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OF KENYA  
LILONGWE



THE NATIONAL ASSEMBLY  
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**COMMISSION ON REVENUE ALLOCATION**  
*Promoting an Equitable Society*

**RECOMMENDATION ON THE BASIS FOR  
EQUITABLE SHARING OF REVENUE BETWEEN  
THE NATIONAL AND COUNTY GOVERNMENTS  
FOR THE FINANCIAL YEAR 2023/2024**

**DECEMBER, 2022**

## TRANSMITTAL LETTER

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### COMMISSION ON REVENUE ALLOCATION

**OUR REF:** CRA/P&S/14/VOL.6/(30)

**DATE:** 16<sup>th</sup> December 2022

Clerk of the Senate  
Clerk of the National Assembly  
Cabinet Secretary, The National Treasury and Planning  
Chairman, Council of Governors  
Chairman, County Assemblies Forum

#### **RECOMMENDATION ON SHARING OF REVENUE FOR THE FINANCIAL YEAR 2023/24**

Pursuant to Article 216 (1)(a) of the Constitution, 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. Section 190 (1) of the PFMA (2012) requires that the recommendation be submitted at least six months before the beginning of the financial year or at a later date agreed between the Cabinet Secretary and the Commission on Revenue Allocation.

In this regard the Commission hereby submits the recommendation on the equitable sharing of revenue for financial year 2023/24. The Commission recommends that the national government be allocated Ksh. 2,150.3 billion and county governments Ksh. 407 billion. This is based on the projected shareable revenue of Ksh. 2,566 billion for the financial year 2023/24.

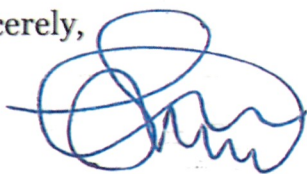
In addition, the Commission recommends that Ksh. 8.7 billion be allocated to the Equalisation Fund. Article 204 requires that 0.5 percent of the most recent audited and approved accounts of revenue be paid into the Equalisation Fund.

The Commission further recommends that the national government through the Kenya National Library Services transfers Ksh. 424.6 million to 33 counties as recurrent expenditures on library staff.

The Commission also recommends that in line with the Mining Act 2016, 30 percent of the mineral royalties for the financial year 2023/24 be transferred to the six beneficiary county governments.

Enclosed herewith, find the detailed recommendation, which also presents the determination of each county's equitable share based on the Third Basis for revenue sharing approved by Parliament in September 2020.

Sincerely,



Dr. Jane Kiringai, EBS  
**CHAIRPERSON**

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## **ACRONYMS**

ASDSP	Agricultural Sector Development Support Programme
BROP	Budget Review and Outlook Paper
CAJ	Commission on Administrative Justice
CARA	County Allocation of Revenue Act
CBR	Central Bank Rate
CCIS	County Climate Institutional Support
COB	Controller of Budget
COVID	Coronavirus disease
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
DPP	Director of Public Prosecutions
DRPNK	Drought Resilience Programme in Northern Kenya
EAC	East African Community
EACC	Ethics and Anti-Corruption Commission
ELRP	Emergency locust Response Project
EU	European Union
FLoLCA	Financing Locally-led Climate Action Program
FY	Financial Year
GDP	Gross Domestic Product
IDA	International Development Association
ICT	Information Communication Technology
IEBC	Independent Electoral and Boundaries Commission
IDEAS	Instruments for Devolution Advice and Support
IGRTC	Inter-Governmental Relations Technical Committee
IPOA	Independent Police Oversight Authority
IMF	International Monetary Fund
JSC	Judicial Service Commission
KCSAP	Kenya Climate Smart Agriculture Project
KDSP	Kenya Devolution Support Project
KfW	German Development bank
KISIP	Kenya Informal Settlement Improvement Project
KNCHR	Kenya National Commission on Human Rights
KUSP	Kenya Devolution Support Project
MES	Managed Equipment Scheme
NARIGP	National Agricultural and Rural Inclusive Growth Project
NGEC	National Gender and Equality Commission
NLC	National Lands Commission
NPSC	National Police Service Commission
OAG	Office of the Auditor General

O&M	Operations and Maintenance
OECD	Organisation for Economic Co-operation and Development
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PPG	Public and Publicly Guaranteed
PSC	Public Service Commission
PV	Present Value
RMLF	Road Maintenance Levy Fund
SPA	Special Purpose Account
SRC	Salaries and Remuneration Commission
TSC	Teachers Service Commission
UDG	Urban Development Grant
UHC	Universal Health Coverage
UIG	Urban Institutional Grant
US	United States
WB	World Bank
WSDP	Water & Sanitation Development Project

## EXECUTIVE SUMMARY

The financial year 2023/24 recommendation on the equitable sharing of revenue between the national and county governments has been prepared against a backdrop of a recovery in economic growth following the containment of the corona virus disease pandemic. The world real Gross Domestic Product recorded an accelerated growth of 5.8 percent in 2021. This growth was witnessed across Organisation for Economic Cooperation and Development members, as well as in Africa Eastern and Southern economies. These economies are estimated to have expanded by 5.2 percent and 4.3 percent in 2021 compared to a contraction of 4.5 percent and 2.9 percent in 2020, respectively. Global economic growth is expected to moderate to 4.4 percent in 2022.

Sub-Saharan Africa's real Gross Domestic Product is estimated to have grown by 4.1 percent in 2021 compared to a contraction of 1.9 percent in 2020. The growth was driven by high commodity prices, international tourist arrivals and increased agricultural production. Sub-Saharan Africa's economy is expected to grow at 3.6 percent in 2022.

East African Community's real gross domestic product is estimated to have expanded by 4.9 percent in 2021 compared to a growth of 1.0 percent recorded in 2020. Growth in East African Community's economy is expected to decline to 4.0 percent in 2022 due to the lingering effects of the corona virus disease pandemic, effects of climate change, and regional conflicts and tensions. In 2023, growth in the region is likely to rise to 4.7 percent.

Kenya's economy grew by 7.5 percent in 2021, which was higher than the world and sub-Saharan Africa's growth rates. The growth rate was supported by the resumption of most economic activities after the lifting of the corona virus disease pandemic containment measures. The economy is expected to grow by 5.5 percent in 2022 and 5.2 percent in 2023. The rebound in the economy notwithstanding, the country faces a number of downside risks associated with rising inflation and depreciation of the Kenya Shilling against major currencies. Although the inflation rate was within the target in 2021, it has risen to above 7.5 percent in the second half of 2022. This has been driven mainly by widespread drought and sustained increases in commodity prices due to supply chain disruptions.

The improved economic performance in the Kenyan economy is expected to lead to higher revenues. The shareable revenue for the financial year 2023/24 is projected to grow by 17 percent from an estimate of Ksh. 2,192 billion in the financial year 2022/23 to Ksh. 2,566 billion. Based on this projection, the



Commission recommends that for financial year 2023/24, the national government be allocated Ksh. 2,150.3 billion and county governments Ksh. 407 billion.

The Commission also recommends that the national government through the Kenya National Library Services transfer Ksh. 424.6 million to 33 counties as recurrent expenditures on library staff working in the affected counties and in line with the Mining Act 2016, 30 percent of the mineral royalties for the financial year 2023/24 be transferred to the beneficiary county governments. The county governments shall be expected to establish a Fund into which the 10 percent allocation set aside for community projects and programmes shall be deposited.

Based on Article 204 and the most recent audited and approved accounts for the financial year 2019/20 amounting to Ksh. 1,730.9 billion, Ksh. 8.7 billion be allocated to the Equalisation Fund.

In accordance with the provisions of Section 190 (1)(b) of the PFMA 2012, the Commission presents the determination of each county's equitable share based on the Third Basis for revenue sharing approved by Parliament in September 2020.

## **1.0 INTRODUCTION**

The Commission on Revenue Allocation (the Commission) is mandated by Article 216(1)(a) of *The Constitution of Kenya 2010* to make recommendations on the basis for the equitable sharing of revenue raised nationally between the national and county governments. Section 190(1) of the *Public Finance Management Act (PFMA) 2012* requires the Commission to make the recommendations six months before the beginning of the financial year or at a later date agreed between the National Treasury and the Commission.

In determining the equitable share to each level of government, the Commission is guided by the provisions of Article 203(1), which sets the criteria to be considered in the sharing of revenue. In addition, Article 203(2) provides that for every financial year, the equitable share of revenue allocated to county governments shall be not less than fifteen percent of all revenue collected by the national government. This amount is calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly. The most recent audited and approved accounts are for the financial year 2019/20.

The recommendation for the financial year 2023/24 is the twelfth that the Commission is making since the beginning of devolution in the financial year 2012/13. This recommendation has been made against the backdrop of economic recovery from the effects of the Corona Virus Disease (COVID-19) pandemic, which is expected to improve revenue performance.

The rest of the recommendation is organised as follows; Section Two assesses the performance of the economy while Section Three evaluates the national and county governments fiscal frameworks. Section Four presents the recommendation on equitable shares of revenue between the national and county governments. Section Five summarises the financing of national and county governments' functions and Section Six details the sharing of revenue among county governments for the financial year 2023/24.

## 2.0. PERFORMANCE OF THE ECONOMY

### 2.1 Introduction

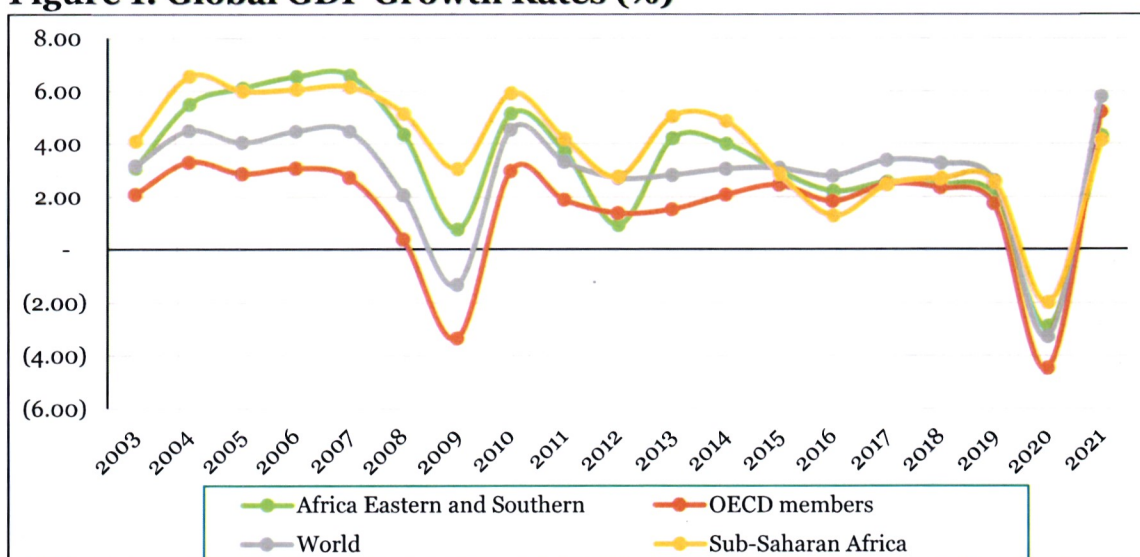
This section analyses the real and monetary sector indicators that drive economic performance. The analysis of the size and structure of the economy assists in evaluating revenue performance which informs revenue sharing between the national and county governments. In addition, the section analyses the economic performance of Kenya's major trading partners and their impact on the country's economy.

### 2.2 Real Sector

#### 2.2.1 Gross Domestic Product

At the global level, world real Gross Domestic product (GDP) recorded an accelerated growth of 5.8 percent in 2021 compared to a contraction of 3.4 percent in 2020 as shown in Figure 1. The growth was supported by easing of measures that were put in place to control the spread of COVID-19. This resulted in an improvement in global trade as well as increased activity in the industrial and services sectors of most economies. The accelerated growth was witnessed across Organisation for Economic Cooperation and Development (OECD) members, as well as in Africa Eastern and Southern economies. The OECD and Africa Eastern and Southern economies are estimated to have expanded by 5.2 percent and 4.3 percent in 2021 compared to a contraction of 4.5 percent and 2.9 percent in 2020, respectively.

Figure 1: Global GDP Growth Rates (%)



Source of data: World Bank

The global economy is projected to grow at 4.4 percent in 2022 as the world is expected to cope better with the COVID-19 pandemic. However, the growth is likely to be dampened to 3.2 percent in 2022 and 2.6 percent in 2023 due to the supply chain disruptions caused by Russia-Ukraine war, high inflationary pressures and the slowdown in China due to possible resurgence of COVID-19 pandemic<sup>1</sup>.

**Sub-Saharan Africa's** real GDP is estimated to have grown by 4.1 percent in 2021 compared to a contraction of 1.9 percent in 2020. The growth was driven mainly by high commodity prices, international tourist arrivals and increased agricultural production. However, the recovery was slower compared to the global growth, due to the onset of the second and third waves of COVID-19 infections between January and July 2021, and low oil production in oil-producing countries.

Growth in sub-Saharan Africa is expected to fall to 3.6 percent in 2022 but rise marginally to 3.9 percent in 2023. The recovery is likely to be affected by high oil prices, supply chain constraints, high inflation and increasing vulnerabilities to debt<sup>2</sup>.

**East African Community's (EAC)** real GDP is estimated to have expanded by 4.9 percent in 2021 compared to a growth of 1.0 percent recorded in 2020. The growth was supported by favourable weather conditions in most of the countries in the region which resulted in bumper cereal output. Tanzania's real GDP grew by 4.3 percent in 2021 compared to 2 percent in 2020 as shown in Figure 2. Rwanda's economy grew by 10.9 percent in 2021 compared to a 3.4 percent contraction recorded in 2020. Uganda's economy rebounded from a contraction of 2.9 percent in 2020 to a growth of 3.4 percent in 2021, largely supported by increased household demand and exports.

Growth in EAC is expected to decline to 4.0 percent in 2022 due to the lingering effects of the COVID-19 pandemic, effects of climate change, and regional conflicts and tensions. In 2023, growth in the region is likely to rise to 4.7 percent<sup>3</sup>.

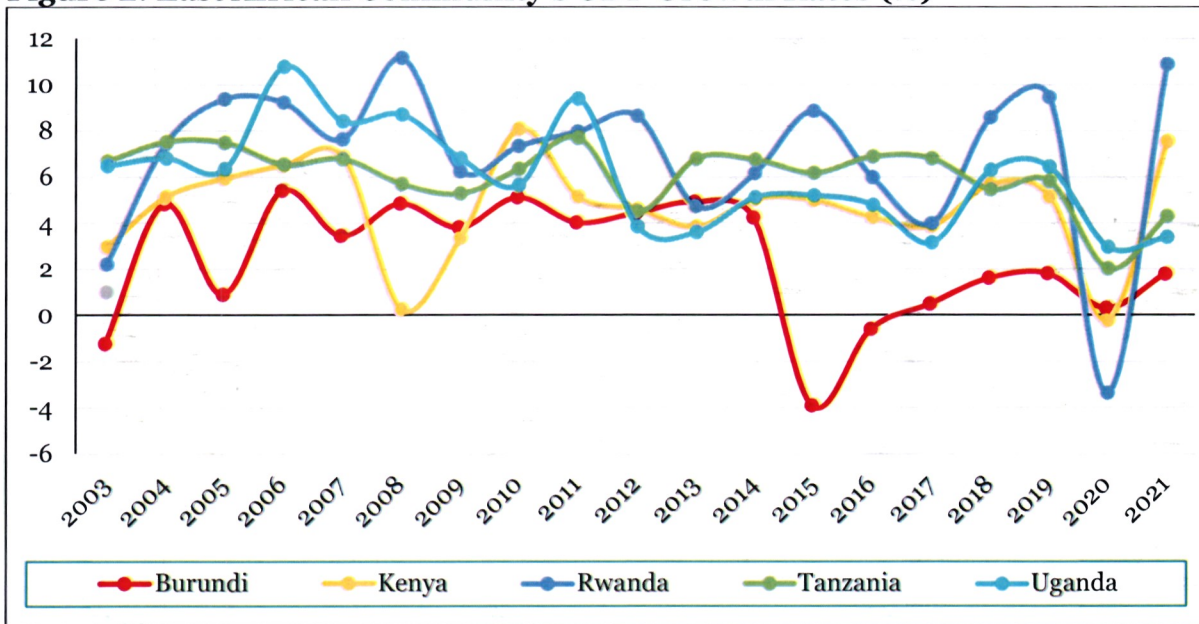
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<sup>1</sup> IMF world economic outlook, October 2022

<sup>2</sup> Ibid

<sup>3</sup> African Development Bank, East Africa Economic Outlook, October 2022

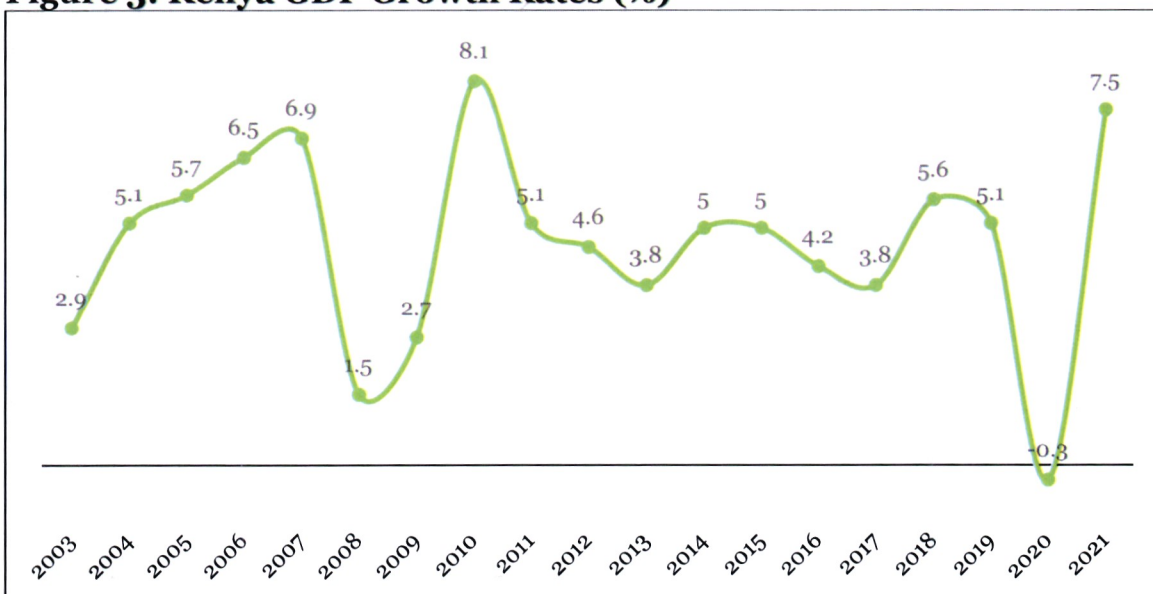
**Figure 2: East African Community's GDP Growth Rates (%)**



Source of data: World Bank

Kenya's economy recovered from the adverse effects of the COVID-19 pandemic and grew by 7.5 percent in 2021 compared to a contraction of 0.3 percent in 2020 as shown in Figure 3. The recovery was driven mainly by resumption of most economic activities after the lifting of the COVID-19 containment measures.

**Figure 3: Kenya GDP Growth Rates (%)**

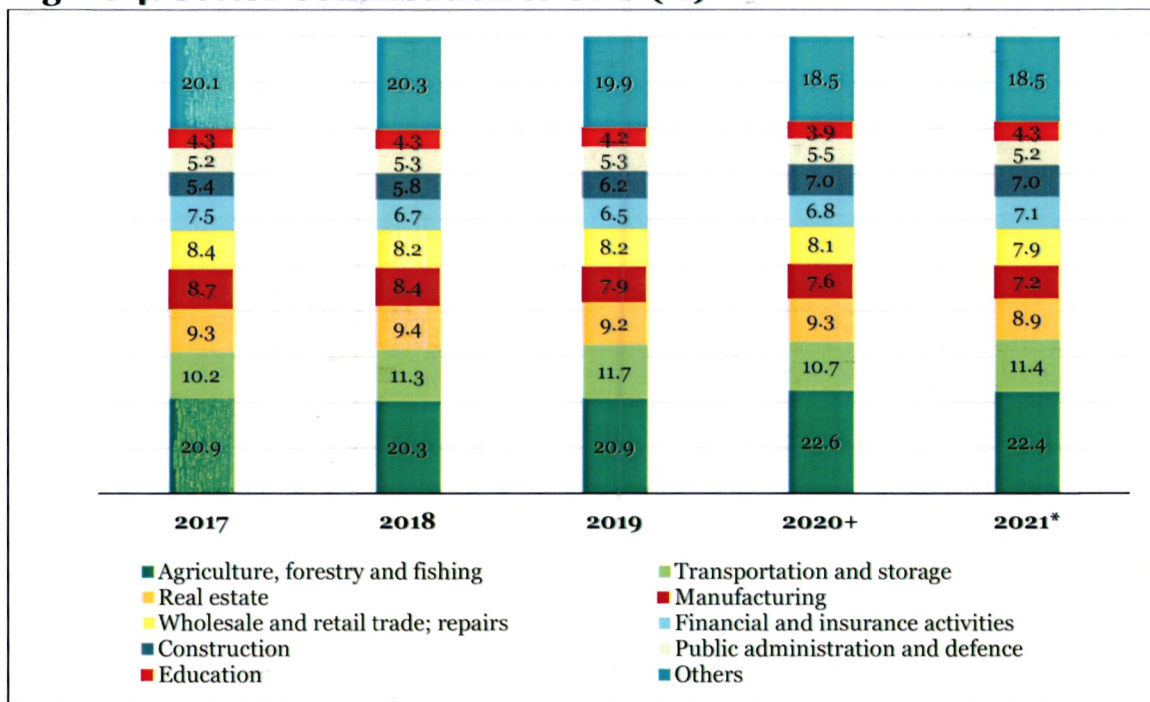


Source of data: Kenya National Bureau of Statistics

Kenya's growth is expected to remain strong at 5.7 percent in 2022 but projected to slow down to 5.3 percent in 2023<sup>4</sup>. The high inflationary pressure is likely to have a negative effect on the growth. The Russia-Ukraine war is likely to have a marginal effect on Kenya's growth. The value of trade between Kenya, and Russia and Ukraine combined accounted for less than 2.1 percent of total traded goods between 2015 and 2020.

The decomposition of the GDP by sectors shows that in 2021, Agriculture, Forestry and Fishing, Real Estate, Manufacturing, Wholesale and Retail trade sectors contracted marginally while Finance and Insurance, Transport and Storage, and Education grew marginally (Figure 4).

**Figure 4: Sector Contribution to GDP (%)**



Source of data: Kenya National Bureau of Statistics  
+ Revised  
\* Provisional

The manufacturing sector is a key contributor to revenue, therefore its performance has an effect on the quantum of revenues available for sharing between the two levels of government.

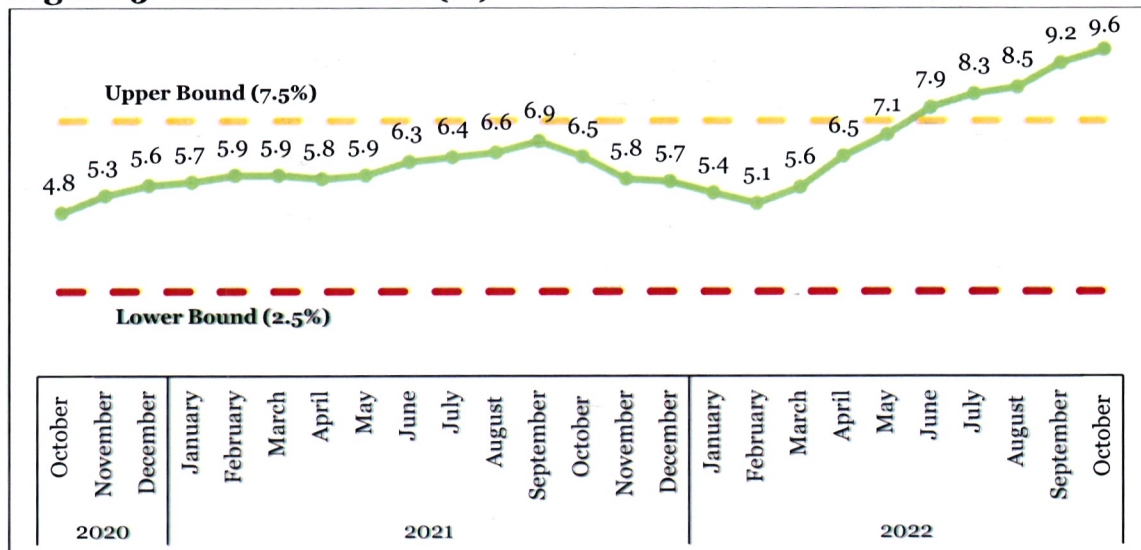
### 2.2.2 Inflation

Kenya's inflation remained within the target of  $5 \pm 2.5$  percent from 2020 to June 2022. However, inflation has been on an upward trend from February 2022, breaching the Central Bank's ceiling of 7.5 percent in June 2022 (Figure

<sup>4</sup> Ibid

5). The inflation resulted from supply chain disruptions and a prolonged dry period.

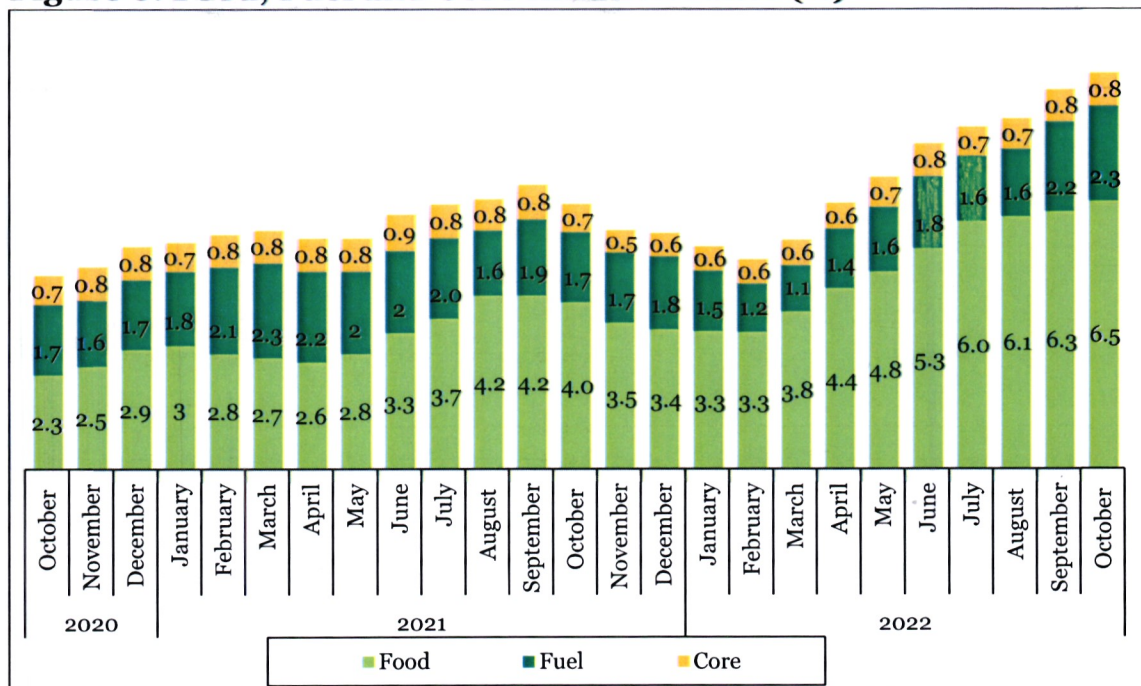
**Figure 5: Inflation Rates (%)**



Source of data: Central Bank of Kenya

The surge in inflation has been driven mainly by increase in food and fuel prices. Core inflation has remained below one percent reflecting a stable monetary policy (Figure 6).

**Figure 6: Food, Fuel and Core Inflation Rates (%)**



Source of data: Central Bank of Kenya

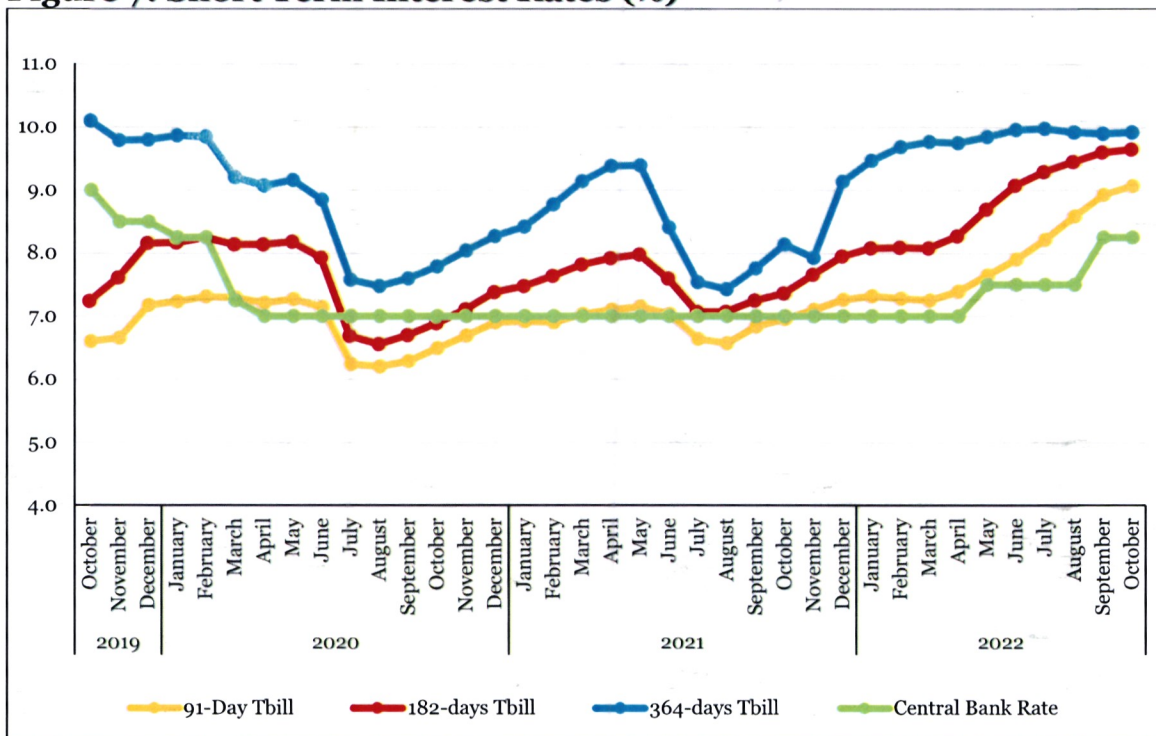
## 2.3 Monetary Sector

### 2.3.1 Interest Rates

Short-term interest rates remained fairly low and stable supported by sufficient liquidity in the money market. In 2021 and the first half of 2022 the Central Bank Rate (CBR) was retained at 7.0 percent to stimulate growth and bolster economic recovery following the effects of the COVID-19 pandemic. However, during the second half of 2022 the CBR has been increased from 7.50 percent in May to 8.25 in October (Figure 7). The increase was occasioned by the need to contain the rising inflationary pressures arising from a surge in commodity prices and the supply chain disruptions. This has had a knock-on effect on the Treasury Bills rates.

Interest rates on the 91-day Treasury Bills rose from 6.6 percent in August 2021 to 8.6 percent in August 2022. Over the same period, the 182-day Treasury Bills rate increased from 7.1 percent to 9.5 percent whereas, the 364-day Treasury Bill rate increased from 7.4 percent to 9.9 percent.

**Figure 7: Short Term Interest Rates (%)**

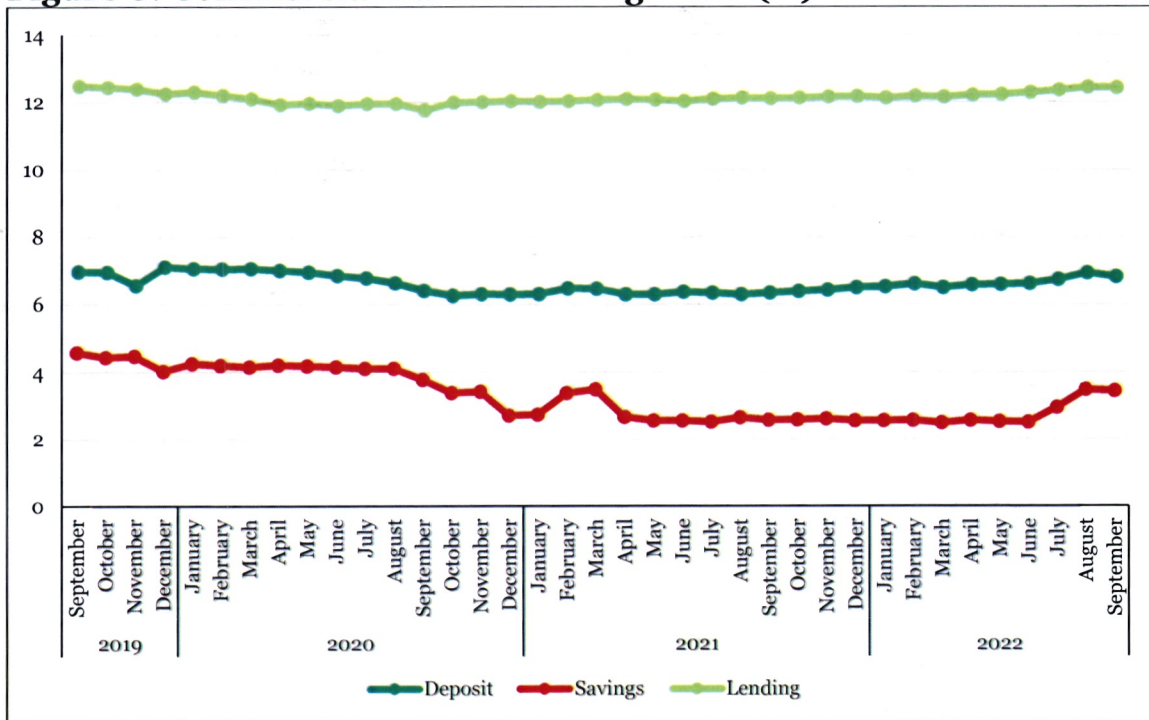


Source of data: Central Bank of Kenya

Increased CBR has led to marginal rise in the commercial banks' lending rates. The lending rates which determine private sector borrowing increased from 12.1 percent in September 2021 to 12.4 percent in September 2022 (Figure 8). The increased lending rates are likely to lead to decline in private sector borrowing.



**Figure 8: Commercial Banks Lending Rates (%)**

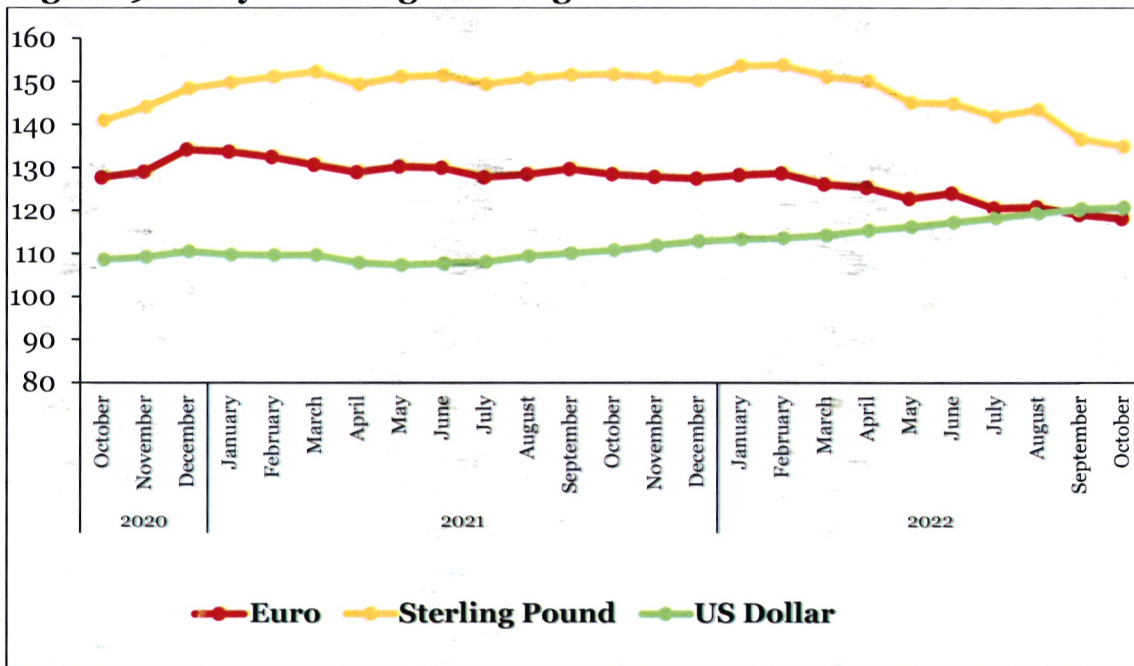


Source of data: Central Bank of Kenya

### 2.3.2 Exchange Rates

The Kenya Shilling weakened against the United States Dollar (USD) by 9 percent between October 2021 and October 2022. The weakening of the Kenya Shilling is attributed to the high demand for the USD from importers especially those trading in crude oil and other imported goods such as cooking oil and steel (Figure 9). Over the same period, the Kenyan Shilling strengthened against the Sterling Pound and the Euro by 8 and 11 percent respectively. The appreciation of the Kenya Shilling against the Euro and the Pound is attributed to the lower cost of imports from the Euro Zone and the United Kingdom.

**Figure 9: Kenya Shilling Exchange Rates**



Source of data: Central Bank of Kenya

Exchange rate movements influence the trade balance and repayment of public debt. The depreciation of the Kenya Shilling against the USD is expected to lower export prices, thus increasing the volume of exports while increasing the price of imports. In addition, the weakening of the Kenya shilling against the USD is expected to increase the country’s debt repayment given that about 68 percent of the external debt was dollar denominated as at the end of June 2022. The appreciation of the Kenya Shilling against the Euro and Sterling Pound is expected to reduce earnings from horticultural exports, which mainly depend on the European markets.

### 3.0. FISCAL PERFORMANCE

#### 3.1. Introduction

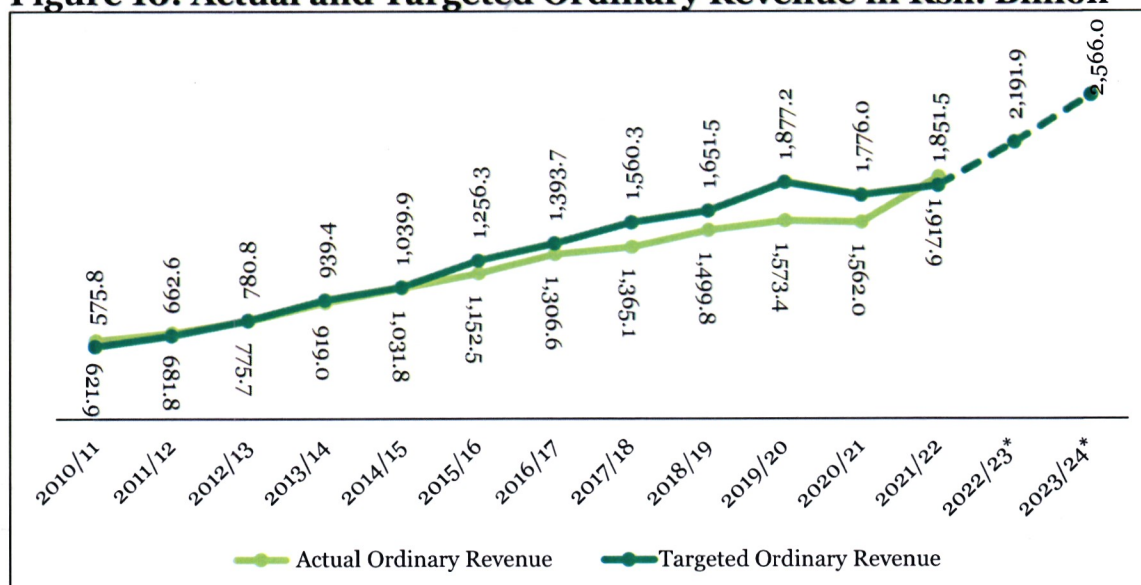
This section analyses the performance of both revenues and expenditures of the national and county governments. The section also looks at the performance of public debt and pending bills.

#### 3.2. Performance of Nationally Raised Revenue

Actual ordinary revenue performance was close to target from the financial years 2011/12 to 2014/15. However, between the financial years 2015/16 and 2020/21 actual revenues fell below targeted revenue, with the highest shortfall of Ksh. 304 billion in 2019/20 (Figure 10). This shortfall was due to the administrative and tax policy measures undertaken to cushion households and businesses from the effects of COVID-19 pandemic<sup>5</sup>.

Following the lifting of the COVID-19 pandemic containment measures in 2020 and 2021 and implementation of economic recovery strategies, the economy rebounded strongly as was shown in Section 2. This has had a positive effect on ordinary revenue collection, which surpassed target by 3.6 percent in the financial year 2021/22.

**Figure 10: Actual and Targeted Ordinary Revenue in Ksh. Billion**



Source of data: National Treasury

\* Projections

<sup>5</sup> The administrative and tax policy measures include: restrictions on movement of persons and goods, public gatherings, and dusk to dawn curfew. The tax policy measures include; a reduction in turnover tax rate (from 3 to 1 percent), a reduction in the corporate and individual income tax rate (from 30 to 25 percent), and a reduction in the Value Added Tax (VAT) rate (from 16 to 14 percent).

Analysis of revenue by main tax heads reveals that between the financial year 2019/20 and 2021/22, excise duty had a consistent shortfall. The contribution of other income tax (corporation tax) registered the highest positive outturn of Ksh. 32.3 billion in the financial year 2021/22 as a result of the restoration of the tax rate to 30 percent. Value Added Tax (VAT) registered a short fall in financial year 2019/20 due to the reduction in the rate from 16 percent to 14 percent. However, it had a positive outturn in the financial years 2020/21 and 2021/22 following a restoration of the rate to 16 percent (Table 1).

**Table 1: Performance of the Main Tax Heads (Ksh. Billion)**

	2019/20			2020/21			2021/22		
	Actual	Target	Deviation	Actual	Target	Deviation	Actual	Target	Deviation
<b>Ordinary Revenue</b>	<b>1,573.4</b>	<b>1,615.4</b>	<b>(42.0)</b>	<b>1,562.0</b>	<b>1,578.8</b>	<b>(16.8)</b>	<b>1,917.9</b>	<b>1,851.5</b>	<b>66.4</b>
VAT	383.7	400.1	(16.4)	410.8	403.1	7.7	523.1	514.1	9.0
PAYE	399.2	399.4	(0.2)	363.3	361.0	2.3	462.4	455.1	7.2
Other income tax	307.7	320.9	(13.1)	330.7	336.0	(5.3)	414.4	381.6	32.8
Excise duty	195.3	201.2	(5.9)	216.3	218.0	(1.7)	252.1	255.9	(3.8)
Import duty	98.0	95.9	2.1	108.4	102.4	6.0	118.3	115.9	2.4
Others *	189.5	197.8	(8.4)	132.5	158.3	(25.8)	147.7	129.0	18.8

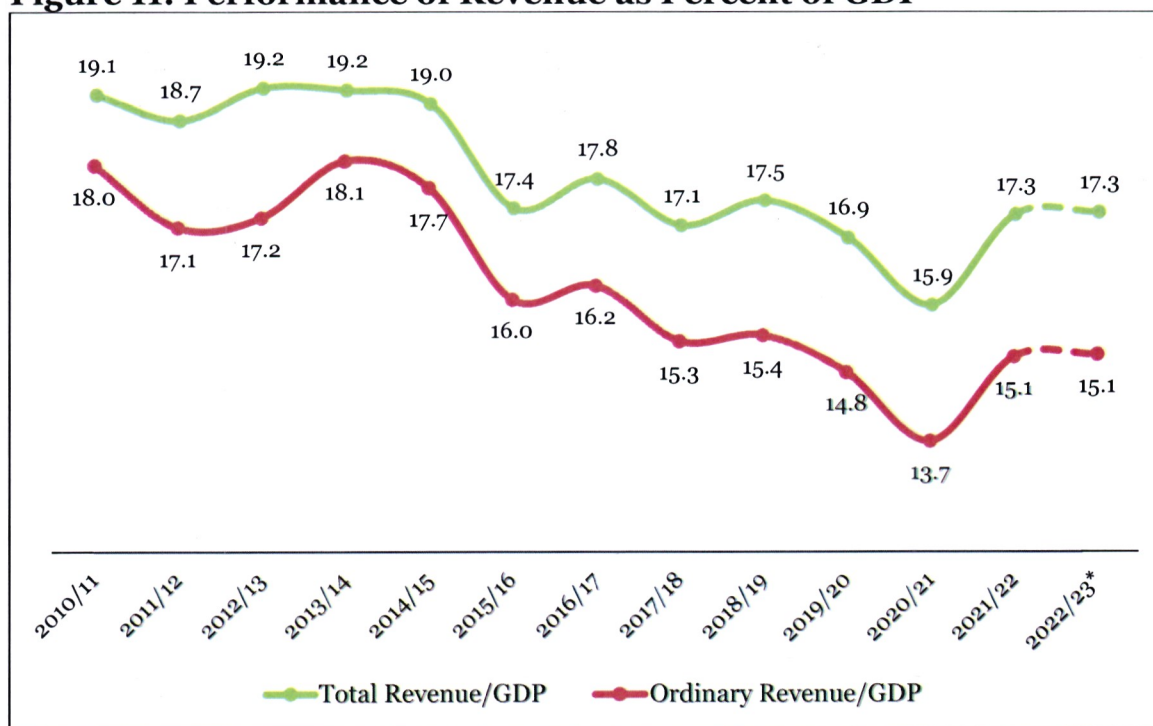
Source of data: National Treasury

\*Includes investment income, withdrawal of equity, traffic revenue, taxes on international trade and transactions (IDF fees), rent on land/buildings, fines and forfeitures, other taxes, loan interest receipts reimbursements and other fund contributions, fees, and miscellaneous revenue.

Although revenue performance in absolute value has been on the increase year-on-year, it declined as a percentage of the GDP from financial year 2010/11 to 2020/21 as shown in Figure 11. The revenue performance has been affected negatively by underperformance in output from the manufacturing sector which is the highest contributor to revenue at 15 percent.

Revenue as a percentage of GDP improved between the financial years 2020/21 and 2021/22, where total revenue to GDP increased from 15.9 percent to 17.3 percent and ordinary revenue to GDP increased from 13.7 percent to 15.1 percent. This was mainly attributed to the lifting of the COVID-19 administrative and tax policy measures. Total revenue to GDP and ordinary revenue to GDP are expected to remain at 17.3 percent and 15.1 percent in the financial year 2022/23.

**Figure 11: Performance of Revenue as Percent of GDP**

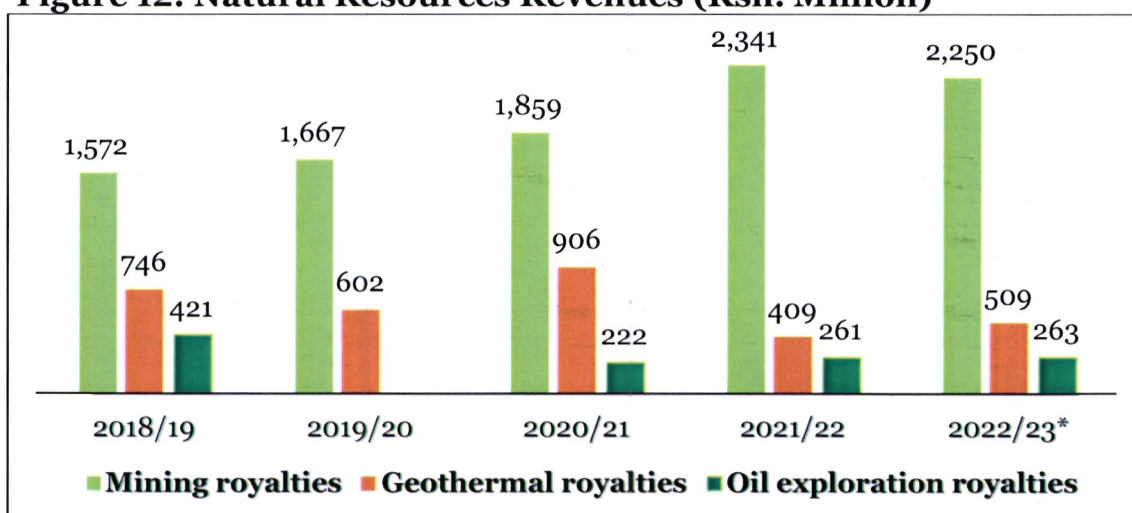


Source of data: National Treasury \* Projections

### 3.3. Revenues from Royalties

Revenues from natural resources form part of the nationally raised revenues and include proceeds from royalties and other levies from extractives. Article 69(1) obligates the State to ensure sustainable exploitation, utilisation, management and conservation of the environment and natural resources, and ensure the equitable sharing of the accruing benefits. There are various legal provisions on revenue sharing from natural resources as stipulated in the Mining Act 2016, Petroleum Act 2019 and Energy Act 2019. The revenues collected from royalties are as shown in Figure 12.

**Figure 12: Natural Resources Revenues (Ksh. Million)**



Source of data: National Treasury \* Projections

Regulations on sharing of natural resources royalties have not been finalised and this has impeded the sharing to the beneficiary counties. A framework has been developed and a multi-agency task force has been established to finalise the regulations.

There are six counties with mineral operations occurring, namely; Kilifi, Kajiado, Nandi, Taita/Taveta, Kwale and Kiambu. Table 2 provides a summary of mineral royalties projection for the financial year 2022/23.

**Table 2: Mineral Royalty Estimates for FY 2022/23, Ksh. Million**

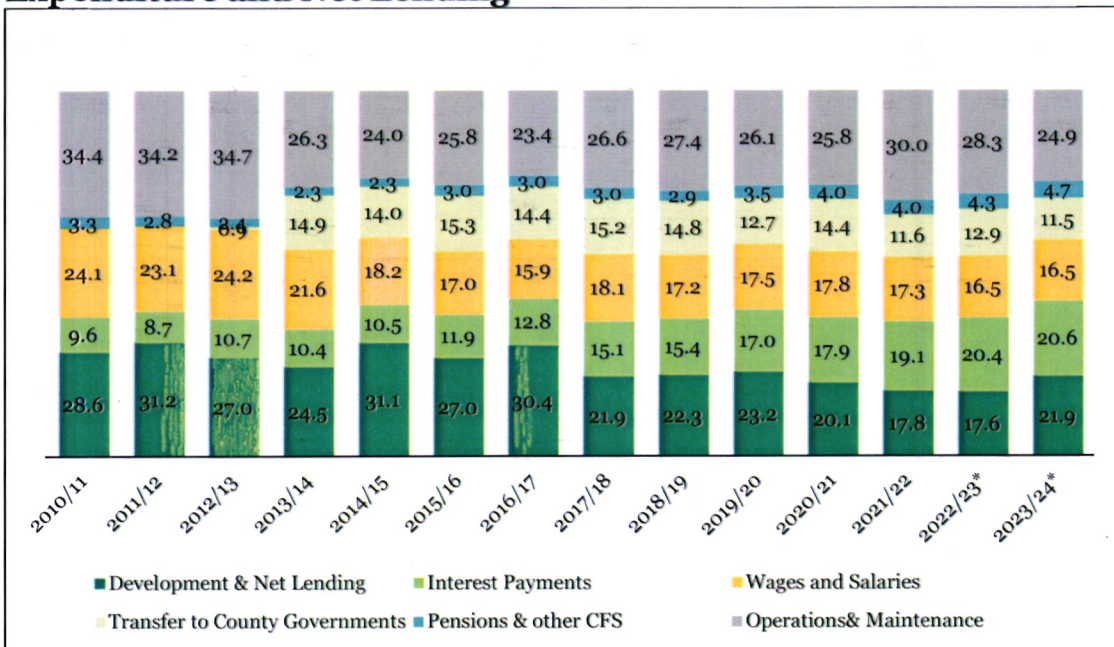
S/NO	County of Operation	Company	2022/23
1.	Kilifi	Mombasa Cement Ltd	280.5
		Athi River Mining Ltd	23.5
		Bamburi Cement Co. Ltd	288.2
2.	Kajiado	National Cement Ltd	303.7
		Tata Chemichal Magadi Ltd	246.9
3.	Nandi	Kilima pesa Gold Mining Ltd	15.87
		Karebe Gold Mining Ltd	19.22
4.	Taita/Taveta	Samurudha Resource Ltd	29.13
5.	Kwale	Base Titanium Ltd	1,124
6.	Kiambu	Carbacid (CO2) Ltd	19.33
		<b>Total</b>	<b>2,350</b>

Source of data: National Treasury

### 3.4. Structure of Government Expenditures

Development and net lending, and county transfers as proportions of total government expenditure have been on the decline. However, allocation to interest payments has increased from 9.6 percent in 2010/11 to 19.1 in 2021/22 (Figure 13). Pension and other Consolidated Fund Services has increased over the years and is projected to reach 4.7 percent of government expenditure in the financial year 2023/24. The increase in interest payments and pension crowds out development expenditures.

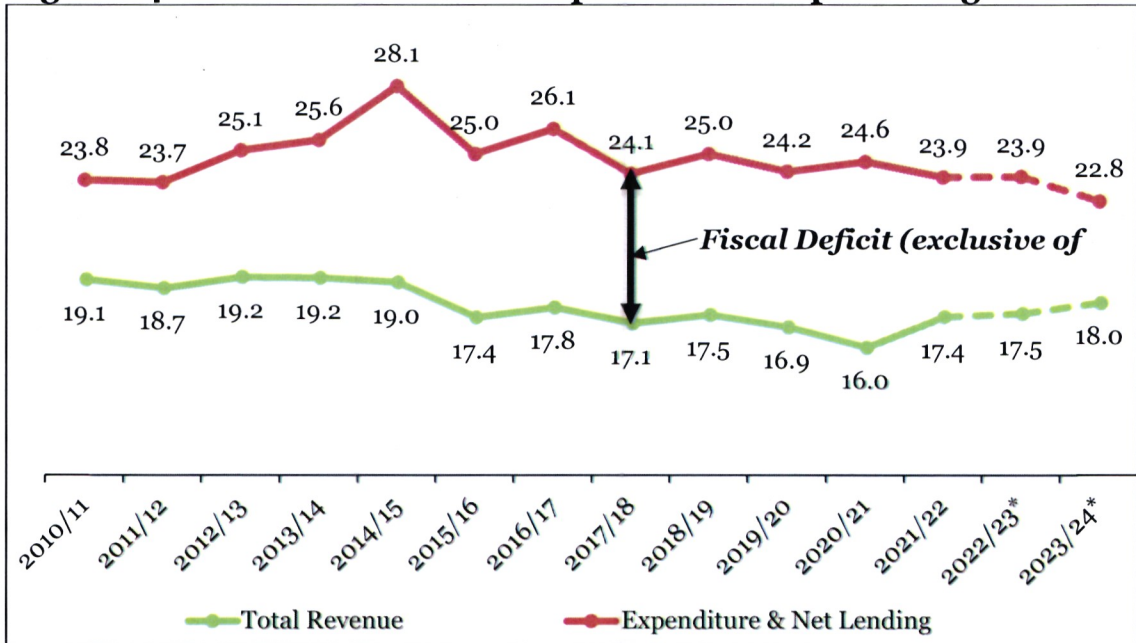
**Figure 13: Government Expenditures as a Percentage of Total Expenditure and Net Lending**



Source of data: National Treasury \* Projections

The gap between revenues and expenditures as percentage of GDP has averaged seven percent since financial year 2013/14 as shown in Figure 14. This fiscal deficit has remained above the five percent government target and three percent EAC convergence target.

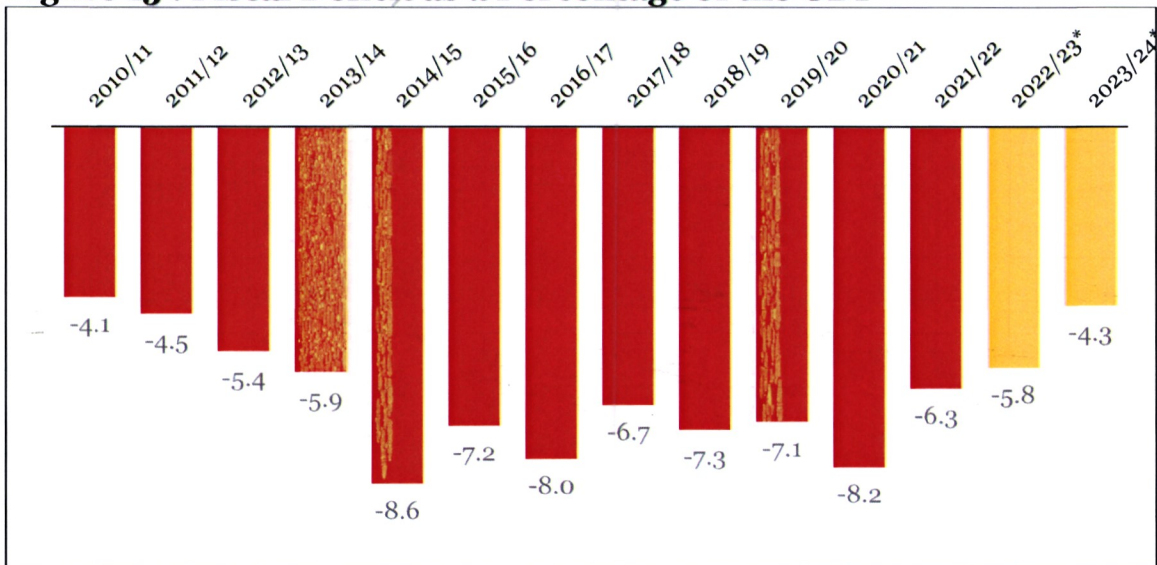
**Figure 14: Total Revenues and Expenditures as percentage of GDP**



Source of data: National Treasury

Fiscal deficit as a percentage of GDP increased from 7.1 percent in the financial year 2019/20 to 8.2 percent in 2020/21. The fiscal deficit, however, declined to 6.3 percent in the financial year 2021/22 as a result of the government’s fiscal consolidation efforts. The deficit is expected to decline further to 4.3 percent in the financial year 2023/24 due to the government’s ongoing measures of containing the growth in non-priority expenditures and increasing revenues. (Figure 15).

**Figure 15 : Fiscal Deficit as a Percentage of the GDP**



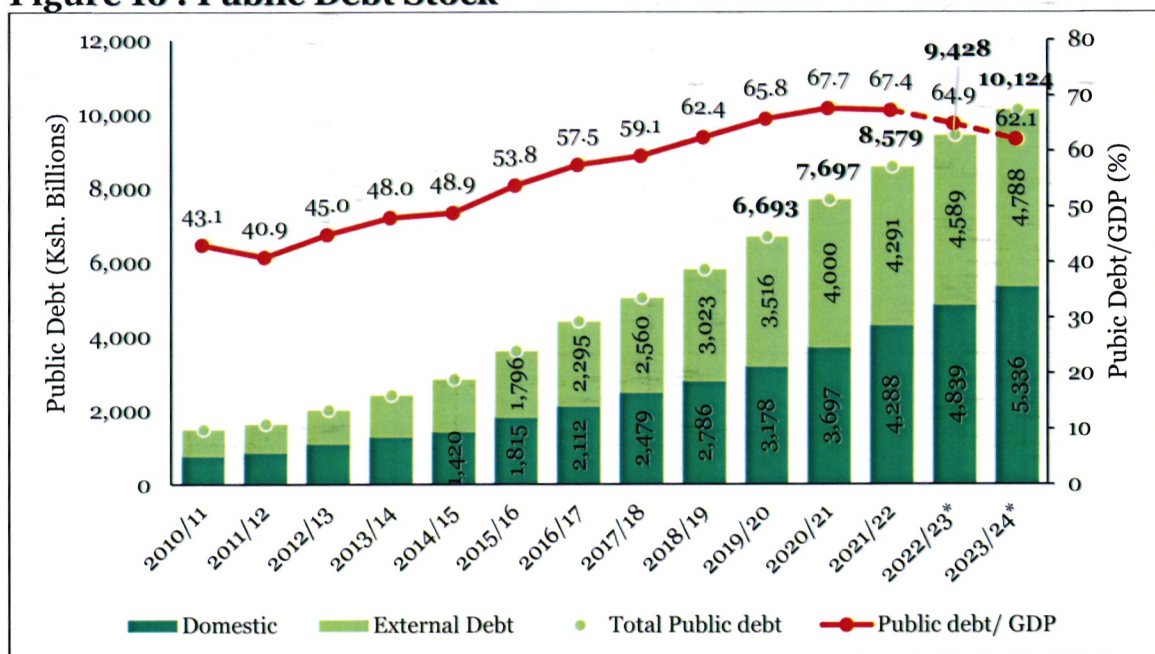
Source of data: National Treasury \* Projections



### 3.5. Public Debt

The total stock of public debt has increased consistently and is projected to reach Ksh.10,123.5 billion in the financial year 2023/24 to accommodate the fiscal deficit (Figure 16). This increase led to breach of the debt threshold necessitating Parliament to review the threshold twice in the last three financial years. In financial year 2019/20, Parliament reviewed the debt threshold from 50 percent of GDP to an absolute value of Ksh. 9,000 billion. This was reviewed to Ksh. 10,000 billion in the financial year 2021/22. The projected public debt stock shows that the country is likely to breach the threshold by financial year 2023/24.

**Figure 16 : Public Debt Stock**



Source of data: National Treasury \* Projections

The public debt as a percentage of GDP increased from 59.1 percent in the financial year 2017/18 to 67.7 percent in 2020/21. However, it is projected to decline to 62.1 percent in 2023/24, which is above the 55 percent threshold<sup>6</sup>.

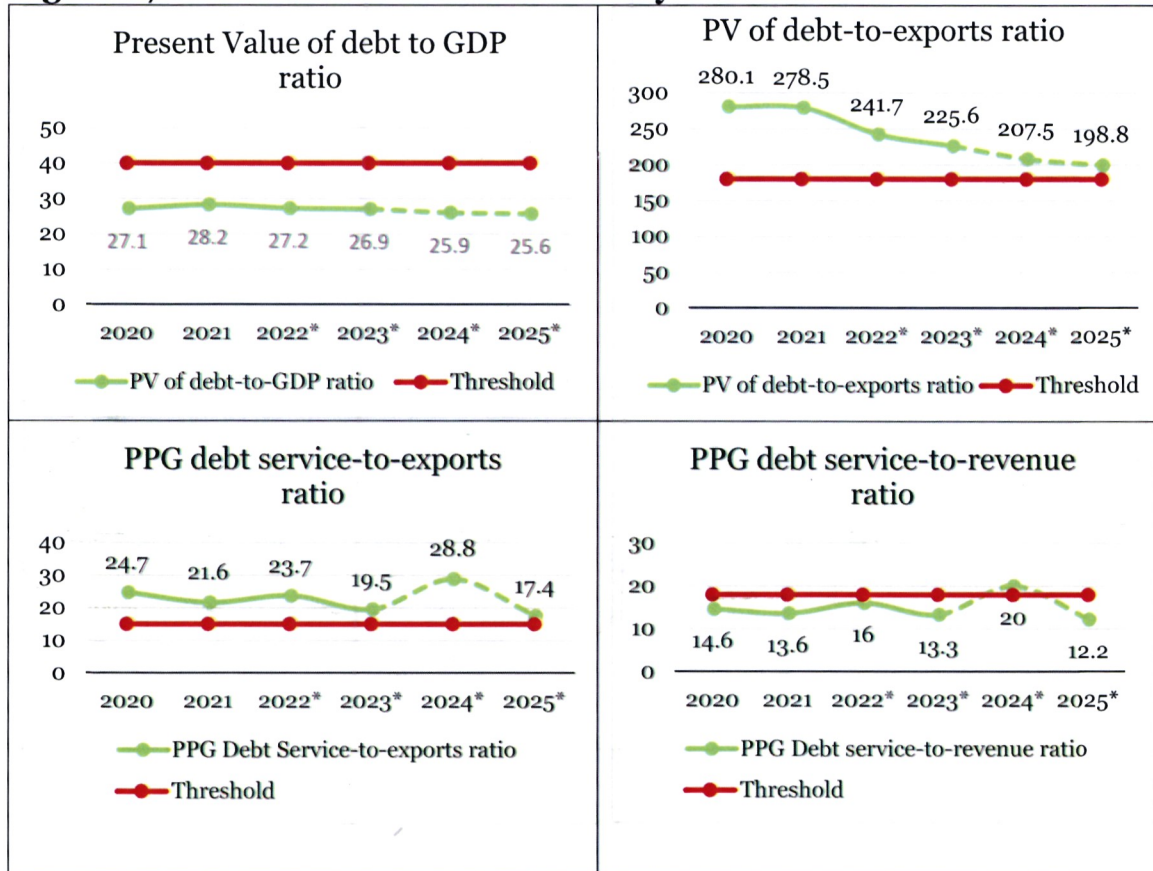
Kenya's external debt sustainability in terms of exports is in breach of the present value (PV) of debt-to-exports and the debt service-to-exports ratio thresholds as shown in Figure 17. The present value of Public and Publicly Guaranteed (PPG) external debt as a share of GDP remains below the 40 percent threshold, reflecting fiscal consolidation efforts and a mix of debt instruments that favour concessional borrowing<sup>7</sup>.

<sup>6</sup> Joint World Bank-IMF Debt Sustainability Analysis April 2021 rates Kenya at medium debt-carrying capacity

<sup>7</sup> ibid

Overall, Kenya’s risk of debt distress has been classified as high by both the World Bank and IMF due to slow growth in exports and GDP. Notably, the external debt service-to-exports ratio is likely to exceed the threshold by 14 percent in 2024 mainly due to the repayment of maturing commercial debt. The debt service-to-revenue ratio is below the threshold in 2020 and 2021.

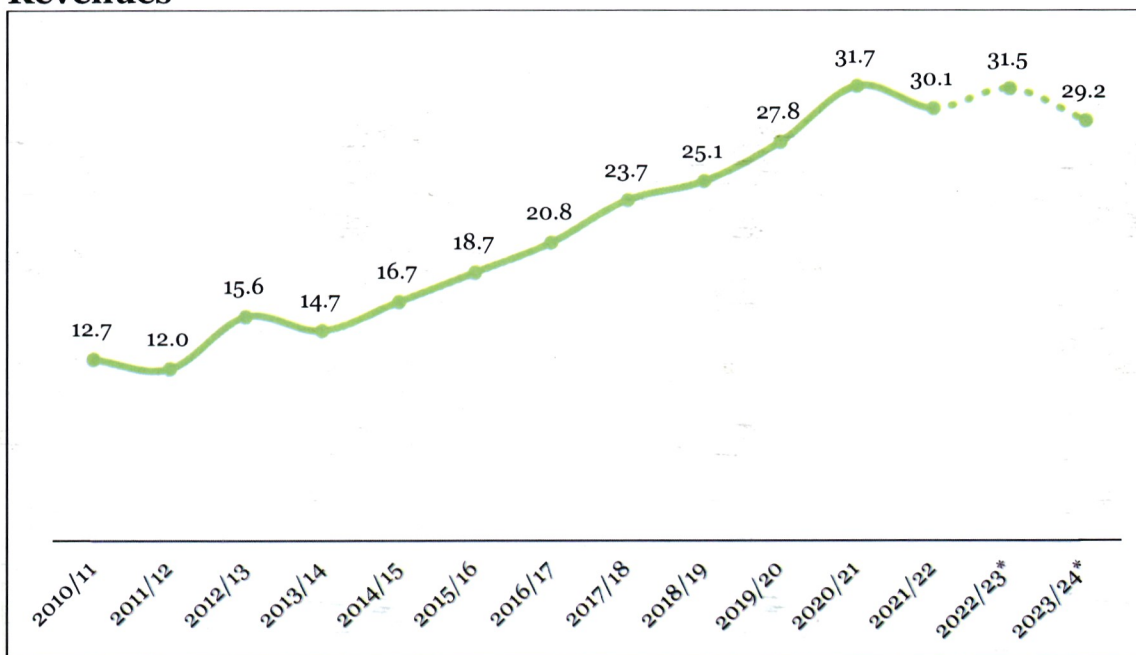
**Figure 17 : External Debt Sustainability Thresholds**



Source of data: National Treasury \* Projections

Interest payments have been rising as the stock of public debt increases. It absorbed 30.1 percent of the ordinary revenue in the financial year 2021/22 and this is expected to rise to 31.5 percent in 2022/23 (Figure 18).

**Figure 18: Total Interest Payment as a Percentage of Ordinary Revenues**



Source of data: National Treasury \* Projections

Interest payments is a first charge on ordinary revenue and therefore an increase in the payments lead to a reduction in the revenue available for sharing between the two levels of government.

### 3.6. County Governments Fiscal Framework

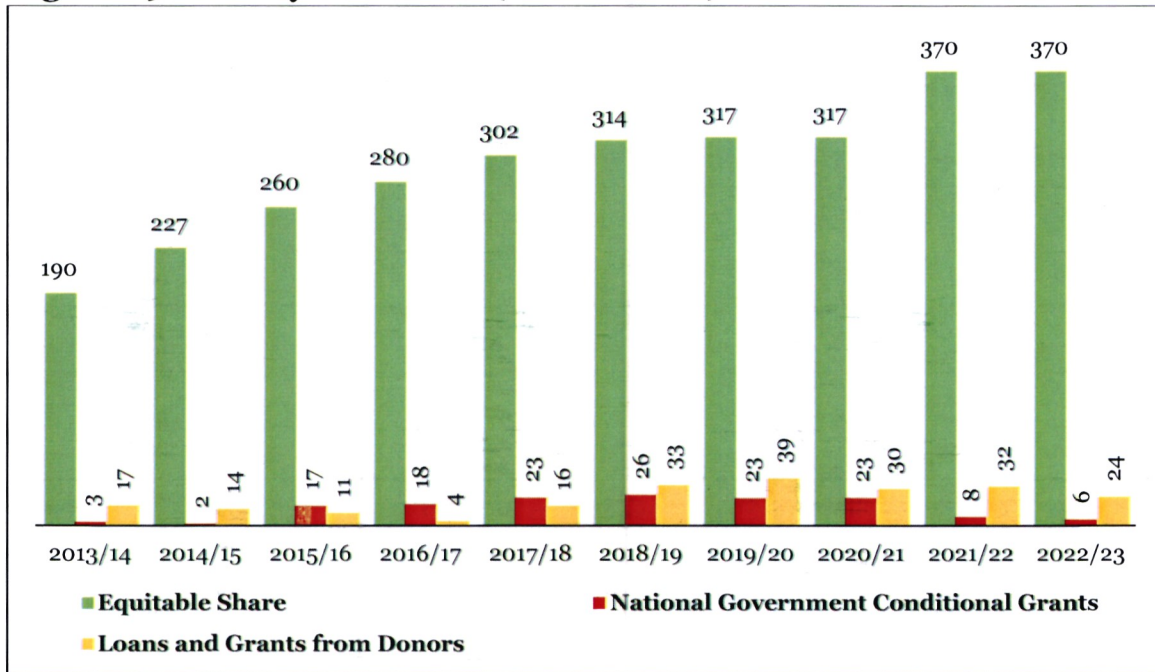
#### 3.6.1 County Revenues

Revenues to the county governments consist of four main sources namely: equitable share transfers, grants, Own Source Revenue (OSR) and borrowing. Nationally raised revenue is shared equitably between the national and county governments and among county governments in line with Articles 202 and 217 respectively. Article 202(2) provides for additional allocations to county governments from the national government's equitable share conditionally or unconditionally. In addition, counties receive loans and grants from development partners.

Article 209(3) further empowers county governments to raise their own revenue by imposing property rates, entertainment taxes and any other tax that may be authorized by an Act of Parliament. County governments may also impose fees and charges on services they provide. Article 212 provides for county borrowing. The county borrowing framework provides that counties can borrow up to 20 percent of their total revenues. However, to date no county has borrowed.

A total of Ksh. 3,329.7 billion has been allocated to the county governments between the financial years 2012/13 and 2022/23. This consists of equitable share of Ksh. 2,955.5 billion and conditional grants of Ksh. 374.2 billion of which, Ksh.219.6 billion is loans and grants from development partners (Figure 19). The revenues for the financial year 2012/13 amounting to Ksh. 9.8 billion include only the fourth quarter following the general election held in March 2013.

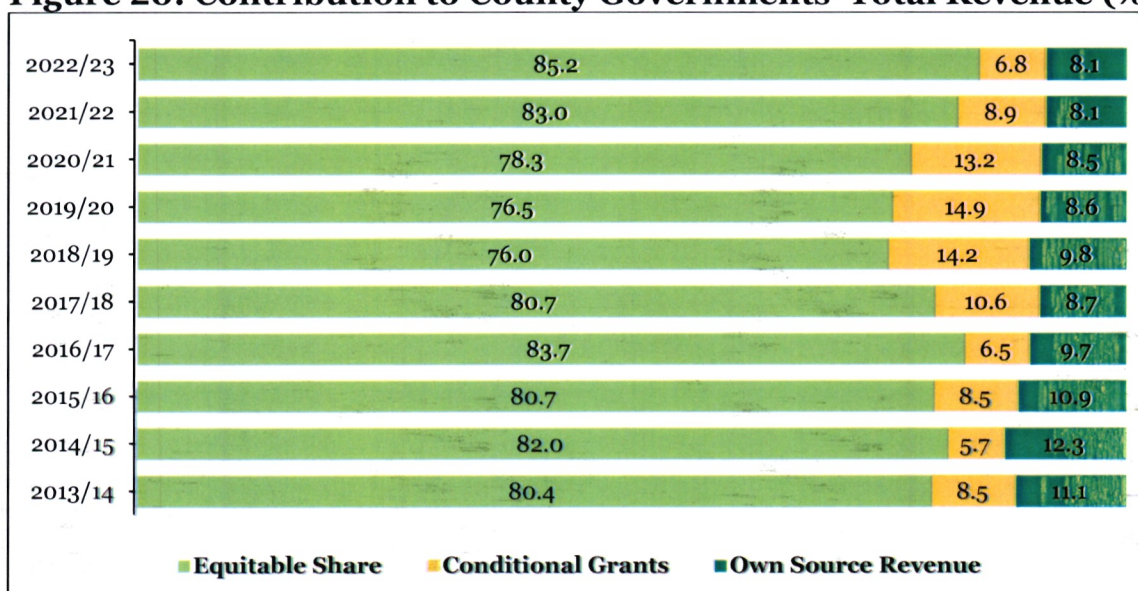
**Figure 19: County Transfers (Ksh. Billion)**



Source of Data: Controller of Budget

Further analysis of the county governments' total revenue reveals that equitable share allocation contributes on average 80.1 percent. The proportions of OSR and conditional grants to total county revenue averaged 10.2 and 9.7 percent respectively as shown in Figure 20.

**Figure 20: Contribution to County Governments' Total Revenue (%)**



Source of Data: Controller of Budget

\*OSR for FY 2022/23 is based on the actual collection for FY 2021/22

**Conditional grants from the national government** to the counties amounted to Ksh. 154.6 billion from financial year 2012/13 to 2022/23. The grants for the financial year 2012/13 amounting to Ksh. 6.7 billion include only the fourth quarter following the general election held in March 2013. The details of the specific conditional grants are summarised in Appendix 1. The conditional grants supplement financing in health, roads and education sectors. However, in the financial year 2021/22, four conditional grants were converted into equitable share. These are: grants to level 5 hospitals, user fees foregone, Road Maintenance Levy Fund (RMLF) and grants for rehabilitation of village polytechnics. The remaining two grants namely: Managed Equipment Scheme (MES) and construction of county headquarters amounting to Ksh. 5.65 billion in the financial year 2022/23 have contractual obligations (Table 3).

**Table 3: Summary of National Government Conditional Grants  
Ksh. Billion**

Conditional grant	2015 /16	2016 /17	2017 /18	2018 /19	2019 /20	2020 /21	2021 /22	2022 /23	Total
Managed Equipment Scheme	4.5	4.5	4.5	9.4	6.2	6.2	7.2	5.2	47.7
Construction of county HQs			0.6	0.6	0.49	0.3	0.3	0.45	2.74

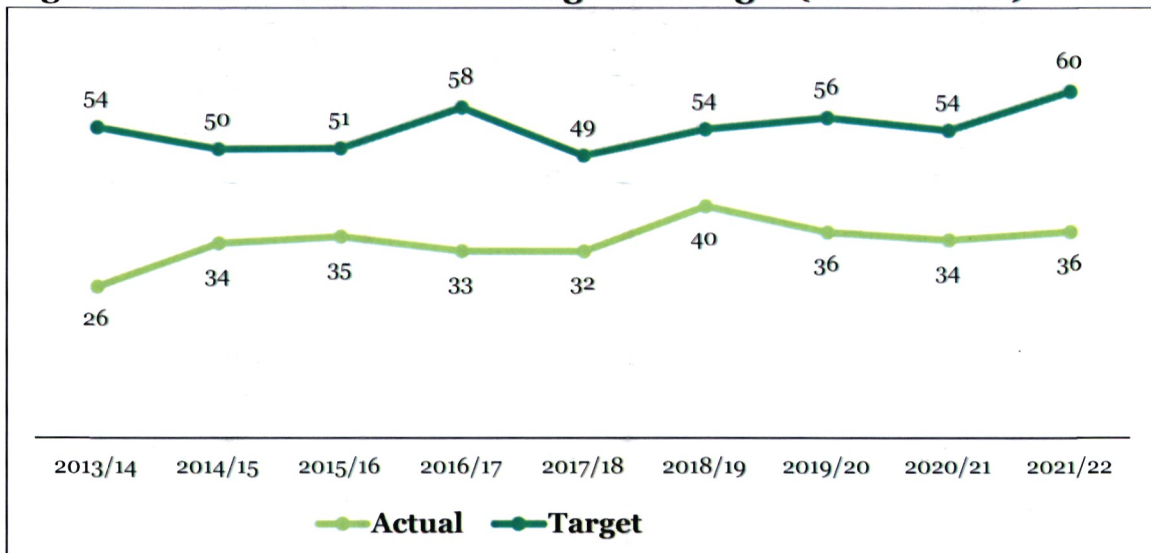
Source of data: CARA various issues

**Conditional grants from development partners** are earmarked for financing health, agriculture, urban development, water and sanitation, social protection and capacity building as summarised in Appendix 2. Some of the conditional grants from development partners are earmarked for particular counties based on the donor priorities.

County governments have raised a total of Ksh. 313.4 billion in **own source revenue** between financial years 2012/13 and 2021/22. The OSR for the financial year 2012/13 amounting to Ksh. 6.8 billion include only the fourth quarter following the general election held in March 2013.

Notwithstanding continuous capacity building, institutional and legislative support OSR collection has been sporadic and below the target as shown in Figure 21. Ongoing efforts to develop and implement an integrated county revenue management system will reduce revenue collection administrative costs and seal leakages. Nonetheless, this requires political commitment by the county leadership.

**Figure 21: Performance of OSR against Target (Ksh. Billion)**

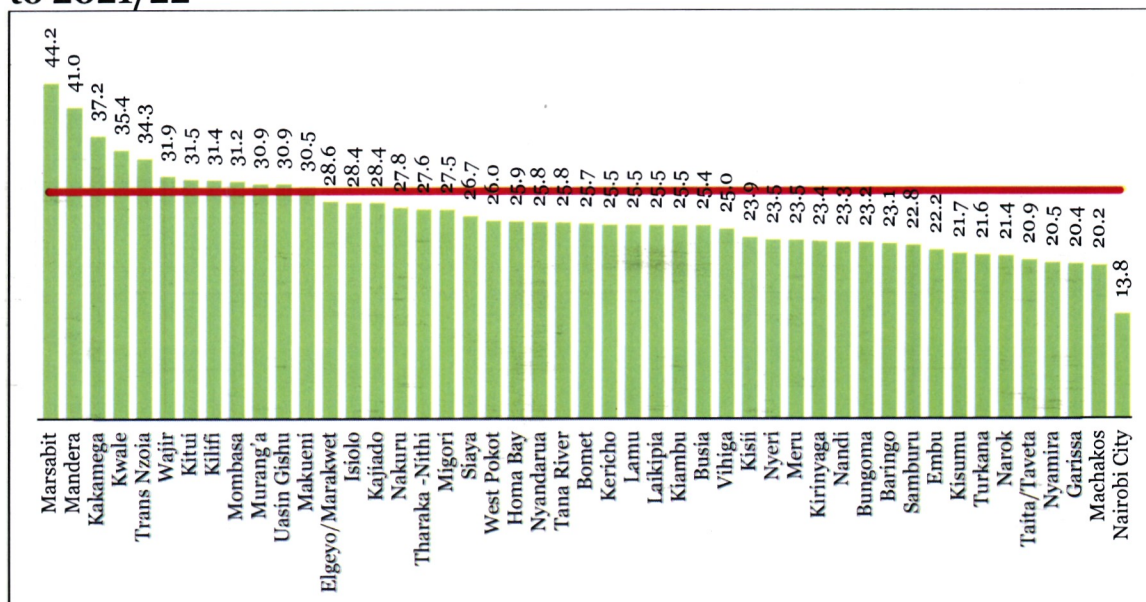


Source of Data: Controller of Budget

### 3.6.2 County Expenditure Performance

Section 107 of the PFMA 2012 requires that over the medium term, counties allocate a minimum of 30 percent of their total budget to development expenditure and no more than 35 percent on personnel emoluments. Counties' actual expenditures on development averaged 28.5 percent over the period 2017/18 to 2021/22. Only 12 counties had their actual development expenditures above 30 percent as shown in Figure 22. Appendix 3 provides the county expenditures by economic classification.

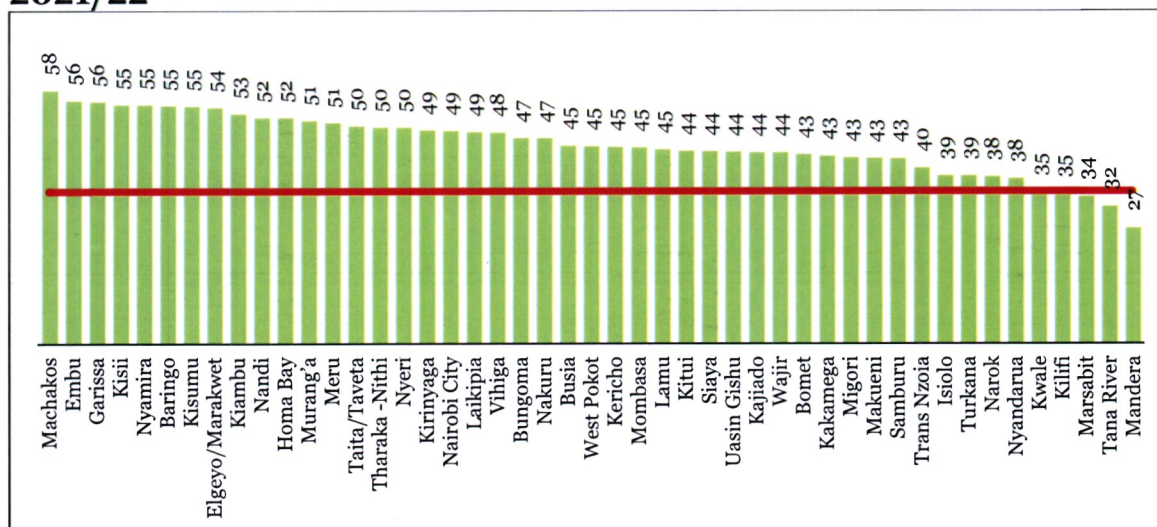
**Figure 22: Average Development Expenditure (%) for FYs 2017/18 to 2021/22**



Source of Data: Controller of Budget

Section 107 of the PFMA and Section 25(1)(b) of the PFMA County Regulations require that county governments' wage bill shall not exceed 35 percent of their total revenue. However, analysis of county expenditure reveals that most counties spent a significant proportion of their budget on personnel emoluments during the financial years 2017/18 to 2021/22. Only five counties namely Mandera, Tana River, Marsabit, Kilifi and Kwale had their personnel emoluments within the PFMA limit of 35 percent as shown in Figure 23.

**Figure 23: County Average Wage Bill (%) for FYs 2017/18 to 2021/22**

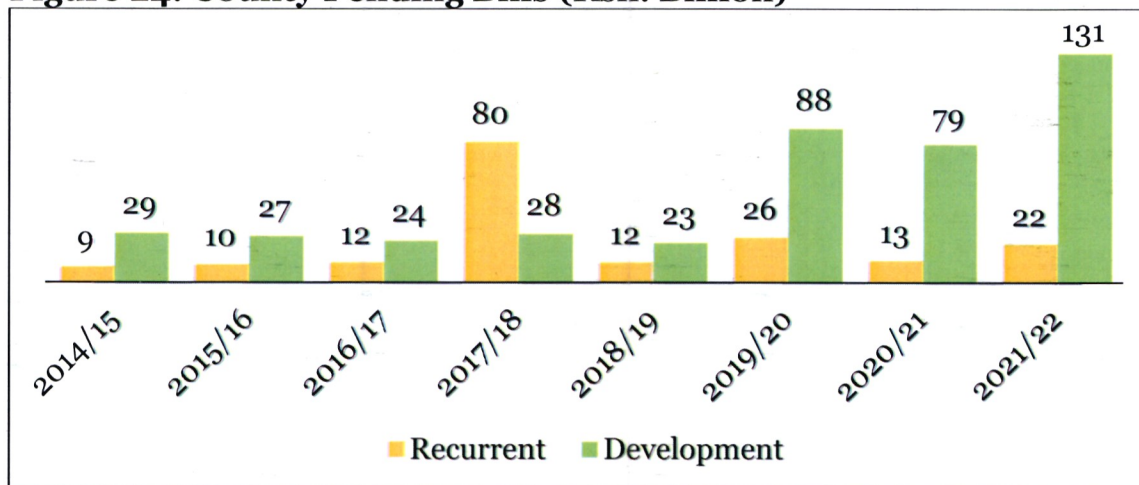


Source of Data: Controller of Budget

### 3.6.3 County Pending Bills

County governments prepare balanced budgets financed by equitable share, grants and OSR. However, counties have accumulated pending bills overtime largely due to the underperformance of OSR and expenditure management challenges. The pending bills for the counties as at June 30, 2022, amounted to Ksh. 153.02 billion as shown in Figure 24. Appendix 4 presents a summary of pending bills by county as at June 2022.

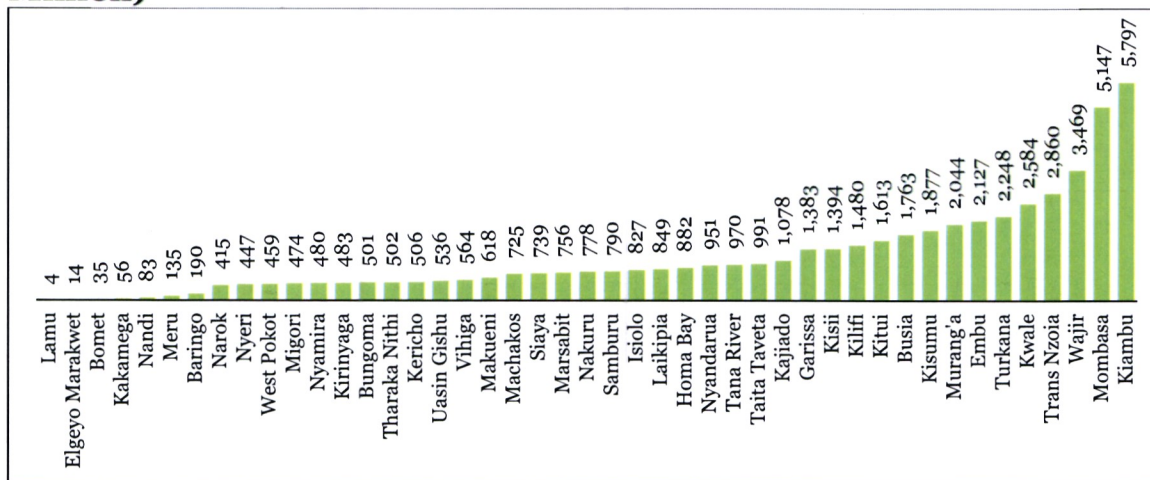
**Figure 24: County Pending Bills (Ksh. Billion)**



Source of data: Controller of Budget

A significant portion of these pending bills amounting to Ksh. 151.68 billion (99.1 percent) is by the County Executives while Ksh. 1.34 billion (0.9 percent) is by the County Assemblies. Nairobi City County accounted for Ksh. 99.4 billion (69.5 percent) of the stock of the pending bills followed by Kiambu at Ksh. 5.87 billion and Mombasa at Ksh. 5.22 billion as shown in Figure 25 and Figure 26.

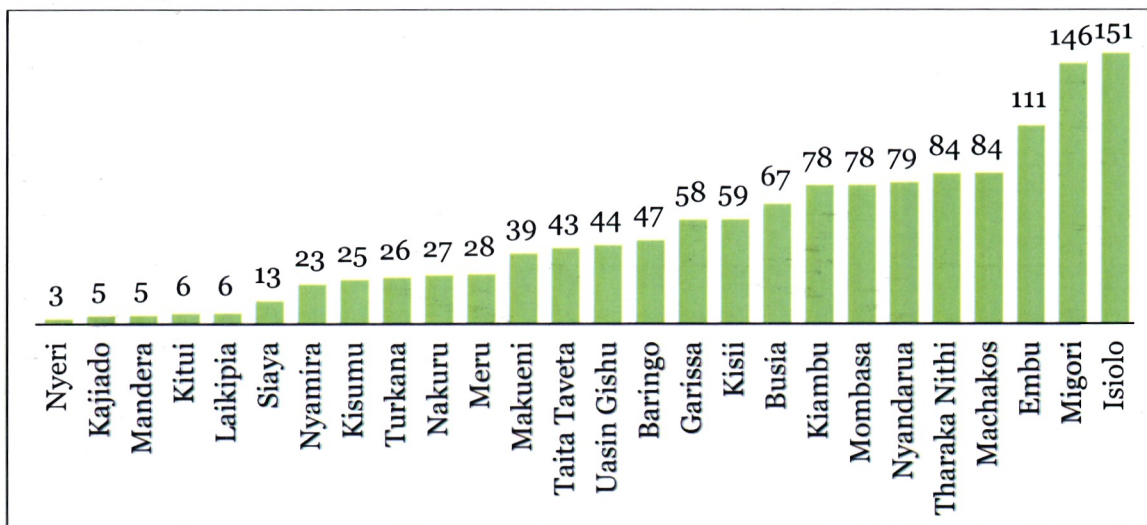
**Figure 25: County Executive Pending Bills as at June 2022 (Ksh. Million)**



Source of data: Controller of Budget



**Figure 26: County Assembly Pending Bills as at June 2022 (Ksh. Million)**



Source of data: Controller of Budget

The bulk of the pending bills for Nairobi City County are for statutory creditors (Ksh. 46.6 billion), of which Ksh. 23 billion constitute Lapfund and Ksh. 20 billion Laptrust. Government guaranteed loans constitute Ksh. 15.3 billion. This is shown in Table 4.

**Table 4: Stock of Nairobi City County Pending Bills-Ksh. Million**

S/No.	Type of Pending Bill	FY 2020/21	FY2021/22
1	Statutory creditors	41,642.0	46,606.5
2	Suppliers/Contractors	2,658.2	4,532.4
3	Legal creditors	2,696.8	21,210.0
4	Utilities	712.8	528.6
5	Bank Loans	4,449.7	4,504.2
6	Contingent liabilities	21,768.3	21,768.3
7	Employees benefits	138.2	222.4
	<b>Total</b>	<b>74,065.9</b>	<b>99,372.4</b>

Source of Data: Nairobi City County BROP 2022

## 4.0 RECOMMENDATION ON EQUITABLE SHARES

Article 202(1) stipulates that the nationally raised revenue shall be shared equitably among the national and county governments. The shareable revenue is defined in the Constitution and Section 2 of the CRA 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<sup>8</sup> referred to under Articles 206(1)(a)(b) and 209 (4) of the Constitution”.*

The performance of ordinary revenue is summarised in Table 5.

**Table 5: Revenue Performance for the FYs 2013/14 to 2023/24, Ksh. Billion**

Year	Actual Ordinary Revenue (Ksh. Billion)	Increment (Ksh. Billion)	Percentage increment	3-year moving Average
2013/14	919.0			
2014/15	1,031.80	112.80	12.3	
2015/16	1,152.50	120.70	11.7	
2016/17	1,306.60	154.10	13.4	12.5
2017/18	1,365.10	58.50	4.5	9.9
2018/19	1,499.80	134.70	9.9	9.3
2019/20	1,573.40	73.60	4.9	6.4
2020/21	1,562.00	-11.40	-0.7	4.7
2021/22	1,917.90	355.90	22.8	9
2022/23*	2,192.0	274.10	14.3	12.1
2023/24*	2,566.0	374.0	17.6	18.2

Source of data: National Treasury

\*projected

### Recommendation on Equitable Shares of Revenue for Financial Year 2023/24

The shareable revenue is projected to increase by 17 percent from Ksh. 2,192 billion in the financial year 2022/23 to Ksh. 2,566.0 billion in the financial year 2023/24. Informed by the performance of revenue, the Commission recommends an increment in the allocation to each level of government for the financial year 2023/24. Therefore, the national government allocation be increased from Ksh. 1,814.8 billion to Ksh. 2,150.3 billion and county governments' allocation be increased from Ksh. 370 billion to Ksh. 407 billion.

<sup>8</sup> Art. 206(1)(a)(b) refers to revenues excluded from the Consolidated Fund by an Act of Parliament and payable into another public fund established for a specific purpose; or may, under an Act of Parliament, be retained by the State organ that received it for the purpose of defraying the expenses of the State organ. Art 209(4) refers to revenues from charges for services provided by either level of government.

In line with Article 204 that provides for an allocation of 0.5 percent of the most recent audited and approved accounts amounting to 1,730.9 billion, Ksh. 8.7 billion be allocated to the Equalisation Fund for financial year 2023/24.

The recommendations are summarised in Table 6.

**Table 6: Recommended Equitable Share of Revenue to the two Levels of Government-Ksh. Billion**

	Baseline Allocation for FY 2022/23 (Ksh. billion)	Recommended Revenues for FY 2023/24 (Ksh. billion)
<b>National Government</b>	1,814.8	2,150.3
Of which Ksh. 424.6 million is Remuneration of Staff for 33 Libraries		
<b>County Government</b>	370	407
<b>Equalisation Fund</b>	7.1	8.7
<b>Total Revenue</b>	<b>2,191.9</b>	<b>2,566</b>

Source of data: CRA

The county governments allocation of Ksh. 407 billion is equivalent to 23.5 percent of the most recent audited and approved accounts for the financial year 2019/20 amounting to Ksh. 1,730.9 billion.

### Other Recommendations:

#### 1. Transfer of Recurrent Expenditure Under the Library Function to Beneficiary Counties

Library services are devolved under the Fourth Schedule of the Constitution. There are 62 libraries in Kenya spread in 33 Counties. Out of the 62 libraries, three namely: Buru Buru, Milimani and Nakuru have been retained by the national government for strategic importance.

The Commission recommends that Ksh. 424.6 million in recurrent expenditure due to 59 libraries be transferred to 33 beneficiary counties in the financial year 2023/24. This transfer will cease to exist once the Fourth Basis for revenue sharing among county governments is approved by Parliament.

#### 2. Sharing of Mineral Royalties

Section 183 (5) of the Mining Act 2016 provides that proceeds from mining shall be apportioned as follows: 70 percent to national government, 20 percent to county government and 10 percent to the community where mining operations are carried out.

There are six counties with mineral operations occurring, namely; Kilifi, Kajiado, Nandi, Taita Taveta, Kwale and Kiambu. Table 7 provides a summary of projections of mineral royalties for the financial year 2022/23.

**Table 7: Sharing of Mineral Royalties between the National and County Governments Ksh. Million**

S/ NO	County of Operation	Company	2022/23	Counties & Communities) 2022/23	National Government 2022/23
1.	Kilifi	Mombasa Cement Ltd	280.5	84.1	196.3
		Athi River Mining Ltd	23.5	7.1	16.5
		Bamburi Cement Co. Ltd	288.2	86.5	201.8
2.	Kajiado	National Cement Ltd	303.7	91.12	212.61
		Tata Chemichal Magadi Ltd	246.9	74.1	172.86
3.	Nandi	Kilima pesa Gold Mining Ltd	15.87	4.76	11.11
		Karebe Gold Mining Ltd	19.22	5.76	13.45
4.	Taita/Taveta	Samurudha Resource Ltd	29.13	8.74	20.39
5.	Kwale	Base Titanium Ltd	1,124	337	787
6.	Kiambu	Carbacid (CO2) Ltd	19.33	5.79	13.53
		<b>Total</b>	<b>2,350</b>	<b>705</b>	<b>1,645</b>

Source of data: The National Treasury

The Commission recommends that 30 percent of the mineral royalties for the financial year 2023/24 be transferred to the beneficiary county governments. The Commission further recommends that the beneficiary county governments establish a Fund into which, the 10 percent component for the beneficiary communities will be deposited.

A multi-Agency task force put in place in November 2022 needs to expedite the preparation of regulations to guide the sharing and utilisation of the 10 percent community component. The mining regulations once approved by Parliament will provide a sharing framework among the communities.

## 6.0. SHARING OF REVENUE AMONG COUNTIES FOR FINANCIAL YEAR 2023/2024

Section 190 (1)(b) of PFMA, mandates the Commission to submit the determination of each county's equitable share in the county share of that revenue while making recommendations for the following financial year. The determination of each county's equitable share in the county share of that revenue is based on the Third Basis for revenue sharing. The Third Basis for revenue sharing for financial year 2020/21 to 2024/25 is summarised in Table 10.

**Table 10: Third Basis for Revenue Sharing**

No	Indicator of Expenditure Need	Assigned Weight (Percent)
1	Health index	17
2	Agricultural index	10
3	Population index	18
4	Urban services index	5
5	Basic share index	20
6	Land area index	8
7	Rural access index	8
8	Poverty head count index	14
<b>Total</b>		<b>100</b>

Source of data: CRA

The Third Basis for revenue sharing has a baseline allocation to each county equivalent to 50 percent of a county's actual allocation for financial year 2019/20 of Ksh. 316.5 billion. The remaining amount from the recommendation is shared based on the Third Basis. Based on this criterion, Ksh. 158.25 billion is shared using the 2019/20 county allocation index and the balance of Ksh. 248.75 billion is shared using the approved Third Basis for revenue sharing summarized in Table 10. The allocations to each county for financial year 2023/24 are shown in Table 11.

**Table 11: Allocation to County governments for FY 2023/24**

No	County	2019/20 Allocation Index	Allocation Index: 3rd Basis	Baseline Allocation: Ksh. 158,250 million	3rd Basis Allocation: Ksh. 248,750 million	Total Allocation 2023/24: Ksh. million
				A	B	D=A+B
1	Baringo	0.0161	0.01804755	2,548	4,489	7,037
2	Bomet	0.0174	0.01859527	2753.6	4,626	7,379
3	Bungoma	0.0281	0.02933936	4,447	7,298	11,745
4	Busia	0.019	0.01967137	3,007	4,893	7,900
5	Elgeyo-Marakwet	0.0122	0.01263699	1,931	3,143	5,074
6	Embu	0.0136	0.01404035	2,152	3,493	5,645
7	Garissa	0.0222	0.02084563	3,513	5,185	8,699
8	Homa-Bay	0.0213	0.02094275	3,371	5,210	8,580
9	Isiolo	0.0134	0.01223064	2,121	3,042	5,163
10	Kajiado	0.0203	0.02239572	3,212	5,571	8,783

No	County	2019/20 Allocation Index	Allocation Index; 3rd Basis	Baseline Allocation: Ksh. 158,250 million	3rd Basis Allocation: Ksh. 248,750 million	Total Allocation 2023/24: Ksh. million
11	Kakamega	0.0329	0.03392202	5,206	8,438	13,645
12	Kericho	0.017	0.0176643	2,690	4,394	7,084
13	Kiambu	0.0298	0.03306576	4,716	8,225	12,941
14	Kilifi	0.033	0.03031567	5,222	7,541	12,763
15	Kirinyaga	0.0134	0.01452481	2,121	3,613	5,734
16	Kisii	0.0246	0.02361901	3,893	5,875	9,768
17	Kisumu	0.0216	0.02176122	3,418	5,413	8,831
18	Kitui	0.0279	0.02823516	4,415	7,023	11,439
19	Kwale	0.0246	0.02064999	3,893	5,137	9,030
20	Laikipia	0.0132	0.01439134	2,089	3,580	5,669
21	Lamu	0.0082	0.00853837	1,298	2,124	3,422
22	Machakos	0.0245	0.02495952	3,877	6,209	10,086
23	Makueni	0.0234	0.02091964	3,703	5,204	8,907
24	Mandera	0.0323	0.02870795	5,111	7,141	12,253
25	Marsabit	0.0214	0.01837286	3,387	4,570	7,957
26	Meru	0.0254	0.02585269	4,020	6,431	10,450
27	Migori	0.0214	0.02181096	3,387	5,425	8,812
28	Mombasa	0.0223	0.01907145	3,529	4,744	8,273
29	Murang'a	0.0199	0.01903651	3,149	4,735	7,885
30	Nairobi City	0.0503	0.05331619	7,960	13,262	21,222
31	Nakuru	0.0331	0.03677942	5,238	9,149	14,387
32	Nandi	0.0169	0.02038462	2,674	5,071	7,745
33	Narok	0.0254	0.02278744	4,020	5,668	9,688
34	Nyamira	0.0152	0.01289228	2,405	3,207	5,612
35	Nyandarua	0.0154	0.01526987	2,437	3,798	6,235
36	Nyeri	0.0171	0.01663591	2,706	4,138	6,844
37	Samburu	0.0146	0.01445524	2,310	3,596	5,906
38	Siaya	0.0183	0.01922329	2,896	4,782	7,678
39	Taita-Taveta	0.0134	0.01285301	2,121	3,197	5,318
40	Tana-River	0.0185	0.01700488	2,928	4,230	7,158
41	Tharaka-Nithi	0.0124	0.0106347	1,962	2,645	4,608
42	Trans-Nzoia	0.0182	0.02033534	2,880	5,058	7,939
43	Turkana	0.0333	0.03466154	5,270	8,622	13,892
44	Uasin-Gishu	0.02	0.02315872	3,165	5,761	8,926
45	Vihiga	0.0147	0.0129449	2,326	3,220	5,546
46	Wajir	0.027	0.02456659	4,273	6,111	10,384
47	West Pokot	0.0158	0.01793121	2,500	4,460	6,961
	<b>Totals</b>	<b>1.000</b>	<b>1.000</b>	<b>158,250</b>	<b>248,750</b>	<b>407,000</b>

Source of data: CRA 2021

## APPENDICES

### Appendix 1: Summary of Conditional Allocations to the Counties from the National Government, FY 2013/14 – 2022/23

Conditional Allocation	Amount (Ksh. Billions)									
	2013/ 14	2014/ 15	2015/ 16	2016 /17	2017/ 18	2018/ 19	2019/ 20	2020 /21	2021/ 22	2022/ 23
Level 5 Hospitals	3.4	1.9	3.6	4	4.2	4.3	4.3	4.3	-	
User fees forgone			0.9	0.9	0.9	0.9	0.9	0.9	-	
MES			4.5	4.5	4.5	9.4	6.2	6.2	7.2	5.2
RMLF			3.3	4.3	11.1	8.3	8.9	9.4		
Construction of county HQS					0.6	0.6	0.49	0.3	0.3	0.45
Rehabilitation of polytechnic					2	2	2	2	-	
Free maternal health care			4.3	4.1					-	
Medical grant				0.2					-	
<b>Total conditional transfer</b>	<b>3.4</b>	<b>1.9</b>	<b>16.6</b>	<b>18</b>	<b>23.3</b>	<b>25.5</b>	<b>22.8</b>	<b>23.1</b>	<b>7.5</b>	<b>5.65</b>

Source of data: County Allocation of Revenue Act, Various Issues

### Appendix 2: Summary of Conditional Grants and Loans from Development Partners (Ksh. Million), 2013/14 to 2022/23

Source/Funding	2013/ 14	2014/ 15	2015/ 16	2016 /17	2017/ 18	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23
1 World Bank Loan for County Health facilities	0	0	508	1,302	873					
2 DANIDA for County Health facilities			845	422						667
3 World Bank Grant for UHC					2,750	3,637	2,994	4,345	2,235	-
4 IDA (WB) credit for NARIGP					1,050	2,949	7,233	4,262	6,395	3,563
5 IDA (WB) grant for KCSAP						3,039	3,643	7,120	7,838	2,000
6 IDA (WB) grant for KDSP Level 1					2,148	2,300	1,410	2,115	4,600	-
7 IDA (WB) credit for KUSP - UDG						11,465	11,465	6,366		-
8 DANIDA Grant for UHC					763	1,013	987	900	701	-
9 EU Grant for IDEAS					986	1,040	493	216	231	120
10 IDA (WB) credit for WSDP						3,800	3,500	3,400	5,000	5,900
11 IDA (WB) grant for KDSP Level 2						4,000	4,890			-
12 Swedish grant for ASDSP II							850	653	1,300	775
13 EU grant for Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER)							495	528		-
14 IDA (WB) grant for KUSP- UIG							396			-
15 KfW grant for DRPNK							350	300	370	825
16 World Bank- grant for ELRP									800	1,200

Source/Funding	2013/ 14	2014/ 15	2015/ 16	2016 /17	2017/ 18	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23
17 World Bank grant for KISIP 2									2,800	2,700
18 UNFPA-9th Country Program Implementation									74	-
19 Grants and loans from donors-Others	16,581	13,889	9,318	2,146	7,838					-
20 IDA (WB) Credit for FLLoCA Program - CCIS Grant (Level 1)										517
21 IDA (WB) Credit for FLLoCA										5,433
<b>Total</b>	<b>16,581</b>	<b>13,889</b>	<b>10,671</b>	<b>3,871</b>	<b>16,408</b>	<b>33,242</b>	<b>38,705</b>	<b>30,204</b>	<b>32,344</b>	<b>23,700</b>

Source of data: CARA

### Appendix 3: Expenditure by Economic Classification, Ksh. Billion

Expenditure	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Total Expenditure</b>	169	258	295	319	304	376	384	398	401
<b>Recurrent Expenditure</b>	133	168	192	216	237	269	279	282	303
<b>Personnel Emolument</b>	77	103	119	131	151	163	172	176	190
<b>O &amp; M</b>	55	65	73	85	86	106	108	106	112
<b>Development Expenditure</b>	37	90	104	103	67	107	105	116	99
<b>Expenditure by Economic Classification (%)</b>									
<b>Recurrent</b>	78.4	64.9	65	67.6	78	71.5	72.8	70.8	75.5
<b>Personnel Emolument</b>	45.7	40	40.2	41	49.7	43.3	44.8	44.2	47.4
<b>O &amp; M</b>	32.7	25	24.8	26.5	28.2	28.2	28	26.6	28
<b>Development</b>	21.6	35	35	32.3	22	28.5	27.2	29.2	24.5

Source of Data: Controller of Budget



## Appendix 4: County Pending Bills-Ksh. million

No.	County	County Executive (Kshs.)			County Assembly (Kshs.)			Total
		Recurrent	Development	Sub-Total	Recurrent	Development	Sub-Total	
1	Baringo	57.3	132.6	189.9	39.1	7.9	47.1	236.9
2	Bomet	0.0	35.1	35.1	0.0	0.0	0.0	35.1
3	Bungoma	341.4	159.3	500.7	0.0	0.0	0.0	500.7
4	Busia	535.8	1,227.2	1,763.1	67.2	0.0	67.2	1,830.3
5	Elgeyo Marakwet	8.5	5.8	14.3	0.0	0.0	0.0	14.3
6	Embu	1,044.5	1,082.3	2,126.8	110.8	0.0	110.8	2,237.6
7	Garissa	0.0	1,383.3	1,383.3	36.9	21.4	58.3	1,441.7
8	Homa Bay	16.9	865.4	882.3	0.0	0.0	0.0	882.3
9	Isiolo	640.7	185.9	826.6	0.0	151.3	151.3	977.9
10	Kajiado	0.0	1,077.5	1,077.5	4.6		4.6	1,082.2
11	Kakamega	31.2	24.5	55.7	0.0	0.0	0.0	55.7
12	Kericho	65.4	440.6	506.0	0.0	0.0	0.0	506.0
13	Kiambu	3,579.8	2,216.7	5,796.5	68.2	9.4	77.5	5,874.1
14	Kilifi	635.1	845.0	1,480.1			0.0	1,480.1
15	Kirinyaga	233.7	249.1	482.8	0.0	0.0	0.0	482.8
16	Kisii	369.7	1,024.2	1,393.9	25.0	33.5	58.6	1,452.4
17	Kisumu	0.0	1,876.6	1,876.6	24.8	0.0	24.8	1,901.4
18	Kitui	385.9	1,226.8	1,612.8	6.1		6.1	1,618.9
19	Kwale	282.2	2,301.5	2,583.7		0.0	0.0	2,583.7
20	Laikipia	292.2	556.7	848.8	6.3		6.3	855.1
21	Lamu	2.5	1.7	4.3	0.0	0.0	0.0	4.3
22	Machakos	403.8	321.3	725.2	84.3		84.3	809.5
23	Makueni	274.3	343.9	618.3	25.4	14.0	39.5	657.8
24	Mandera			0.0	5.0		5.0	5.0
25	Marsabit	755.8	0.0	755.8			0.0	755.8
26	Meru	78.1	57.3	135.4		28.0	28.0	163.4
27	Migori	379.2	94.8	474.0	5.9	139.8	145.7	619.6
28	Mombasa	3,951.6	1,195.8	5,147.4	77.6	0.0	77.6	5,225.0
29	Murang'a	1,401.7	642.7	2,044.4	0.0	0.0	0.0	2,044.4
30	Nairobi City	0.0	99,058.7	99,058.7	0.0	0.0	0.0	99,058.7
31	Nakuru	476.1	302.3	778.4	27.5		27.5	805.9
32	Nandi	28.0	55.0	83.0	0.0	0.0	0.0	83.0
33	Narok	0.0	415.3	415.3	0.0	0.0	0.0	415.3
34	Nyamira	120.0	360.0	480.0	0.0	22.5	22.5	502.5
35	Nyandarua	271.6	678.9	950.5	3.1	76.0	79.1	1,029.6
36	Nyeri	118.5	328.5	447.0	3.0		3.0	450.0
37	Samburu	242.5	547.5	790.0			0.0	790.0
38	Siaya	305.7	433.2	738.8	5.7	7.5	13.2	752.0
39	Taita Taveta	414.5	576.8	991.4	29.8	12.8	42.6	1,034.0
40	Tana River	153.2	816.8	970.0	0.0	0.0	0.0	970.0
41	Tharaka Nithi	313.3	188.2	501.6	18.4	65.6	84.1	585.6
42	Trans Nzoia	1,940.4	919.4	2,859.9	0.0	0.0	0.0	2,859.9
43	Turkana	896.4	1,351.8	2,248.2	26.1	0.0	26.1	2,274.3
44	Uasin Gishu	248.8	287.5	536.3	21.1	23.1	44.2	580.5
45	Vihiga	154.8	409.6	564.4			0.0	564.4
46	Wajir	0.0	3,468.5	3,468.5	0.0	0.0	0.0	3,468.5
47	West Pokot	0.0	458.5	458.5	0.0	0.0	0.0	458.5
	<b>Total</b>	<b>21,451.3</b>	<b>130,230.5</b>	<b>151,681.7</b>	<b>722.1</b>	<b>612.9</b>	<b>1,335.0</b>	<b>153,016.8</b>

Source of Data: Controller of Budget