	11,357
12	Kericho	1.70	5,381	1.84	5,931
13	Kiambu	2.98	9,432	3.09	9,926
14	Kilifi	3.30	10,445	2.88	9,253
15	Kirinyaga	1.34	4,241	1.54	4,964
16	Kisii	2.46	7,786	2.48	7,972
17	Kisumu	2.16	6,836	2.25	7,229
18	Kitui	2.79	8,830	2.86	9,187
19	Kwale	2.46	7,786	2.04	6,573
20	Laikipia	1.32	4,178	1.48	4,754
21	Lamu	0.82	2,595	0.88	2,840
22	Machakos	2.45	7,754	2.48	7,971
23	Makueni	2.34	7,406	2.19	7,046
24	Mandera	3.23	10,223	2.77	8,897
25	Marsabit	2.14	6,773	1.79	5,749
26	Meru	2.54	8,039	2.62	8,426
27	Migori	2.14	6,773	2.28	7,332
28	Mombasa	2.23	7,058	2.03	6,545
29	Murang'a	1.99	6,298	2.03	6,546
30	Nairobi city	5.03	15,920	5.11	16,445
31	Nakuru	3.31	10,476	3.43	11,040
32	Nandi	1.69	5,349	1.98	6,358
33	Narok	2.54	8,039	2.21	7,101
34	Nyamira	1.52	4,811	1.43	4,585
35	Nyandarua	1.54	4,874	1.64	5,266
36	Nyeri	1.71	5,412	1.79	5,770
37	Samburu	1.46	4,621	1.50	4,833
38	Siaya	1.83	5,792	1.96	6,321
39	Taita-Taveta	1.34	4,241	1.31	4,217
40	Tana River	1.85	5,855	1.68	5,397
41	Tharaka-Nithi	1.24	3,925	1.10	3,554
42	Trans Nzoia	1.82	5,760	2.00	6,421
43	Turkana	3.33	10,539	3.26	10,499
44	Uasin Gishu	2.00	6,330	2.26	7,271
45	Vihiga	1.47	4,653	1.43	4,602
46	Wajir	2.70	8,546	2.25	7,237
47	West Pokot	1.58	5,001	1.76	5,666
	Total	**100**	**316,500**	**100**	**321,744**

Source: CRA 2019

** Allocations for 2020/21 are based on the Third Basis as submitted to Parliament in April 2019*

Appendix 1: Equitable share Allocations to Counties (2012/13-2019/20)

No	County	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Grand Total
1	Baringo	167	3,248	3,875	4,441	4,791	4,983	5,087	5,096	**31,688**
2	Bomet	177	3,443	4,123	4,725	5,079	5,255	5,935	5,507	**34,243**
3	Bungoma	289	6,181	6,698	7,676	8,282	8,758	8,949	8,894	**55,726**
4	Busia	205	3,412	4,747	5,440	5,870	5,829	5,966	6,014	**37,483**
5	Elgeyo Marakwet	123	2,392	2,854	3,270	3,529	3,624	3,768	3,861	**23,421**
6	Embu	145	2,807	3,349	3,838	4,141	4,107	4,459	4,304	**27,150**
7	Garissa	217	4,221	5,036	5,772	6,228	6,659	6,939	7,026	**42,099**
8	Homa Bay	212	4,121	4,917	5,635	6,080	6,523	6,688	6,741	**40,918**
9	Isiolo	115	2,236	2,667	3,057	3,298	3,775	3,925	4,241	**23,314**
10	Kajiado	166	3,227	3,850	4,413	4,761	5,768	5,997	6,425	**34,608**
11	Kakamega	335	6,516	7,773	8,908	9,612	9,936	10,331	10,413	**63,823**
12	Kericho	170	3,295	3,915	4,487	4,861	5,225	5,715	5,381	**33,048**
13	Kiambu	281	5,459	6,512	7,464	8,053	9,664	9,357	9,432	**56,222**
14	Kilifi	280	5,443	6,492	7,441	8,029	9,951	10,833	10,445	**58,914**
15	Kirinyaga	133	2,588	3,087	3,538	3,818	4,409	4,113	4,241	**25,928**
16	Kisii	267	5,188	6,190	7,094	7,654	7,429	7,693	7,786	**49,301**
17	Kisumu	214	4,155	4,957	5,681	6,130	6,553	6,908	6,836	**41,435**
18	Kitui	274	5,315	6,340	7,267	7,841	8,652	8,729	8,830	**53,250**
19	Kwale	193	3,749	4,473	5,126	5,531	7,248	7,536	7,786	**41,641**
20	Laikipia	130	2,523	3,010	3,450	3,722	4,500	4,113	4,178	**25,625**
21	Lamu	77	1,501	1,790	2,052	2,214	2,476	3,548	2,595	**16,253**
22	Machakos	255	4,951	5,906	6,769	7,303	7,399	8,321	7,754	**48,657**
23	Makueni	225	4,366	5,209	5,970	6,441	6,825	7,128	7,406	**43,570**
24	Mandera	337	6,550	7,814	8,956	9,663	9,740	10,142	10,223	**63,425**
25	Marsabit	195	3,796	4,528	5,189	5,599	6,584	7,002	6,773	**39,667**
26	Meru	245	4,749	5,666	6,494	7,007	7,701	8,007	8,039	**47,907**
27	Migori	220	4,269	5,093	5,837	6,298	6,463	6,720	6,773	**41,672**
28	Mombasa	196	3,802	4,535	5,198	5,609	8,154	8,227	7,058	**42,778**
29	Murang'a	202	3,917	4,673	5,356	5,779	6,191	6,249	6,298	**38,665**
30	Nairobi	489	9,506	11,340	12,997	14,024	15,402	15,794	15,920	**95,472**
31	Nakuru	306	5,936	7,082	8,116	8,758	9,271	9,451	10,476	**59,397**
32	Nandi	179	3,478	4,149	4,755	5,131	5,104	5,369	5,349	**33,514**
33	Narok	199	3,868	4,614	5,288	5,706	6,523	6,374	8,039	**40,611**
34	Nyamira	156	3,039	3,625	4,155	4,483	4,621	4,773	4,811	**29,662**
35	Nyandarua	162	3,150	3,758	4,307	4,647	4,772	4,930	4,874	**30,601**
36	Nyeri	168	3,254	3,882	4,449	4,801	4,953	5,024	5,412	**31,943**
37	Samburu	134	2,598	3,099	3,552	3,833	3,805	4,427	4,621	**26,070**
38	Siaya	188	3,654	4,358	4,995	5,390	5,527	6,029	5,792	**35,932**
39	Taita	125	2,421	2,887	3,310	3,571	3,896	4,051	4,241	**24,501**
40	Tana River	150	2,914	3,476	3,985	4,299	5,345	5,558	5,855	**31,583**
41	Tharaka Nithi	118	2,295	2,737	3,138	3,385	3,684	3,642	3,925	**22,925**
42	Tranzoia	192	3,730	4,450	5,100	5,503	5,647	5,621	5,760	**36,002**
43	Turkana	395	7,664	9,143	10,479	11,307	10,072	10,770	10,539	**70,369**
44	Uasin Gishu	196	3,797	4,530	5,191	5,601	5,708	5,935	6,330	**37,286**
45	Vihiga	146	2,832	3,379	3,871	4,177	4,409	4,459	4,653	**27,926**
46	Wajir	272	5,290	6,311	7,233	7,804	8,139	8,478	8,546	**52,073**
47	West Pokot	162	3,155	3,763	4,314	4,655	4,741	4,930	5,001	**30,721**
	GRAND TOTAL	**9,784**	**190,000**	**226,661**	**259,775**	**280,300**	**302,000**	**314,000**	**316,500**	**1,899,019**

Source: CRA 2019