

Module 1 Session 3: County Revenues

TASK 1.8 ■ REVIEWING COUNTY REVENUE SOURCES: CHARTS AND FIGURES

30 MINUTES

TASK OBJECTIVES

- ❖ ENHANCING UNDERSTANDING OF NATIONAL TRANSFERS AND MAJOR LOCAL REVENUE SOURCES FOR COUNTIES
- ❖ COMPARING THE SIZES OF DIFFERENT STREAMS OF LOCAL REVENUE AND NATIONAL TRANSFERS

TASK EXPLANATORY NOTES

1. In plenary answer the question ‘How do counties pay for the services they provide?’
2. Answer (guess) the three task questions as the facilitator notes down your answers.
3. Look at the charts and tables below in pairs and compare with what you had guessed.

TASK 1.8

- 1) What share of county budgets comes from national and what share comes from the revenues collected locally? State the percentage.

- 2) What are the main sources of county own revenues? (List the top 3)
 - i.
 - ii.
 - iii.

- 3) How close are our counties coming to their revenue targets? State the percentage

Chart 1: Proportion of local revenues to national transfers in the FYs 2013/14 and 2014/15 (targets and actuals)

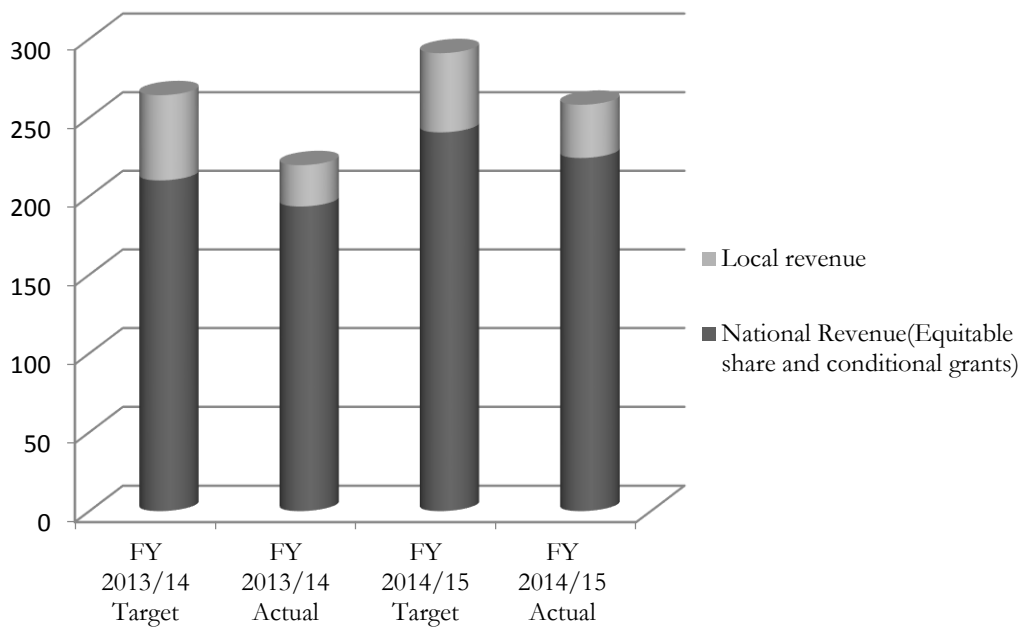


Table 1: Percentage of Local Revenues to Total Revenue FY2013/14 and 2014/15

Year	National Transfers to Counties (CARA, DORA and COB)	Local Revenues (COB)	Total revenue	Local Revenues as a Share of Total Revenue
FY 2013/14 Target	210	54.2	264.2	20.51%
FY 2013/14 Actual	193.4	26.3	219.7	11.97%
FY 2014/15 Target	242.43	50.38	292.81	17.88%
FY 2014/15 Actual	224.26	33.85	258.11	13.11%

Table 2: Projected Revenue Growths for Counties that Failed to Reach Their Local Revenue Targets in the FY 2014/15

County name	Actual Local Revenue for FY 2013/14 (A)	Annual Local Revenue Target FY 2014/15 (Kshs.) (B)	Projected Revenue Growth ((B-A)/A)	Highest 'Reasonable' Target(15% above current)
1. Garissa	35,892,845	700,000,000	1850.25%	41,276,771.75
2. Tana River	31,556,087	120,000,000	280.28%	36,289,500.05
3. Isiolo	125,064,066	452,699,367	261.97%	143,823,675.90
4. Vihiga	123,302,433	377,743,491	206.36%	141,797,798.00
5. Mandera	90,068,630	251,285,781	178.99%	103,578,924.50
6. TaitaTaveta	126,861,698	521,830,636	311.34%	145,890,952.70
7. Tharaka - Nithi	85,372,943	250,000,000	192.83%	98,178,884.45
8. Bungoma	182,702,280	1,075,035,502	488.41%	210,107,622.00
9. Kisii	250,147,453	630,000,000	151.85%	287,669,571.00
10. Siaya	99,771,315	301,530,027	202.22%	114,737,012.30
11. Machakos	1,175,227,171	2,850,000,000	142.51%	1,351,511,247.00
12. Nyamira	94,025,895	219,053,554	132.97%	108,129,779.30
13. Samburu	201,001,447	406,550,140	102.26%	231,151,664.10
14. Mombasa	1,716,054,436	5,121,608,017	198.45%	1,973,462,601.00
15. Narok	1,538,560,899	3,366,157,146	118.79%	1,769,345,034.00
16. Kitui	255,241,581	650,000,000	154.66%	293,527,818.20

Table 3: Projected Local Revenue Growths for Counties That Surpassed their Local Revenue Targets in the FY 2014/15

County name	Actual Local Revenue for FY 2013/14 (A)	Annual Local Revenue Target FY 2014/15 (Kshs.) (B)	Projected Revenue Growth ((B-A)/A)
Turkana	132,882,771	110,000,000	-17.22%
Kericho	371,395,186	383,435,490	3.24%
Marsabit	46,032,691	48,400,000	5.14%
Homa Bay	134,985,390	153,687,573	13.85%
Laikipia	347,118,457	400,000,000	15.23%
Nyandarua	138,439,331	200,000,000	44.47%
West Pokot	58,887,573	96,197,480	63.36%
Wajir	61,032,930	105,136,917	72.26%

Table 4: : County Annual Local Revenue Targets Compared to Actual Revenue for FYs 2013/14 and 2014/15

County name	Annual Local Revenue Target FY 2013/14	Actual Local Revenue for FY 2013/14	% of Local Revenue To Annual Local Revenue Target FY 2013/14	Annual local revenue target FY 2014/15 (Kshs.)	Total Local Revenue: FY 2014/15 (Kshs.)	% of Local Revenue Against Annual Local Revenue Target
Baringo	260,000,000	201,519,606	77.5%	255,800,000	249,723,429	97.6%
Bomet	235,948,424	200,949,332	85.2%	239,046,286	206,386,334	86.3%
Bungoma	2,753,780,000	182,702,280	6.6%	1,075,035,502	504,623,643	46.9%
Busia	366,327,150	328,993,569	89.8%	324,945,073	315,202,075	97.0%
Elgeyo/Marakwet	85,000,000	61,001,213	71.8%	132,023,379	128,905,771	97.6%
Embu	659,165,345	168,486,515	25.6%	748,000,000	401,105,103	53.6%
Garissa	150,533,326	35,892,845	23.8%	700,000,000	130,717,649	18.7%
Homa Bay	140,678,820	134,985,390	96.0%	153,687,573	157,860,245	102.7%
Isiolo	360,000,000	125,064,066	34.7%	452,699,367	133,699,318	29.5%
Kajiado	517,000,000	453,371,648	87.7%	959,045,150	785,837,768	81.9%
Kakamega	2,813,435,319	325,216,300	11.6%	903,537,623	516,889,024	57.2%
Kericho	338,692,707	371,395,186	109.7%	383,435,490	413,581,432	107.9%
Kiambu	3,058,567,275	1,246,683,890	40.8%	3,263,234,585	2,110,856,557	64.7%
Kilifi	735,819,493	459,575,703	62.5%	1,000,000,000	545,499,050	54.5%
Kirinyaga	437,993,243	200,373,963	45.7%	422,454,650	311,635,045	73.8%

Kisii	729,194,738	250,147,453	34.3%	630,000,000	296,771,415	47.1%
Kisumu	1,739,539,231	621,861,798	35.7%	1,500,000,000	970,903,407	64.7%
Kitui	713,850,291	255,241,581	35.8%	650,000,000	320,521,294	49.3%
Kwale	642,361,019	208,454,345	32.5%	500,000,000	253,972,260	50.8%
Laikipia	557,173,528	347,118,457	62.3%	400,000,000	400,484,744	100.1%
Lamu	86,124,909	35,566,589	41.3%	65,740,000	61,672,255	93.8%
Machakos	2,541,819,152	1,175,227,171	46.2%	2,850,000,000	1,356,559,888	47.6%
Makueni	350,000,000	189,187,741	54.1%	230,000,000	215,349,954	93.6%
Mandera	437,400,000	90,068,630	20.6%	251,285,781	87,729,461	34.9%
Marsabit	44,000,000	46,032,691	104.6%	48,400,000	99,107,465	204.8%
Meru	658,000,000	343,805,963	52.3%	588,038,730	539,239,910	91.7%
Migori	795,374,867	238,630,499	30.0%	500,000,000	355,111,556	71.0%
Mombasa	5,074,615,602	1,716,054,436	33.8%	5,121,608,017	2,492,600,145	48.7%
Murang'a	800,000,000	419,989,717	52.5%	800,000,000	562,227,534	70.3%
Nairobi City	15,448,045,417	10,026,171,804	64.9%	13,323,722,061	11,500,049,480	86.3%
Nakuru	3,076,738,273	1,816,532,538	59.0%	2,755,924,489	2,200,279,602	79.8%
Nandi	422,472,914	130,536,752	30.9%	456,070,000	298,042,483	65.4%
Narok	3,698,917,020	1,538,560,899	41.6%	3,366,157,146	1,639,205,710	48.7%
Nyamira	100,000,000	94,025,895	94.0%	219,053,554	104,254,684	47.6%
Nyandarua	174,000,000	138,439,331	79.6%	200,000,000	240,629,472	120.3%
Nyeri	479,050,914	432,229,360	90.2%	1,343,926,804	680,700,067	50.7%

Samburu	223,550,000	201,001,447	89.9%	406,550,140	195,715,348	48.1%
Siaya	153,000,000	99,771,315	65.2%	301,530,027	143,328,488	47.5%
Taita Taveta	244,119,909	126,861,698	52.0%	521,830,636	216,603,678	41.5%
Tana River	87,290,000	31,556,087	36.2%	120,000,000	33,033,490	27.5%
Tharaka -Nithi	84,000,000	85,372,943	101.6%	250,000,000	115,729,722	46.3%
Trans Nzoia	501,503,926	201,655,713	40.2%	385,000,000	301,267,105	78.3%
Turkana	250,000,000	132,882,771	53.2%	110,000,000	126,524,507	115.0%
Uasin Gishu	821,410,003	563,669,444	68.6%	890,000,000	800,823,542	90.0%
Vihiga	204,274,739	123,302,433	60.4%	377,743,491	115,939,226	30.7%
Wajir	119,030,873	61,032,930	51.3%	105,136,917	107,742,634	102.5%
West Pokot	38,000,000	58,887,573	155.0%	96,197,480	103,899,329	108.0%
Total	54,207,798,427	26,296,089,510	48.5%	50,376,859,951	33,848,542,299	67.2%

Source: Office of the Controller of Budget, County Governments Annual Budget Review Report for the FYs 2013.14 and 2014/15

Figure 1: Baringo Local Revenues Estimated for the FY 2015/16

NO	LOCAL REVENUE SOURCES		LOCAL REVENUE SOURCES PER LOCATIONS	
	1	Game Park fees	65,378,063.83	Kabarnet Town
2	Animal Stock Sale Fees	14,269,644.46	Eldama Ravine Town	31,657,945.51
3	Produce & Other Cess	26,754,431.28	Eldama Ravine Sub - County	12,061,778.77
4	Single Business Permit	44,430,982.05	Mogotio Sub - County	12,951,136.87
5	Plot Rent/ Rates	29,476,585.69	Baringo South Sub - County	20,048,732.54
6	Market Fees & Others	28,871,413.05	Tiaty Sub - County	11,444,796.91
7	Koibatek ATC	5,113,620.00	Baringo North Sub - County	11,642,369.52
8	Marigat AMS	8,522,700.00	Baringo Central Sub - County	10,927,086.62
9	Public Health	6,000,000.00	Lake Bogoria National G. R	65,378,063.83
10	Veterinary	6,000,000.00	Koibatek ATC	5,113,620.00
11	Hospital Revenue	65,182,560.00	Marigat AMS	8,522,700.00
	TOTAL	-	Hospital Revenue	67,182,560.00
NO	TOTAL REVENUES	300,000,000.36	TOTAL REVENUES	300,000,000.21

EXTRA READINGS

- i. CRA, "Recommendation on the Sharing of Revenue Raised Nationally between the National Government and the County Governments for the Financial Years 2013/14-2016/17." <http://www.crakenya.org/downloads/3041/#more-3041>
- ii. County Allocation of Revenue Bills and Acts FY 2013/14 -2015/16 <http://www.kenyalaw.org:8181/exist/kenyalex/index.xql>
- iii. Division of Revenue Bills and Acts FY 2013/14-2015/16 <http://www.kenyalaw.org:8181/exist/kenyalex/index.xql>

KEY TAKEAWAYS

- ❖ **COUNTY GOVERNMENTS PRIMARILY RELY ON NATIONAL GOVERNMENT TRANSFERS FOR THEIR BUDGET.**
- ❖ **COUNTIES NEED TO SET REALISTIC TARGETS WHEN PREPARING THEIR BUDGETS AS THERE IS A SIGNIFICANT DIFFERENCE IN THE ACTUAL AND TARGETED LOCAL REVENUES FOR MOST COUNTIES.**
- ❖ **THE COMMISSION ON REVENUE ALLOCATION HAS A CONSTITUTIONAL MANDATE TO GIVE RECOMMENDATIONS TO PARLIAMENT REGARDING TRANSFERS OF REVENUES TO COUNTIES.**
- ❖ **THE NATIONAL TREASURY ALSO GIVES RECOMMENDATIONS BY TABLING THE DIVISION OF REVENUE AND COUNTY ALLOCATION OF REVENUE (DOR/CAR) BILLS IN PARLIAMENT ANNUALLY.**
- ❖ **PARLIAMENT THEN APPROVES THESE LAWS AFTER CONSIDERATION OF BOTH THE CRA AND TREASURY RECOMMENDATIONS.**