

COMMISSION ON REVENUE ALLOCATION



**PRESENTATION TO THE 20TH I.C.P.A.K ECONOMIC
SYMPOSIUM ON 22ND FEBRUARY, 2012**

BY

MICAH CHESEREM

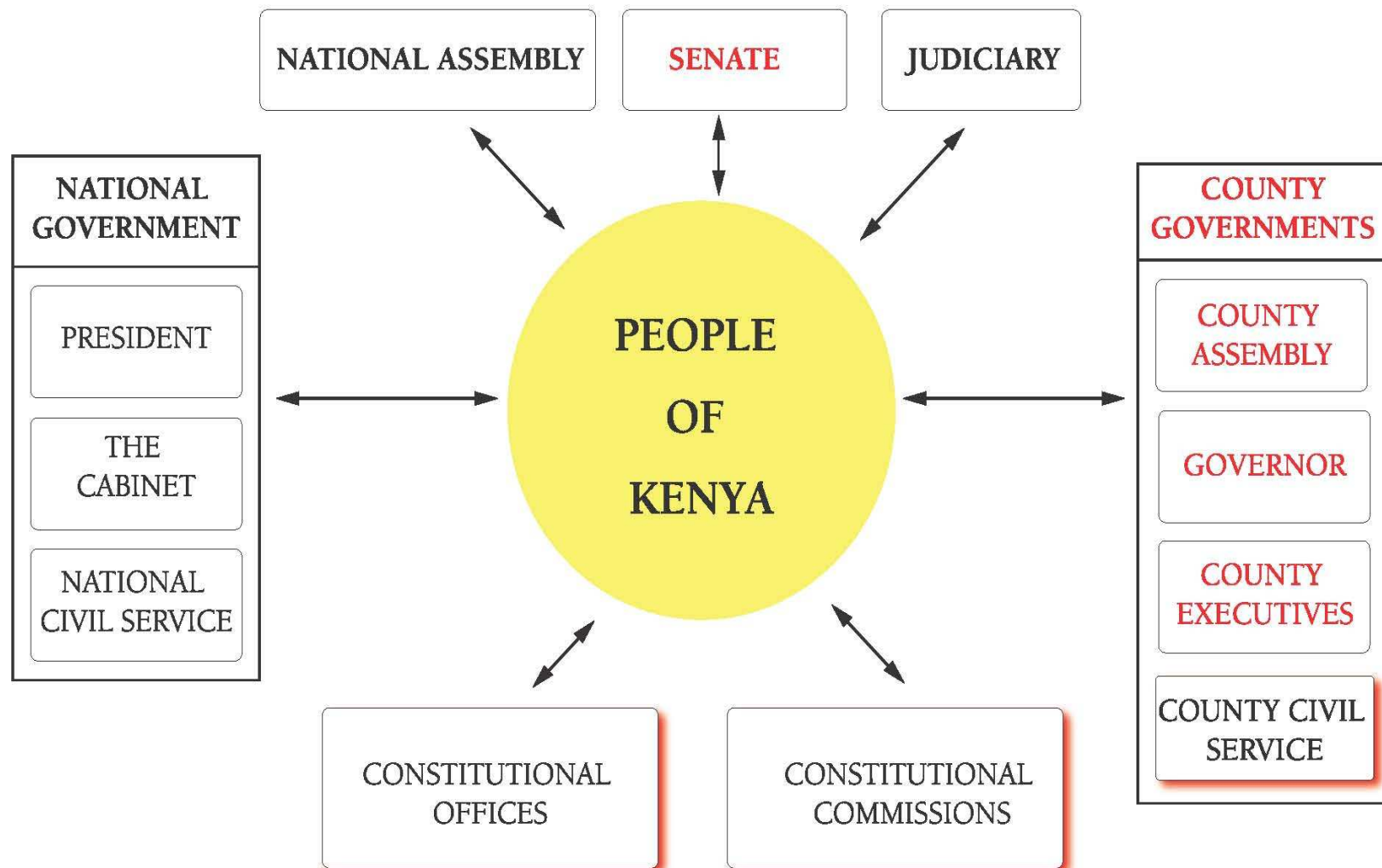
CHAIRMAN, CRA

COMMISSION ON REVENUE ALLOCATION

STRUCTURES AND CHALLENGES OF KENYA'S DEVOLVED GOVERNMENT

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KENYA'S NEW SYSTEM OF DEVOLVED GOVERNMENT



* RED - NEW GOVERNMENT ORGANS

* BLUE - EXISTING GOVERNMENT ORGANS

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CHAPTER SIX - LEADERSHIP AND INTEGRITY

Responsibilities of leadership

Art. 73. (1) AUTHORITY ASSIGNED TO A STATE OFFICER –

(a) IS A PUBLIC TRUST TO BE EXERCISED IN A MANNER THAT –

(i) DEMONSTRATES RESPECT FOR PEOPLE

(ii) BRINGS HONOUR TO THE NATION AND DIGNITY TO THE OFFICE;
AND

(iii) PROMOTES PUBLIC CONFIDENCE IN THE INTEGRITY OF THE
OFFICE; AND

(b) VESTS IN THE STATE OFFICER THE RESPONSIBILITY TO SERVE THE
PEOPLE, RATHER THAN THE POWER TO RULE THEM.

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PROVISIONS ON GENDER EQUALITY IN THE NEW CONSTITUTION

ARTICLE 27

THE STATE SHALL TAKE LEGISLATIVE AND OTHER MEASURES TO
IMPLEMENT **THE PRINCIPLE THAT NOT MORE THAN TWO-THIRDS OF THE
MEMBERS OF ELECTIVE OR APPOINTIVE BODIES SHALL BE OF THE SAME
GENDER.**

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MEMBERSHIP OF COUNTY ASSEMBLY

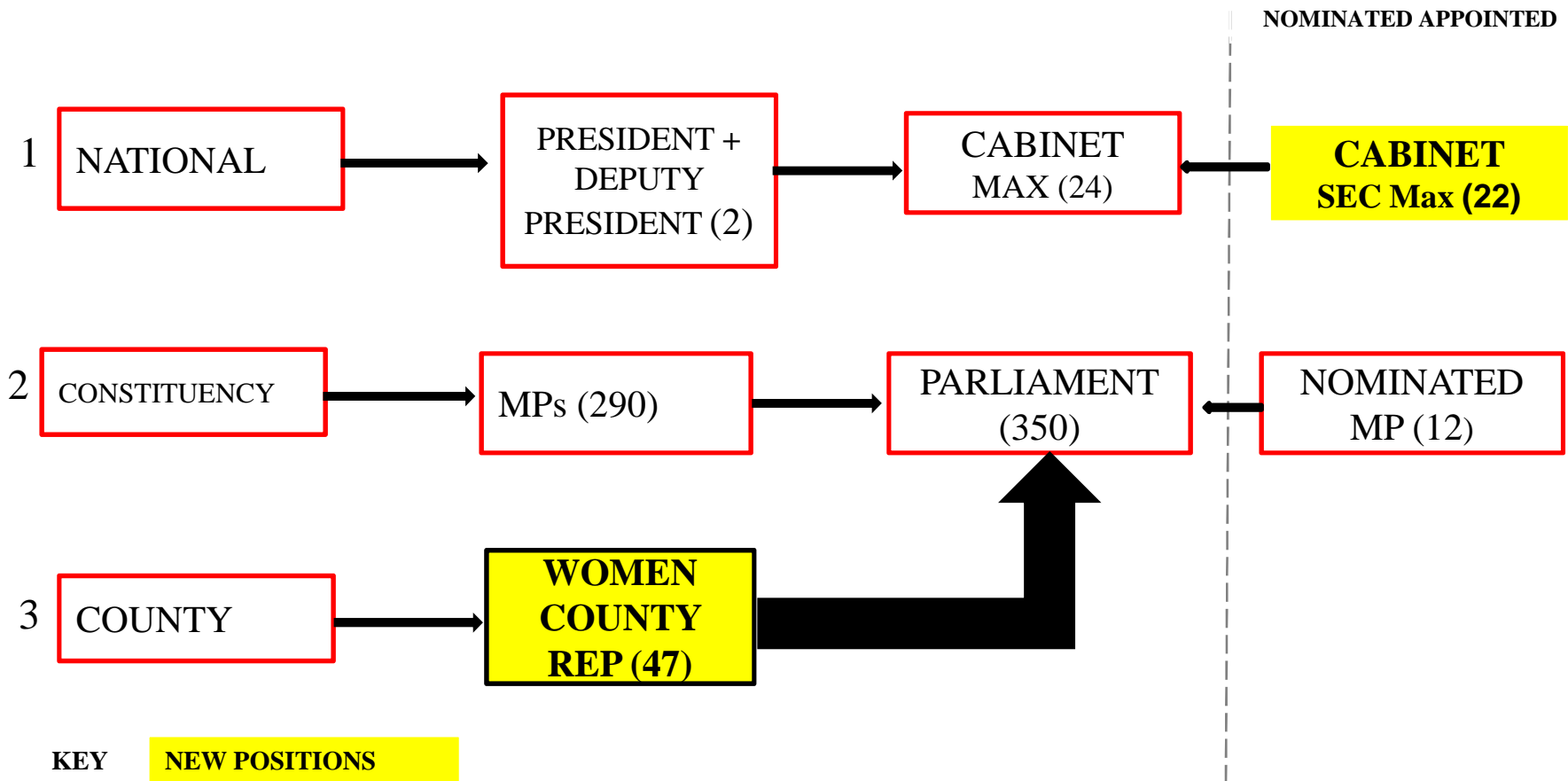
ARTICLE 177

(1) A COUNTY ASSEMBLY CONSISTS OF :-

- a) MEMBERS ELECTED BY THE REGISTERED VOTERS OF THE WARD
- b) THE NUMBER OF SPECIAL SEAT MEMBERS NECESSARY TO ENSURE THAT NO MORE THAN TWO-THIRDS OF THE MEMBERSHIP OF THE ASSEMBLY ARE OF THE SAME GENDER;
- c) THE NUMBER OF MEMBERS OF MARGINALISED GROUPS.
- d) THE SPEAKER, WHO IS AN *EX OFFICIO* MEMBER.

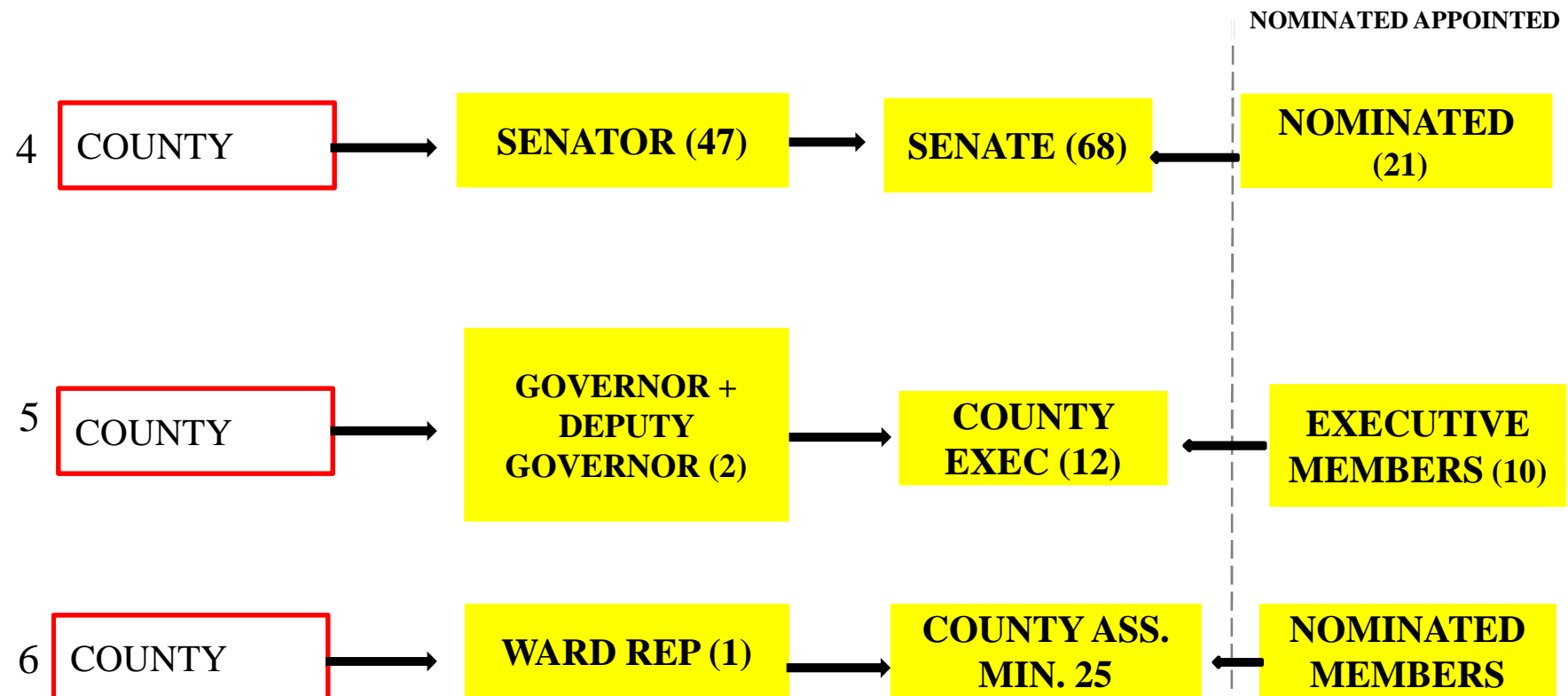
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ELECTED, NOMINATED AND APPOINTED OFFICES UNDER KENYA'S NEW CONSTITUTION



COMMISSION ON REVENUE ALLOCATION

ELECTED, NOMINATED AND APPOINTED OFFICES UNDER KENYA'S NEW CONSTITUTION



KEY NEW POSITIONS

* NUMBER OR MINIMUM NOT YET CONFIRMED BY AN ACT OF PARLIAMENT
AT TIME OF PUBLICATION OF THIS SLIDE

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RATIONALE FOR THE FORMATION OF THE COMMISSION ON REVENUE ALLOCATION

1. **INDEPENDENT, IMPARTIAL, LONG-TERM ADVISOR** TO THE LEGISLATURE AND THE EXECUTIVE.
2. TO **PROVIDE TECHNICAL ADVICE** ON **COMPLEX FINANCIAL MATTERS** IN A DEVOLVED SYSTEM
3. **LINKING COUNTY GOVERNMENTS** TO **NATIONAL DECISION MAKING** ON THEIR FINANCES.
4. **FAITHFULLY APPLY** THE LAID DOWN **CRITERIA** FOR **SHARING REVENUE**.

COMMISSION ON REVENUE ALLOCATION

CRA FUNCTIONS AS PER THE CONSTITUTION

1. **RECOMMEND** THE BASIS OF **EQUITABLE SHARING OF REVENUE** RAISED NATIONALLY **BETWEEN NATIONAL AND COUNTY GOVERNMENTS** (ART.216)(1)(B).
2. **RECOMMEND** THE BASIS OF **EQUITABLE SHARING OF REVENUE** RAISED BY NATIONAL GOVERNMENT **AMONG COUNTY GOVERNMENTS** (ART.216)(1)(B).
3. **RECOMMEND** ON MATTERS CONCERNING THE **FINANCING OF COUNTY GOVERNMENTS** (ART.216)(2).

COMMISSION ON REVENUE ALLOCATION

CRA FUNCTIONS AS PER THE CONSTITUTION Cont...

4. **RECOMMEND** ON MATTERS CONCERNING **FINANCIAL MANAGEMENT**
OF **COUNTY GOVERNMENTS** (ART. 216) (2)
5. **DEFINE** AND **ENHANCE REVENUE SOURCES** OF **NATIONAL AND**
COUNTY GOVERNMENTS. (ART. 216) (3)(C)
6. **RECOMMEND** ON APPROPRIATING OF **MONEY** OUT FO THE
EQUALIZATION FUND

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FUNCTIONS OF THE NATIONAL GOVERNMENT AS PER SCHEDULE 4 OF THE CONSTITUTION

1. FOREIGN AFFAIRS.
2. IMMIGRATION.
3. NATIONAL DEFENCE.
4. MONETARY POLICY.
5. PRIMARY SCHOOLS, SECONDARY SCHOOLS, TERTIARY EDUCATION
AND UNIVERSITIES.
6. NATIONAL REFERRAL HEALTH FACILITIES.

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FUNCTIONS OF THE **NATIONAL GOVERNMENT** AS PER SCHEDULE 4 OF THE CONSTITUTION

7. NATIONAL ELECTIONS.
8. **HEALTHY POLICY.**
9. **AGRICULTURAL POLICY.**
10. **CAPACITY BUILDING AND TECHNICAL ASSISTANCE TO THE COUNTIES.**
11. PUBLIC INVESTMENT.

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FUNCTIONS OF THE COUNTY GOVERNMENTS AS PER SCHEDULE 4 OF THE CONSTITUTION

1. AGRICULTURE
2. COUNTY HEALTH SERVICES
3. CONTROL OF POLLUTION
4. CULTURAL ACTIVITIES
5. COUNTY TRANSPORT
6. ANIMAL CONTROL AND
7. TRADE DEVELOPMENT AND REGULATION
8. COUNTY PLANNING AND DEVELOPMENT

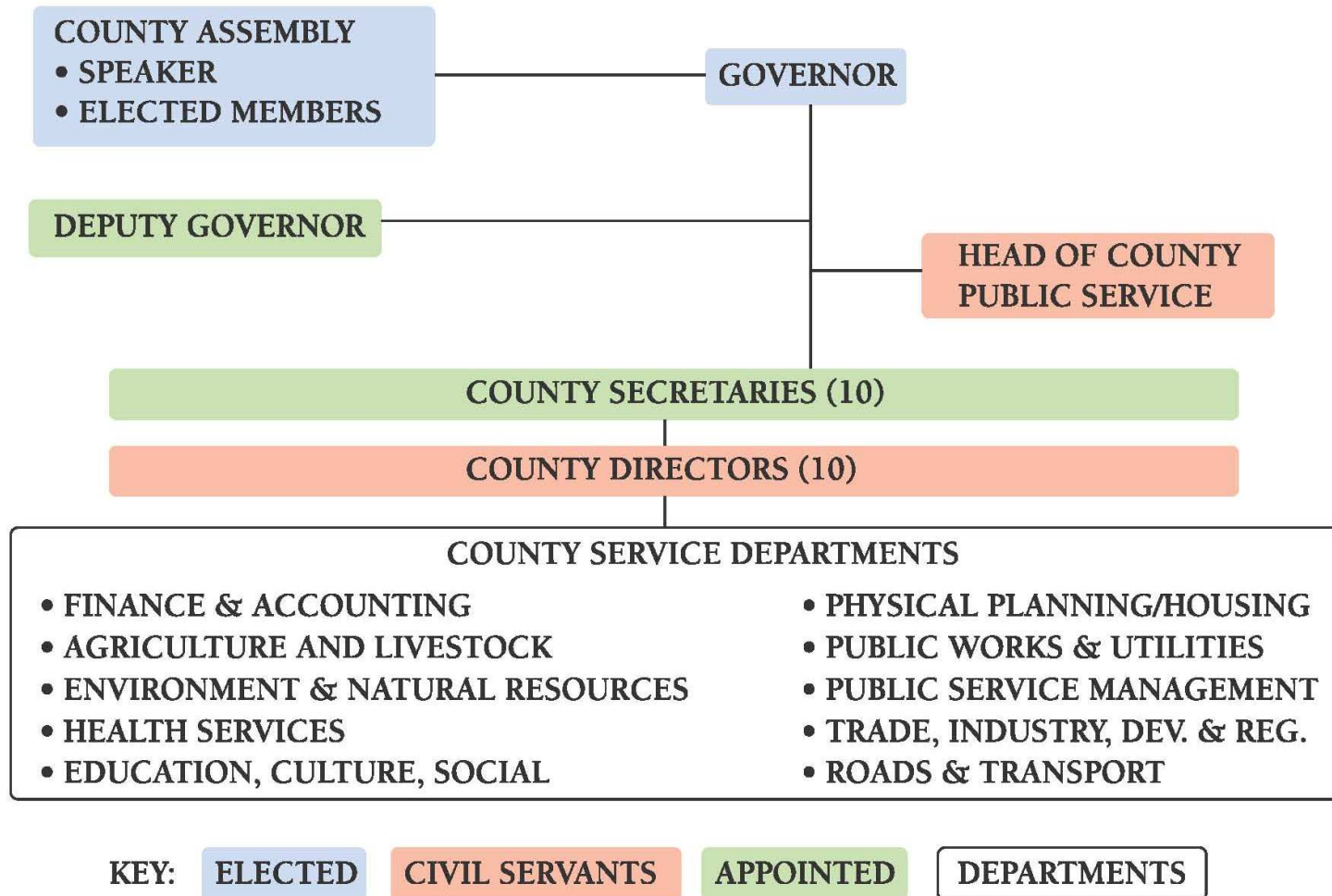
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FUNCTIONS OF THE **COUNTY GOVERNMENTS** AS PER SCHEDULE 4 OF THE CONSTITUTION

9. **PRE-PRIMARY EDUCATION**
10. IMPLEMENT SPECIFIC NATIONAL GOVERNMENT POLICIES
11. **COUNTY PUBLIC WORKS**
12. FIRE FIGHTING SERVICES AND DISASTER MANAGEMENT
13. CONTROL OF DRUGS AND PORNOGRAPHY
14. ENSURING AND CORDINATING COMMUNITIES PARTICIPATION IN GOVERNANCE.

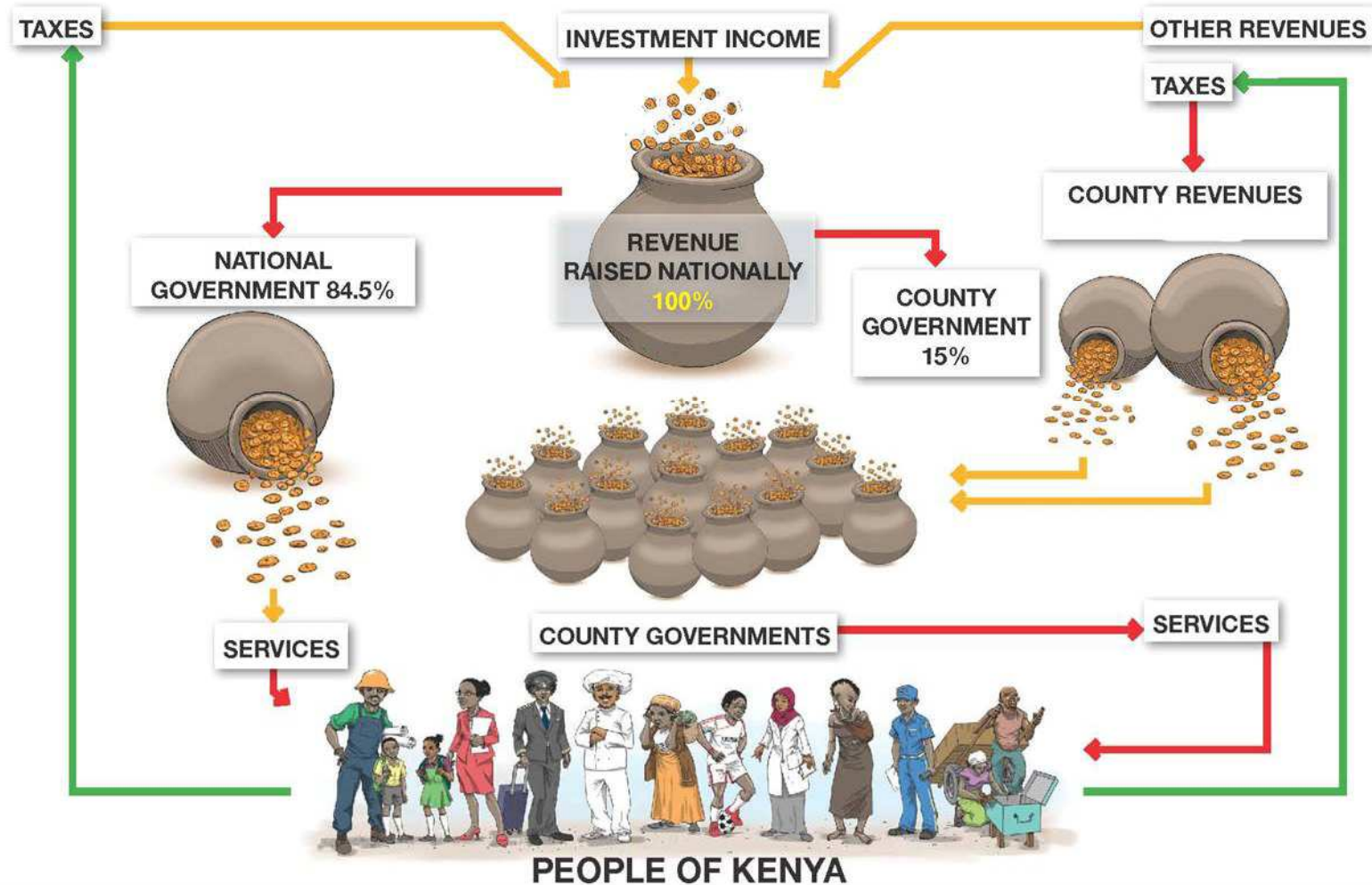
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PROPOSED STRUCTURE OF COUNTY GOVERNMENTS



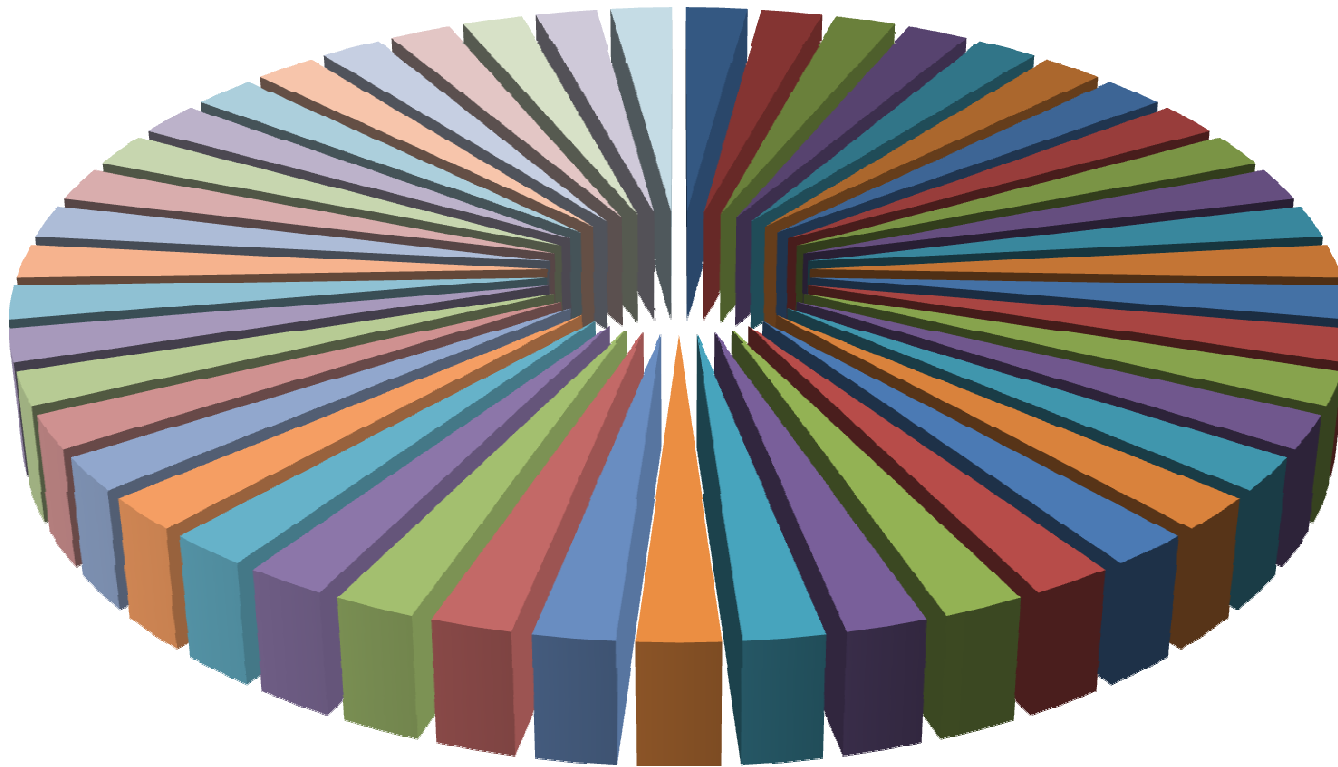
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SHARING OUT OF REVENUE RAISED NATIONALLY



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PROPOSED CRITERIA FOR SHARING REVENUE

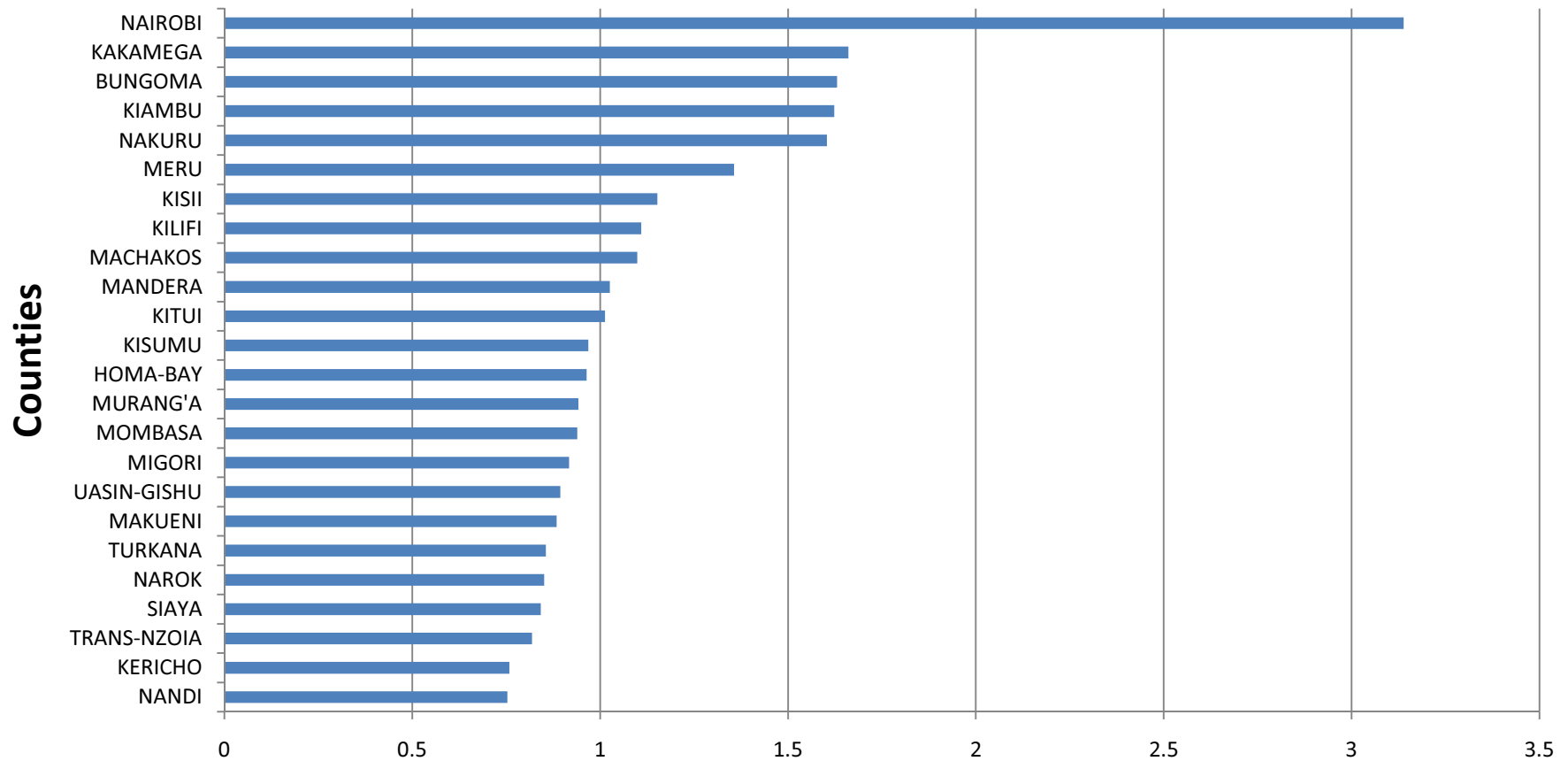


EQUAL SHARE 15 - 20%

1 OF 5

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PROPOSED CRITERIA FOR SHARING REVENUE

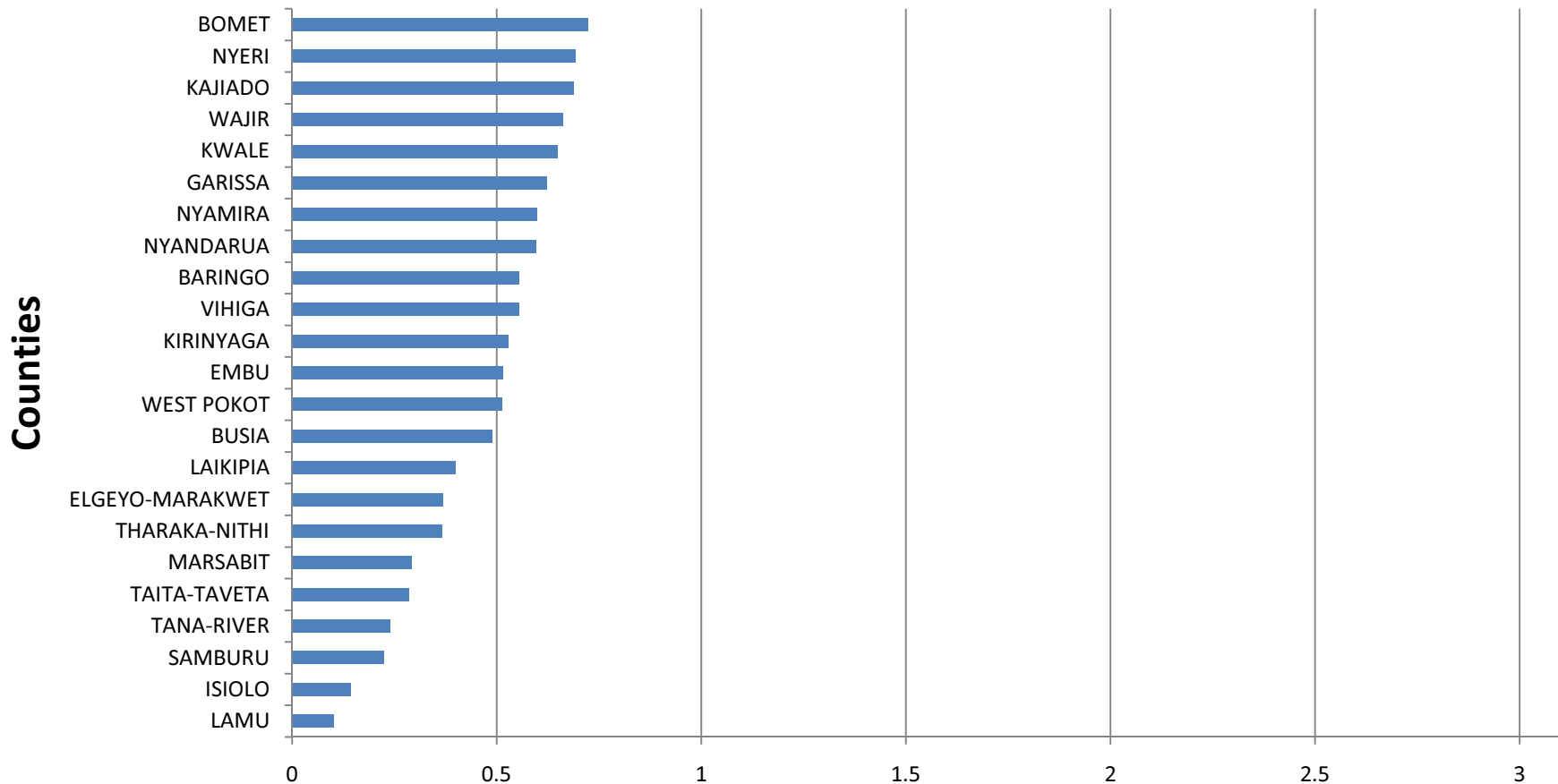


POPULATION 50 – 70%

2 OF 5

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PROPOSED CRITERIA FOR SHARING REVENUE

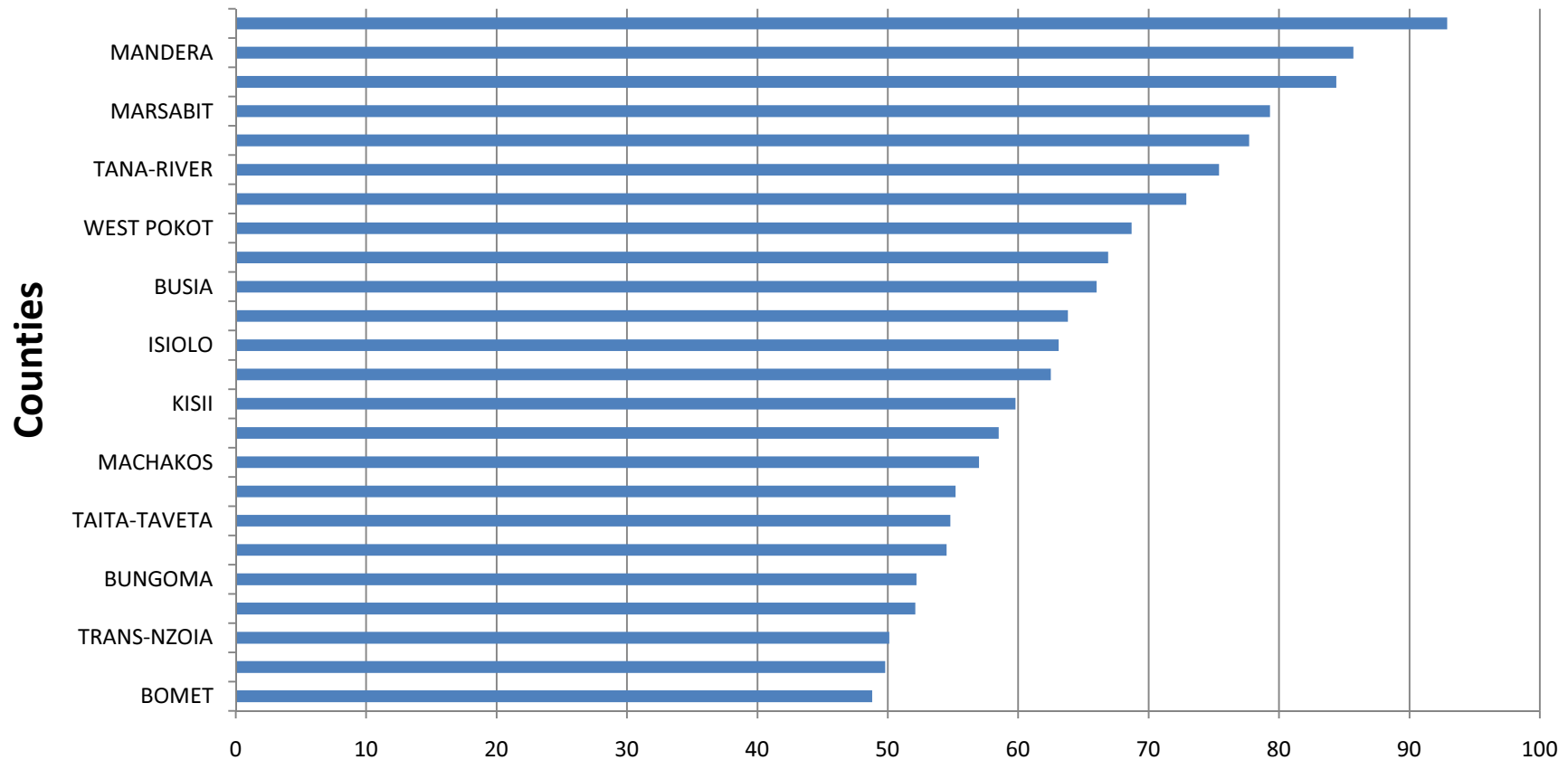


POPULATION 50 – 70%

2 OF 5

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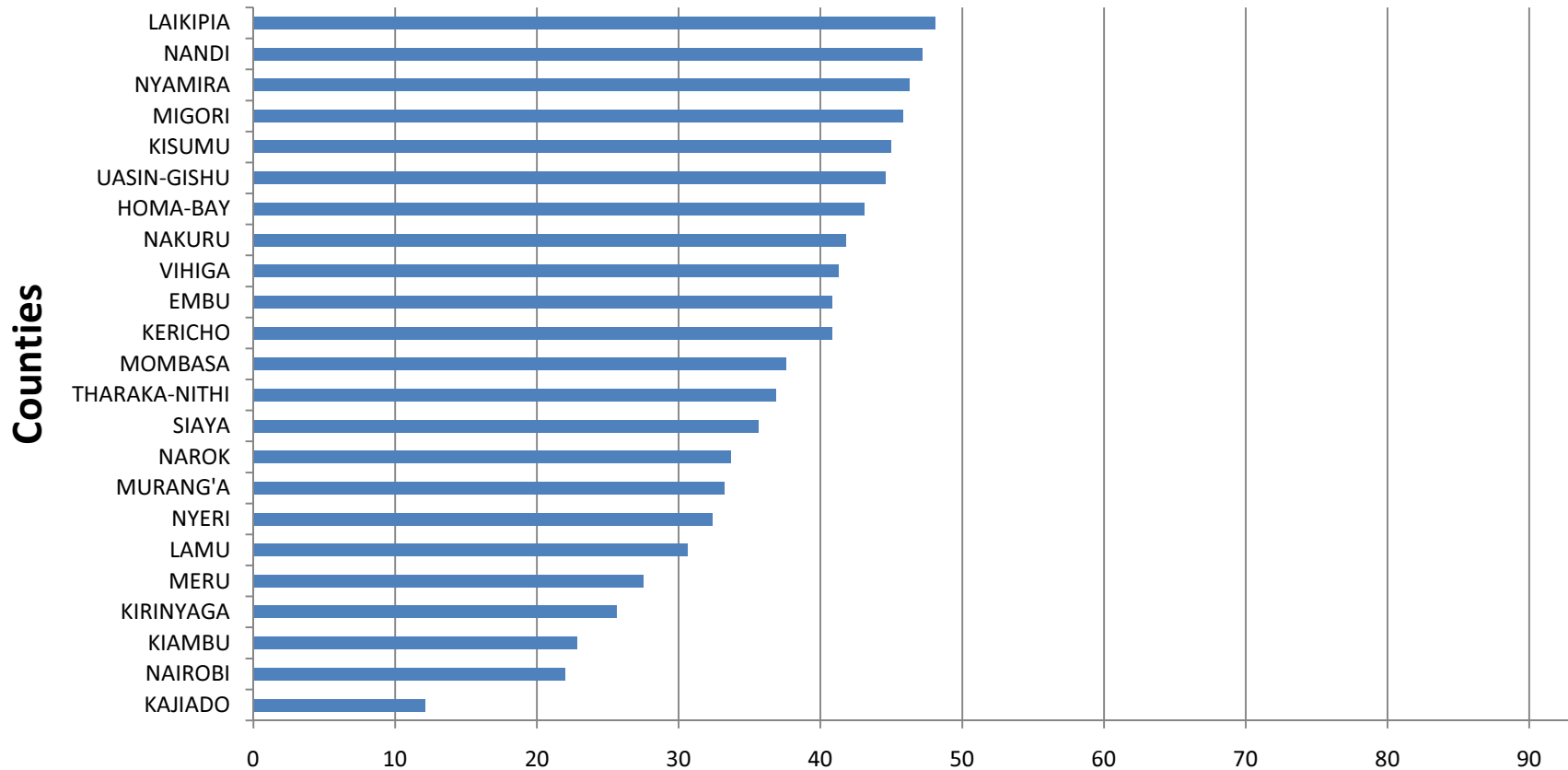
PROPOSED CRITERIA FOR SHARING REVENUE



LEVELS OF POVERTY 10 – 20% **3 OF 5**

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PROPOSED CRITERIA FOR SHARING REVENUE



LEVELS OF POVERTY 10 – 20% **3 OF 5**

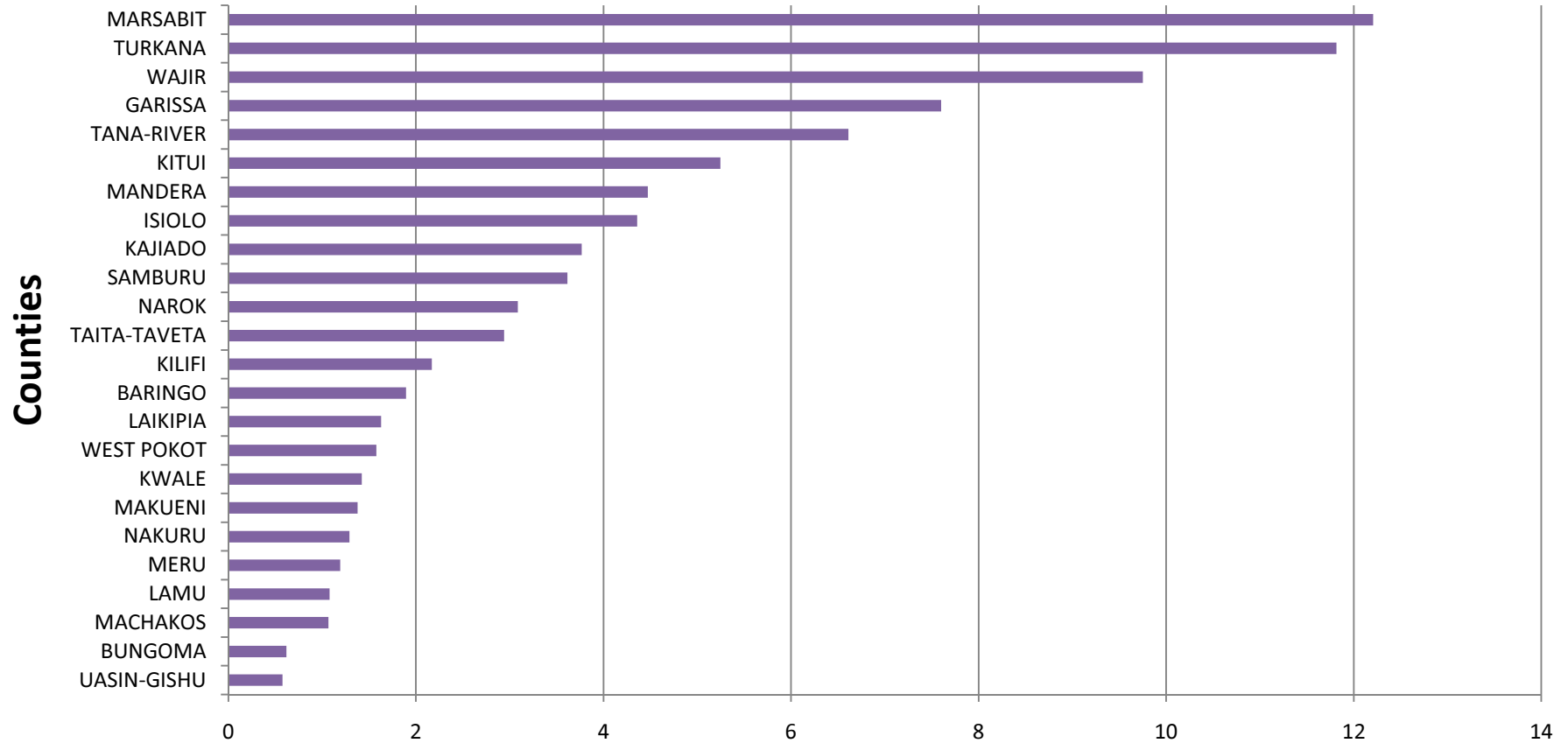
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PROPOSED CRITERIA FOR SHARING REVENUE



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PROPOSED CRITERIA FOR SHARING REVENUE

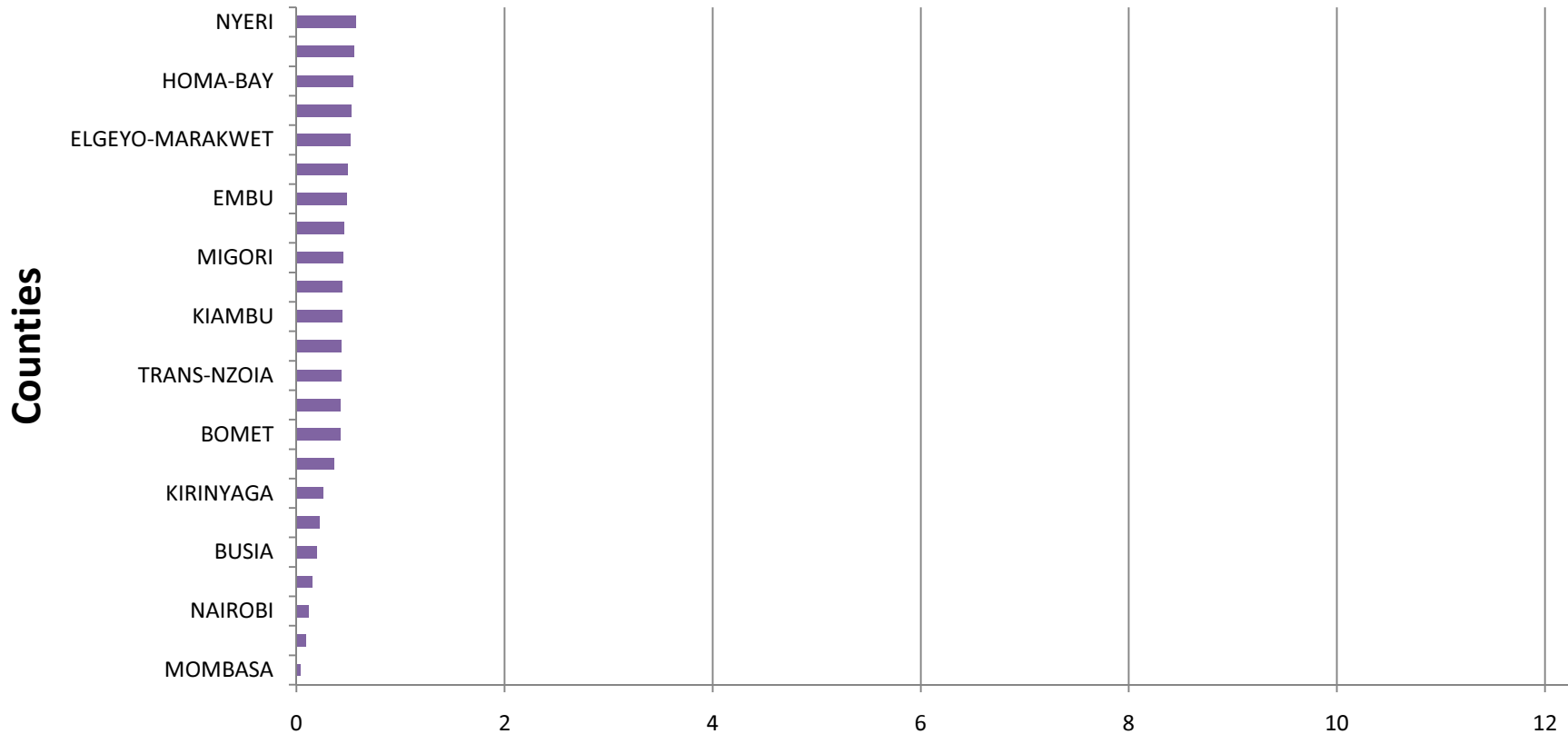


LAND AREA 3 - 8%

4 OF 5

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PROPOSED CRITERIA FOR SHARING REVENUE



LAND AREA 3 - 8%

4 OF 5

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PROPOSED CRITERIA FOR SHARING REVENUE



FISCAL RESPONSIBILITY 1% - 3%

5 OF 5

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PROPOSED CRITERIA FOR SHARING REVENUE



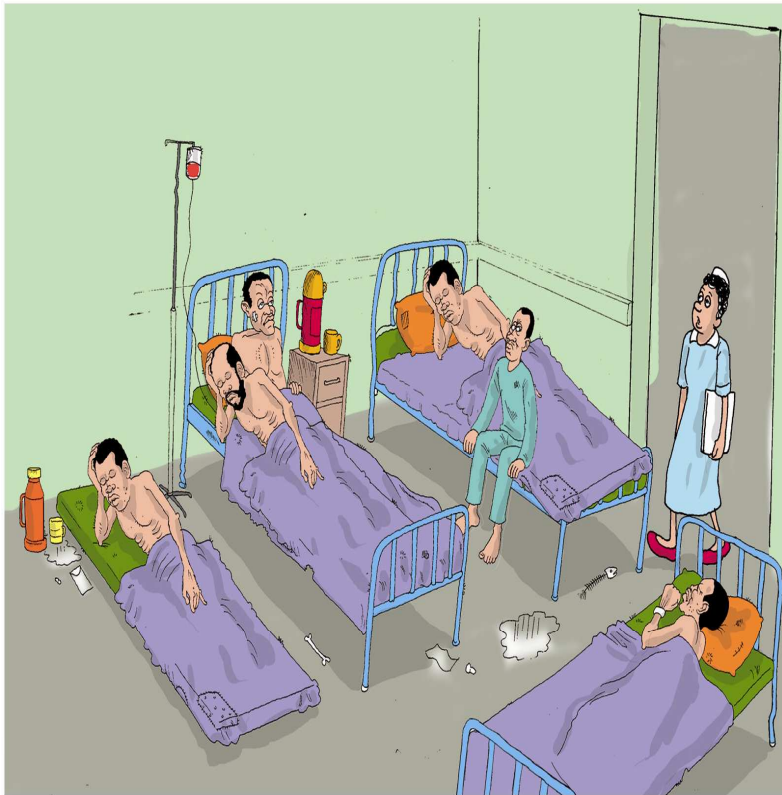
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EXPECTED BENEFITS OF DEVOLUTION

1. **EQUITABLE ALLOCATION** OF RESOURCES.
2. **IMPROVED DELIVERY** OF PUBLIC SERVICES
3. **INCREASED ECONOMIC ACTIVITY** IN THE COUNTY GOVERNMENTS.
4. **REDUCED POLITICAL TENSIONS** IN THE COUNTRY.

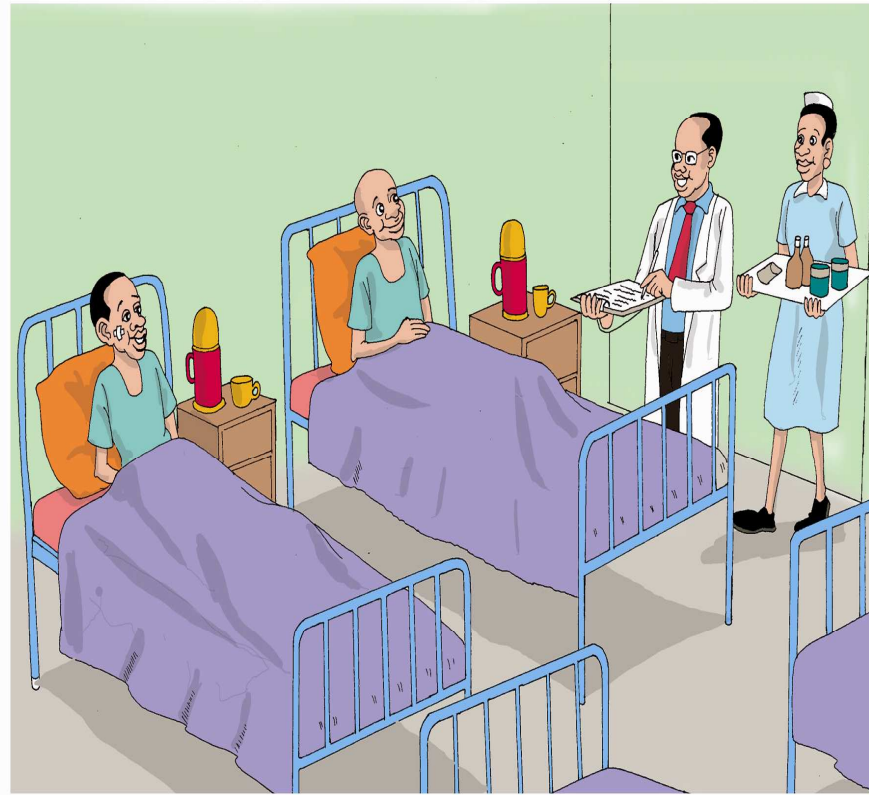
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BEFORE



POOR SERVICES IN PUBLIC HOSPITALS

AFTER



IMPROVED SERVICES IN PUBLIC HOSPITALS

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POTENTIAL CHALLENGES TO A DEVOLVED SYSTEM OF GOVERNMENT

1. INADEQUATE PREPARATION.
2. HUGE WAGE BILL AND OTHER ADMINISTRATIVE EXPENSES.
3. INADEQUATE HUMAN CAPACITY IN COUNTY GOVERNMENTS.
4. POOR GOVERNANCE.
5. OVER-DEPENDENCY ON ALLOCATION FROM NATIONAL GOVERNMENT.

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GOVERNMENT WAGE BILL AS A PERCENTAGE OF GDP

	KENYA	TZ	UG	S. KOREA
NATIONAL POPULATION	41.1 M	43.2 M	32.4 M	62.3 M
GDP (PPP)	\$ 70.57 B	\$ 57.40 B	\$ 42.19 B	\$ 1.56 T
Civil Service wage bill as a % of GDP	8.4%	4.3 %	5.7%	3.4 %

- The average for Sub- Saharan Africa is 6%
- Source- **World Bank**

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MPs, GOVERNORS AND SENATORS –
Is Cost of Kenya's leadership burden sustainable?

	KENYA	USA
POPULATION	41,000,000	311,000,000
MPs / HOUSE OF REPRESENTATIVES	350 - 400	435
SENATORS	70	100
GOVERNORS	47	51

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POTENTIAL CHALLENGES TO A DEVOLVED SYSTEM OF GOVERNMENT

6. CONFLICTS AMONG/BETWEEN NATIONAL AND COUNTY GOVERNMENTS.

- INSIDE THE CABINET.
- PRESIDENT VS PARLIAMENT/SENATE.
- PARLIAMENT VS SENATE.
- PRESIDENT VS GOVERNORS

7. TENSIONS INSIDE COUNTY GOVERNMENTS.

- INSIDE THE COUNTY EXECUTIVE
- COUNTY EXECUTIVE VS COUNTY ASSEMBLIES

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OUTSTANDING ACTIONS IN PREPARATION FOR COUNTY GOVERNMENTS

1. **PROPOSED** NEW **REMUNERATION** FOR SENIOR PUBLIC OFFICIALS.
2. DECISIONS ON **FUNCTIONS TO BE DEVOLVED** OVER THREE YEARS.
3. IDENTIFICATION AND RENOVATION OF **OFFICES FOR COUNTY EXECUTIVE**.
4. IDENTIFICATIO AND RENOVATION OF **COUNTY ASSEMBLY HALLS**

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OUTSTANDING ACTIONS IN PREPARATION FOR COUNTY GOVERNMENTS cont'd

5. **SELECT AND TRAIN KEY STAFF TO BE SECONDED TO COUNTIES:**
 - COUNTY **HEADS OF PUBLIC SERVICE**
 - **CLERKS** TO COUNTY ASSEMBLIES
 - COUNTY **TREASURERS**
 - COUNTY **I.C.T. MANAGERS**
 - COUNTY **AUDITORS**
6. COMMENCE **RESTRUCTURING OF THE PROVINCIAL ADMINISTRATION**
7. SET UP **I.T. SYSTEMS FOR FINANCIAL AND OTHER SERVICES**

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OUTSTANDING ACTIONS IN PREPARATION FOR COUNTY GOVERNMENTS cont'd

8. COMMENCE COUNTRYWIDE CIVIC EDUCATION, INCLUDE FOR CIVIL SERVANTS.
9. BRIEF CIVIL SERVANTS WHO WILL BE TRANSFERRED TO COUNTIES
10. DECISION TO BE MADE ON COUNTY CAPITALS WHERE DISPUTES PERSIST.
11. AGREE PROCESS OF ABSORBING LOCAL GOVERNMENT STAFF TO COUNTIES.

NOTE: TRANSITION TO DEVOLVED GOVERNMENT BILL 2011
(PROPOSED TRANSITIONAL AUTHORITY)

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COMMISSIONERS OF THE COMMISSION ON REVENUE ALLOCATION



Micah Cheserem – Chairman



Fatuma Abdulkadir – Vice Chairperson



Joseph Kimura – Commissioner



Wafula Masai – Commissioner



Meshack Onyango – Commissioner



Rose Osoro – Commissioner



Joseph Kinyua – PS, Treasury



Amina Ahmed – Commissioner



Raphael Munavu – Commissioner

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THANK YOU