



# COMMISSION ON REVENUE ALLOCATION

*Promoting an Equitable Society*

**Division of Revenue Bill Standoff**

**“Revisiting the Role of Commission On Revenue Allocation”**

**By**

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# CRA's Mandate

- To make recommendations concerning the basis for the equitable sharing of revenue raised by the national government, between the national and county governments;
- To make recommendations concerning the financing of, and financial management by county governments
- To define and enhance the revenue sources of the national and county governments;

# CRA's Mandate

- To encourage fiscal responsibility by the national and county governments.
- To determine, publish and regularly review a policy in which it sets out the criteria by which to identify the marginalized areas for purposes of Article 204(2);
- To consider and make recommendations to the National Assembly and Senate on any published Bill that includes provisions dealing with the sharing of revenue, or any financial matter concerning county governments (Article 205 )

# Division of Revenue Process

- Technical complexity: *Financial management in a system of devolved government is both technical and political*
- Protecting the criteria for revenue sharing
- Independent, impartial, long-term advice
- Linking county governments to national decision making on their finances
- Accountability

# The Players....

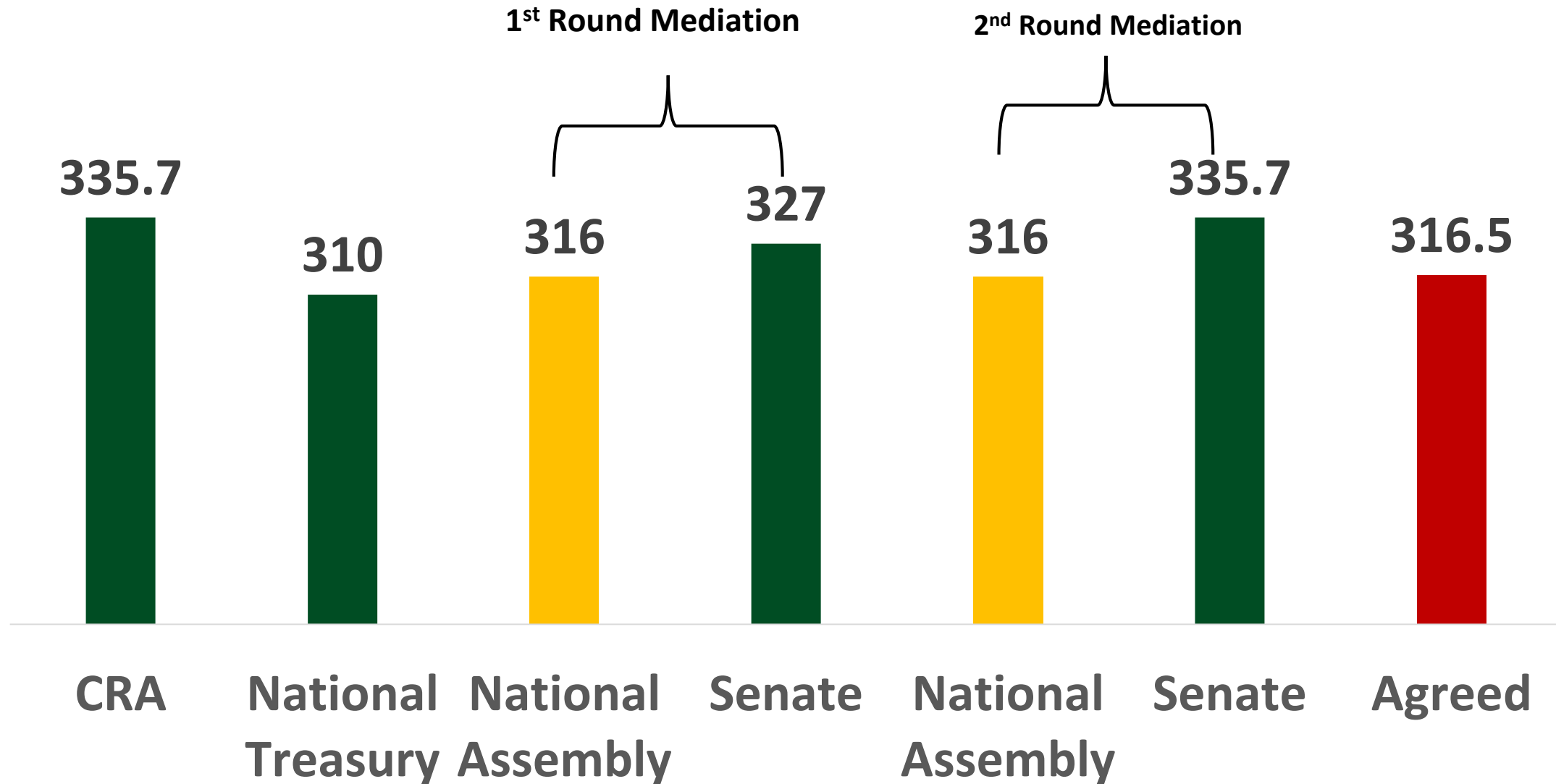
There are 4 major players in division of revenue:

- National Treasury
- National Assembly
- The Senate
- CRA

# Important considerations

- Revenue raised nationally be shared equitably among the national and county governments
- The Constitution stipulates the criteria to consider when determining the equitable shares between the two levels of government
  - The National Interest
  - The Public Debt and other National Obligations
- In making the recommendation, the Commission is guided by the functional assignment and resource needs of each level of government

# County Allocation 2019/20



# Analysis of County Allocations (Kshs Billions)

FY	CRA Recommendation	Division of Revenue Acts
2013/14	231	190
2014/15	279	227
2015/16	282	260
2016/17	332	280
2017/18	332	302
2018/19	337	314
2019/20	336	316



# and now, the debt....

What should we be debating:

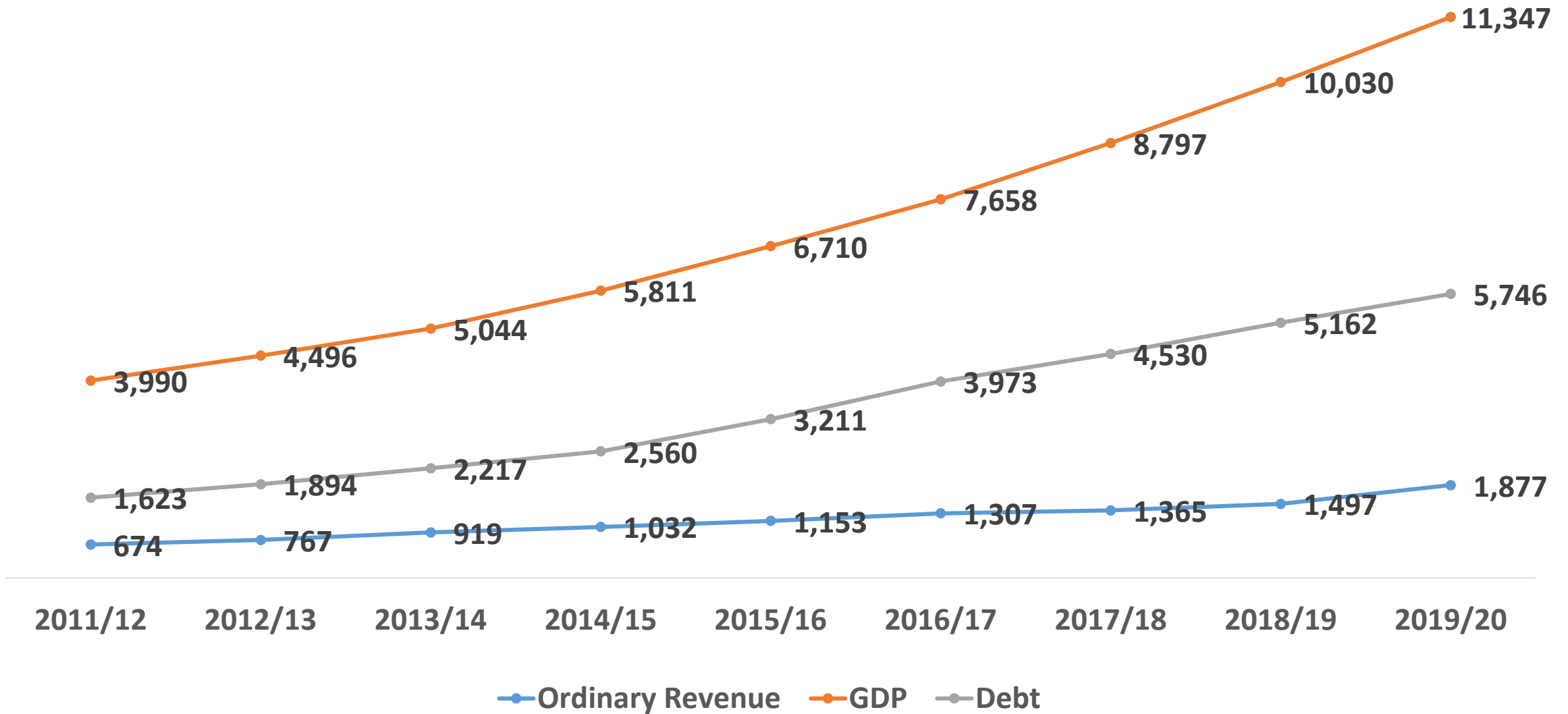
- Amount
- Ability to pay
- Use of Proceeds
- ***MOST IMPORTANTLY = CONTEXT***

# Fiscal Framework (National Debt & GDP-Kshs Millions)

ITEM	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Ordinary Revenue	918,990	1,031,819	1,152,972	1,306,568	1,365,063	1,496,930	1,877,200
<b>National debt</b>	<b>2,216,800</b>	<b>2,559,900</b>	<b>3,210,800</b>	<b>3,972,500</b>	<b>4,530,000</b>	<b>5,161,600</b>	<b>5,745,500</b>
<i>External</i>	<i>1,138,500</i>	<i>1,423,300</i>	<i>1,796,200</i>	<i>2,294,700</i>	<i>2,560,200</i>	<i>2,881,700</i>	<i>3,188,100</i>
<i>Internal</i>	<i>1,078,300</i>	<i>1,136,600</i>	<i>1,414,600</i>	<i>1,677,800</i>	<i>1,969,800</i>	<i>2,279,900</i>	<i>2,557,400</i>
<b>NATIONAL GDP</b>	<b>5,044,236</b>	<b>5,811,195</b>	<b>6,709,671</b>	<b>7,658,138</b>	<b>8,796,500</b>	<b>10,030,206</b>	<b>11,346,500</b>

*Source: National Treasury Quarterly reports*

# Public debt vs ordinary revenue vs GDP



# And the story is.....

- Focus on GDP growth – ***Smart strategies to expand the pie***
- Efficiency use of resources – ***reasonable Rol***
- Accountability and accurate reporting – ***to inform future policies***
- ***Do your part***

# Thank You