COMMISSION ON REVENUE ALLOCATION

Promoting an equitable society

STRATEGIC PLAN 2013 - 2015
VISION
A trusted and effective adviser on equitable distribution of resources for rapid and balanced economic growth

MISSION
To make expert recommendations on equitable sharing of revenue, financing of, and financial management for both national and county governments

CORE VALUES
Equity
Teamwork
Excellence
Transparency
Employee satisfaction
Integrity
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOREWORD</td>
<td>6</td>
</tr>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>8</td>
</tr>
<tr>
<td>HISTORICAL, LEGAL AND INSTITUTIONAL FRAMEWORK</td>
<td>9</td>
</tr>
<tr>
<td>1.0 Background</td>
<td>9</td>
</tr>
<tr>
<td>1.1 CRA Mandate</td>
<td>9</td>
</tr>
<tr>
<td>1.2 Kenya Vision 2030 - National Development Agenda</td>
<td>10</td>
</tr>
<tr>
<td>1.3 Rationale for Development of the Strategic Plan</td>
<td>11</td>
</tr>
<tr>
<td>SITUATIONAL ANALYSIS</td>
<td>12</td>
</tr>
<tr>
<td>2.0 Introduction</td>
<td>12</td>
</tr>
<tr>
<td>2.1 Review of the Situation in the Past</td>
<td>12</td>
</tr>
<tr>
<td>2.2 Key Achievements of CRA</td>
<td>13</td>
</tr>
<tr>
<td>2.3 Challenges faced by CRA</td>
<td>13</td>
</tr>
<tr>
<td>2.4 Lessons learnt</td>
<td>13</td>
</tr>
<tr>
<td>STRATEGY FOCUS</td>
<td>18</td>
</tr>
<tr>
<td>3.0 Introduction</td>
<td>18</td>
</tr>
<tr>
<td>3.1 Motto, Vision, Mission and Core Values</td>
<td>18</td>
</tr>
<tr>
<td>3.3 Strategic Objectives</td>
<td>19</td>
</tr>
<tr>
<td>3.4 Strategy Matrix</td>
<td>19</td>
</tr>
<tr>
<td>INSTITUTIONAL CAPACITY AND RESOURCE MOBILISATION</td>
<td>23</td>
</tr>
<tr>
<td>4.0 Introduction</td>
<td>23</td>
</tr>
<tr>
<td>4.1 Staffing Levels and Organisational Structure</td>
<td>23</td>
</tr>
<tr>
<td>4.2 Members of the Commission</td>
<td>23</td>
</tr>
<tr>
<td>4.4 Organisational Structure</td>
<td>25</td>
</tr>
<tr>
<td>ORGANISATIONAL STRUCTURE</td>
<td></td>
</tr>
<tr>
<td>4.4 Resource Mobilisation and Utilisation</td>
<td>27</td>
</tr>
<tr>
<td>4.5 Assumptions</td>
<td>27</td>
</tr>
<tr>
<td>IMPLEMENTATION AND COORDINATION</td>
<td>28</td>
</tr>
<tr>
<td>5.0 Introduction</td>
<td>28</td>
</tr>
<tr>
<td>5.1 Before Implementation</td>
<td>28</td>
</tr>
<tr>
<td>5.2 During Implementation</td>
<td>28</td>
</tr>
<tr>
<td>5.3 Post Implementation</td>
<td>28</td>
</tr>
<tr>
<td>5.4 Risk Management</td>
<td>29</td>
</tr>
<tr>
<td>5.4.1 Risk Analysis</td>
<td>29</td>
</tr>
<tr>
<td>MONITORING, EVALUATION AND REPORTING</td>
<td>31</td>
</tr>
<tr>
<td>6.0 Introduction</td>
<td>31</td>
</tr>
</tbody>
</table>
6.1 Frequency of Monitoring and Evaluation ................................................................. 31
6.2 Reporting .................................................................................................................. 31
6.3 Strategic Adjustments .............................................................................................. 31
6.4 Linking Monitoring and Evaluation to Performance Management ......................... 31
APPENDICES .................................................................................................................. 33
CRA COMMISSIONERS AND COMMISSION SECRETARY ............................................. 58
## Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDF</td>
<td>Constituencies Development Fund</td>
</tr>
<tr>
<td>LATF</td>
<td>Local Authority Transfer Fund</td>
</tr>
<tr>
<td>RMLF</td>
<td>Roads Maintenance Levy Fund</td>
</tr>
<tr>
<td>CoE</td>
<td>Committee of Experts</td>
</tr>
<tr>
<td>KRA</td>
<td>Kenya Revenue Authority</td>
</tr>
<tr>
<td>KIPPRA</td>
<td>Kenya Institute of Public Policy Research and Analysis</td>
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<td>KNBS</td>
<td>Kenya National Bureau of Statistics</td>
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<td>CRA</td>
<td>Commission on Revenue Allocation</td>
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<td>E-ProMIS</td>
<td>Electronic Project Management Information System</td>
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<tr>
<td>GoK</td>
<td>Government of Kenya</td>
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<tr>
<td>SRC</td>
<td>Salaries and Remuneration Commission</td>
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<tr>
<td>NGEC</td>
<td>National Gender and Equality Commission</td>
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<tr>
<td>ICT</td>
<td>Information Communication Technology</td>
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<tr>
<td>IFMIS</td>
<td>Integrated Financial Management Information System</td>
</tr>
<tr>
<td>IPPD</td>
<td>Integrated Personnel and Payroll Database</td>
</tr>
<tr>
<td>KENAO</td>
<td>Kenya National Audit Office</td>
</tr>
<tr>
<td>KERP</td>
<td>Kenya External Resources Policy</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
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<tr>
<td>MDAs</td>
<td>Ministries, Departments and Agencies</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<tr>
<td>MTDS</td>
<td>Medium Term Debt Management Strategy</td>
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<tr>
<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
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<tr>
<td>PC</td>
<td>Performance Contracting</td>
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<td>PFM</td>
<td>Public Finance Management</td>
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<tr>
<td>PPPs</td>
<td>Public-Private Partnerships</td>
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<tr>
<td>PMIS</td>
<td>Pension Management Information System</td>
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<td>RBM</td>
<td>Results-Based Management</td>
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</table>
FOREWORD

The Constitution of Kenya 2010 has created the Commission on Revenue Allocation (CRA) whose mandate is to make recommendations on the equitable allocation of the revenue generated nationally between the national and the county governments so as to ensure an equitable and prosperous Kenyan society.

As a Commission, we fully understand the importance and magnitude of the task we have been accorded. We are also cognisant of the fact that our success as a team will be central to the success of our nationhood and achievement of our Vision 2030. I am, therefore, pleased to present to you our Strategic Plan for 2013-2015.

This Plan describes broad institutional directions and goals identified as essential to the Commission in accomplishing its mission. These institutional directions and goals are, by their nature, dynamic and interrelated, hence the need for the strategy to be reviewed and updated regularly to ensure that quality and relevant recommendations remain our highest priority.

The CRA’s 2013-2015 Strategic Plan summarises our priorities and sets of strategies that we believe will enable us to achieve our mandate. In particular, this Plan addresses the question of how the Commission will support the implementation of the new devolved governance structure through the equitable allocation of revenue and revenue enhancement.

I would like to thank all people who took part in our consultations and offered us their insights, evidence, experience and ideas. We received many contributions through public participation during the countrywide county visits conducted by the Commission alongside presentations and memoranda from professional and key stakeholder groups. Without those contributions, we would not have been able to develop a Plan that was directed at the right targets or one that could possibly work in the real world.

In the coming three years, we intend to capitalise on the relationships we have been building with people and organisations that have an interest in the Commission's work and we will find more ways to secure the expert advice of many in our projects and our decision-making. However, like all plans, the real mettle is in its implementation. I invite all Kenyan people as a whole to lend us the support in making the implementation of this Plan a successful collaborative effort. The hard work of delivering this Strategy can only succeed with the involvement of the widest possible coalition. I hope and believe that our Plan matches that ambition.

Micah Cheserem
Chairman
PREFACE

One of the key reforms that the Constitution of Kenya 2010 proposed was the establishment of structures aimed at improving governance through equitable distribution of national resources. The establishment of the Commission on Revenue Allocation is widely regarded, and correctly so, to be the foundation that supports the successful implementation of the devolution spirit of the constitutional framework.

During the past two years since inception, the Commission has been building institutional capacity to execute its constitutional mandate. The year 2013, however, is critical for CRA as it marks the election of the first government under the Kenya Constitution 2010. The election will put in place governance structures for which the Commission has been created to serve.

This Strategic Plan seeks to guide the implementation of the vision of the Commission, which is ‘a trusted and effective adviser on equitable distribution of resources for rapid and balanced economic growth’. Equal emphasis has been placed not just on the resource-sharing model but also on the accelerating factors that will enable robust revenue growth.

This Strategic Plan will shape our focus for the next three years and should be considered an expression of our commitment and determination to positively contribute to Kenya’s attainment of Vision 2030. Let us now, and in the years ahead, join our efforts to ensure that the Plan is translated into concrete, focused and sustained actions.

I would like to appreciate the great work of the Commissioner who gave the Plan strategic focus and contributed immensely to the proper interpretation of strategic issues. A word of appreciation is also extended to all directors and officers who demonstrated great commitment in putting the elements of the Strategy into actionable and linked implementation to a monitoring process.

The stakeholders’ forums provided invaluable input and inclusion, which gave the Plan the necessary holistic outlook. We really appreciate those who made verbal and written contributions in our stakeholders’ forums.

Finally, I acknowledge the professional input provided by Kenya School of Government Consultants, Mr. Mathew Malinda and Mr. Samuel Macharia, for the strategic oversight during the formulation process.

It is my sincere hope that the Plan will be implemented as envisaged and that it will enjoy the support of all stakeholders.

George Ooko
Chief Executive Officer/Commission Secretary
EXECUTIVE SUMMARY

The preparation and implementation of this Strategic Plan is based on stakeholder participation, good governance and a professional approach to institutional management. The vision of the Commission is “A prosperous Kenya through equitable public resource sharing” while the mission is “To make expert recommendations on equitable sharing of revenue, financing of, and financial management for both national and county governments”.

The Historical, Legal and Institutional Framework presents the purpose and development of the Commission, the rationale and the methodology of the Strategic Plan. It also provides the institutional framework that expounds the mandate as stipulated in the CRA Act No. 16 of 2011. The Plan takes into account CRA’s agenda vis-à-vis the county and national challenges.

The Situational Analysis outlines the achievements, challenges and lessons learnt by the Commission. It further examines the prevalent situation and environmental issues that affect the Commission’s operations. Finally, it identifies the key stakeholders of the Commission.

During the Plan period, the strategic focus for the Commission will be to realise the vision, mission, motto, core values, key result areas and strategic objectives. The key result areas are:

1. Devolved fiscal systems and transfers
2. Public financial management
3. Revenue enhancement
4. Institutional capacity

A strategy matrix has been put in place to match the identified key result areas with strategic objectives and appropriate strategies that will enable the Commission achieve appropriate results.

The institutional capacity and resource mobilisation of the Commission has been addressed by highlighting the following issues: organisational structure and staffing; staffing levels against the authorised establishment in posts and the additional staff required. The Plan also projects the resource requirements and budget targets for the three years.

An appropriate implementation and coordination mechanism has been developed, which identifies what the Commission must do before, during and post implementation. A set of risk factors were identified that might affect the implementation of the Strategic Plan and appropriate mitigating factors have been recommended.

There will be in place a Monitoring, Evaluation and Reporting Framework, which includes monitoring methodologies, evaluation mechanisms, progress reports, internal audits, monthly and quarterly management meetings, performance management and staff appraisals and external reporting in the achievement of the Plan’s results. Progressive monitoring will be carried out on the measurable indicators set out in the implementation matrix.
CHAPTER ONE

HISTORICAL, LEGAL AND INSTITUTIONAL FRAMEWORK

1.0 Background

The Constitution of Kenya 2010 provides for a devolved system of government in which the sovereign power of the people is exercised at the national and county levels. The Constitution specifies that both tiers of government are entitled to an equitable share of revenue raised nationally. The Constitution establishes processes and institutions to ensure that revenue is shared transparently and fairly. The Commission on Revenue Allocation was established in December 2010 in accordance with Article 215 of the Constitution. The CRA comprises of nine Commissioners with a Secretary to the Commission and six (6) directorates representing Research and Policy, County Fiscal Affairs, Legal, Communication, Information Technology and Corporate Services.

Since Independence in 1963, the process of allocating resources in Kenya has been largely perceived to be driven by partisan politics. Resource allocation through the annual budget process has also been highly centralised, tightly controlled by the Executive with very little transparency about the geographic spread of resources across the country.

The strategic issues include the following:

- The Executive, and not Parliament, had all the say in sharing the national cake;
- The budget process was not transparent and was managed by a few people in the Treasury;
- Treasury was not held accountable by Parliament;
- Costs of providing services were based on historical information only;
- Allocation of revenue to provide basic services was skewed towards areas that supported the ruling political parties;
- Not all areas of the country developed at the same rate, with many areas left behind;
- Corruption and wastage of public resources was rampant.
- Resource conflicts

The people of Kenya, therefore, saw it fit to tackle these issues through robust changes and provisions in the Constitution of Kenya 2010. The Constitution paved way for a devolved system of governance, prudent public finance management, leadership and integrity of state officers and new mechanisms for the equitable sharing of revenue raised nationally.

1.1 CRA Mandate

Under Article 216 of the Constitution, the principal function of CRA is to make recommendations concerning the basis for the equitable sharing of revenue raised by the national government. The CRA recommendations are also based on a statutory provision, CRA Act No. 16 of 2011. CRA is the only institution that has a legal mandate to provide revenue sharing recommendations to Parliament.
In addition, the final recommendations of the Committee of Experts on constitutional review proposed to retain CRA. This was done for CRA to “provide expert, independent advice” on the basis of which the Senate will determine the basis of revenue sharing.

The Constitution also highlights two other functions of the CRA: (a) making recommendations on financial legislation affecting county governments, including laws concerning county taxing powers and county borrowing; and (b) making recommendations on the use of the money in the Equalisation Fund.

In performing its functions, CRA has developed a formula to be subjected to the Senate and the National Assembly for deliberation and adoption. This process consists of two phases. One phase is a formula that will guide allocations to the 47 counties for the next five years; the other phase is the annual formula that divides national revenues between the two levels of government.

The Commission’s functions include the following:

1. Recommend the basis of equitable sharing of revenue raised by the national government, between the national and county levels of government, and among county governments;
2. Make recommendations on matters concerning the financing and financial management of county governments;
3. Define and enhance revenue sources of national and county governments;
4. Encourage fiscal responsibility by national and county governments;
5. Make recommendations on any Bill that includes provisions dealing with sharing of revenue; any financial matters concerning county governments; and all laws being enacted relating to devolved government;
6. Determine, publish and regularly review policy that sets out criteria for identifying marginal areas in actualising the Equalisation Fund; and make recommendations on any appropriations out of the Equalisation Fund.

1.2 Kenya Vision 2030 - National Development Agenda

The aim of Kenya Vision 2030 is to transform Kenya into a newly-industrialising, middle-income country, providing a high quality of life to all its citizens in a clean and secure environment. The Kenya Vision 2030 simultaneously aspires to meet the Millennium Development Goals (MDGs) for Kenya by 2015.

Kenya Vision 2030 is anchored on three key pillars: Economic, Social and Political. The Economic pillar aims at achieving an economic growth rate of at least ten (10) per cent per annum and sustaining the same till 2030 in order to generate adequate resources for achieving the Vision goals and the Millennium Development Goals (MDGs). The Social pillar seeks to achieve a just, cohesive and equitable social development in a clean and secure environment. The Political pillar aims for an issue-based, people-centered, results-oriented and accountable democratic system. Although CRA falls under the Economic pillar, its functions are also greatly influenced by the Social and Political pillars. CRA, through this Strategic Plan, will play a role in the implementation of the Political, Economic and Social pillars.
Devolved government is the cornerstone of Kenya’s new constitutional architecture. The constitutional vision is that devolved government will promote democracy and accountable exercise of power, foster national unity by recognising diversity, promote the interests of the marginalised and minorities, and allow citizens to manage their own affairs in ways that promote social and economic development and the provision of proximate, easily-accessible public services throughout Kenya.

Equitable resource sharing is crucial for realising the vision of devolution enshrined in the Constitution.

The principles of public finance under the Constitution (Article 203) include the following:
1. Consideration of the developmental needs of counties;
2. The economic disparities between counties and the need to remedy them;
3. The fiscal capacity and efficiency of county governments and the desirability of stable and predictable allocation of revenue.

These considerations are balanced by the requirement to also consider issues of national interest, the need to make provision for public debt and other national obligations.

**1.3 Rationale for Development of the Strategic Plan**

The Strategic Plan aims to address four major areas that focus on:

1. Optimisation on the use of public resources for the CRA in the achievement of its mandate;
2. Examination of the environment in which CRA operates and explore the factors that will affect CRA’s operations;
3. Provide CRA with a framework for achieving its vision, mission and objectives.
CHAPTER TWO

SITUATIONAL ANALYSIS

2.0 Introduction

The Kenya Constitution 2010 introduces a completely new approach to revenue sharing characterised by:

- Complete separation of Parliament and the Executive in public finance management;
- Transparent budget process managed by Parliament; and not the Treasury;
- Horizontal sharing decided by the Senate, in which all counties are equally represented;
- Resource allocation determined by a transparent formula;
- Independent advice provided by CRA;
- Evidence-based recommendations on revenue allocation supported by data and analysis.

The period covered by this Strategic Plan is the three-year transition period mandated by the Sixth Schedule of the Constitution. This is a period when rapid change will be the norm and some degree of ambiguity is to be expected. In addition, the conditional grants consisting of Constituencies Development Fund (CDF), Local Authority Transfer Fund (LATF), Roads Maintenance Levy Fund (RMLF), among others, will be realigned towards equitable distribution. The principles of public finance as stipulated in Chapter 12 of the Kenya Constitution 2010 will be adhered to.

2.1 Review of the Situation in the Past

Public finance management (PFM) reforms have been a key policy issue within government. While there have been reforms initiated by government dating back to the 90s, recent public finance management reforms were initiated through the roll out of the ERS 2003-2007, key among these included:

- Strengthening the public finance legal framework through the enactment of the Government Financial Management Act (2004), Public Audit Act (2003), the Public Procurement and Disposal Act (2005) and the establishment of key institutions including the Public Procurement and Oversight Authority, the Kenya National Audit Office and the Parliamentary Budget Office.
- The enhancement of a Medium Term Expenditure Framework (MTEF).
- Strengthening the audit and oversight functions through support to the internal audit department, KENAO, and Parliament.
• Introduction of the Electronic Project Management Information System (E-ProMIS) to better capture development partners’ assistance.

After the promulgation of the Constitution in August 2010, a further gain was made through the establishment and operationalisation of key PFM institutions such as the Commission on Revenue Allocation, the Office of the Controller of Budget and the Auditor General.

2.2 Key Achievements of CRA
In the pursuit of its mandate, CRA has achieved the following:
1. The first revenue-sharing formula developed and approved by Parliament;
2. Establishment of a functioning secretariat;
3. Contribution and influence on the enactment of critical Bills on devolution and public finance;
4. Publication of County Fact Sheets and other relevant material for civic education on devolution;
5. Establishment of corporate governance structures;
6. Extensive public engagements and visits to all 47 counties.
7. Introduced and trained staff on Kaizen quality programme

2.3 Challenges faced by CRA
1. Capacity within CRA in terms of devolution and fiscal decentralisation as a new discipline in Kenya;
2. Limited knowledge of the public on devolution and mandate of CRA;
3. Demands of implementing the Constitution in a short time;
4. Legacy from governance and public finance systems/resistance to change;
5. Political interests/competing regional interests.

2.4 Lessons learnt
1. Be open to public scrutiny;
2. Need to enhance technical capacity and specialised skills development;
3. Access to real-time and accurate information and relevant databases.
2.5 Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

The Commission on Revenue Allocation has strengths and limitations that can support or limit the achievements of its mission. The following table indicates environmental factors, their strategic implications and it also recommends appropriate strategic responses.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>• The only institution authorised to make recommendations on revenue sharing</td>
<td>• Challenges of a new organisation</td>
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<tr>
<td>• Independent commission</td>
<td>• Lack of specialised skills</td>
</tr>
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<td>• No inherited adverse legacy</td>
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<tr>
<td>• Well-resourced autonomous budget control</td>
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<td>• Experience and diversity of commissioners and staff</td>
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<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tr>
<td>• Many countries have already done this – can learn from their experience (good practice models)</td>
<td>• High-profile political mandate and functions</td>
</tr>
<tr>
<td>• Support from development partners</td>
<td>• Criticisms of data quality</td>
</tr>
<tr>
<td>• Transitional process – everyone expects us to work it out as we go</td>
<td>• Highly litigious environment</td>
</tr>
<tr>
<td>• Public and political goodwill</td>
<td>• Institutional credibility and relevance</td>
</tr>
<tr>
<td></td>
<td>• Dependency on other government agents/departments to deliver mandate</td>
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<tr>
<td></td>
<td>• Possibility of being diverted from core mandate due to other agendas from government agencies/development partners</td>
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<td></td>
<td>• Legacy from previous governance and public finance systems</td>
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2.6 Environmental Scanning – PESTEL Analysis

The analysis looks at the environment in which the Commission operates to determine its ability to achieve its vision and mission. The Commission will endeavour to maximise on positive factors as it mitigates the effects of negative environmental factors.

<table>
<thead>
<tr>
<th>Political Factors</th>
<th>Economic Factors</th>
<th>Social Factors</th>
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<tbody>
<tr>
<td>• Politicians’ expectations of CRA’s mandate and duty are pretty high</td>
<td>• CRA’s mandate to “encourage fiscal responsibility”</td>
<td>• Socio-cultural</td>
</tr>
<tr>
<td>• Intergovernmental financing issues are political</td>
<td>• Annual recommendations should be within the national revenues</td>
<td>• National cohesion</td>
</tr>
<tr>
<td>• Equitable sharing will reverse the historical resource allocations</td>
<td>• Creation of competition to enhance revenue among counties</td>
<td>• Historical background</td>
</tr>
<tr>
<td>• Budget process and CRA mandate</td>
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<table>
<thead>
<tr>
<th>Technological Factors</th>
<th>Environmental Factors</th>
<th>Legal Factors</th>
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<tbody>
<tr>
<td>• Limited deployment and use of ICT within the public service</td>
<td>• Drought</td>
<td>• The legislative framework is untested and complex</td>
</tr>
<tr>
<td>• Rollout of ICT in all 47 counties</td>
<td>• Changing weather patterns/conditions</td>
<td>• National and county intergovernmental relations</td>
</tr>
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</table>
2.7 Stakeholder Analysis

Revenue sharing is a political process and relationships with stakeholders will be key for CRA to successfully implement its mandate. The following groups are critical to the success of CRA’s recommendations.

Parliament is the ultimate decision-maker on both vertical and horizontal sharing. In the case of horizontal sharing, the key stakeholder will be the Senate, and in the case of vertical sharing, it will be the National Assembly. Parliament’s capacity to implement CRA’s recommendations on vertical sharing will depend on the capacity of the National Assembly Budget Committee to reframe the budget they receive from the National Treasury.

The Executive will implement any of the policies passed by the National Assembly. They are, therefore, critical partners to support the roll out of equitable share and to enhance intergovernmental fiscal relations with the counties.

The National Treasury and the Cabinet Secretary for Finance have the advantage of drafting the initial budget and revenue-sharing proposals and Bills. The Treasury will have the greatest capacity of any institution in the Kenyan political system to do this. The National Executive (Cabinet) will very likely also have a say in what is presented to Parliament. Finally, the National Treasury is responsible for establishing regulations on Public Finance Management and administration of public funds.

County governors, county executive committees and county assemblies will be crucial in the successful implementation of devolution and CRA’s recommendations generally.
Other oversight bodies, including the Intergovernmental Budget Council, the Constitutional Implementation Oversight Committee, the Commission on Implementation of the Constitution and the Transition Authority have the potential to advocate the CRA position on various issues.

Civil society and the public will also be important arbiters of whether the CRA is doing a good job.

Public media will be engaged so that they report on National development issues as opposed to politics. Media education and bonding will foster good public participation.

The academia and research institutions are vital when it comes to validating the findings of the Commission. The Commission will endeavour to collaborate with other research institutions and universities.

Development partners are also interested in witnessing the change of governance from central to a devolved system. Resource allocation and good financial practices are pillars of good governance, hence the interest by this group.
CHAPTER THREE

STRATEGY FOCUS

3.0 Introduction

In order to realise its objectives, the Commission must be in a position to strategically focus its functions and operations through a vision, mission, motto and core values, which are the guiding principles. A motto is an expression of the guiding principle of an organisation. The strategic vision is a pre-requisite for effective strategic leadership. The mission is the overriding factor that gives us our identity and unique purpose. The core values enable good decision-making through a common guiding spirit.

3.1 Motto, Vision, Mission and Core Values

Motto

Promoting an equitable society
Tunaimarisha usawa

Vision

A trusted and effective adviser on equitable distribution of resources for rapid and balanced economic growth

Mission

To make recommendations on equitable sharing of revenue, financing of, and financial management for both national and county governments

Core Values

To achieve its mission and vision, the Commission is committed to the following:-

- **Equity** – CRA will be guided by the spirit of fairness and inclusion
- **Teamwork** – CRA will always encourage participation of all members of staff in its operations. CRA believes in people working together to achieve results
- **Excellence** – CRA will maintain quality control and strive for the highest standards in all aspects of our work
- **Transparency** – All service delivery and operations of the Commission will include citizens’ participation
- **Employee satisfaction** – CRA will strive to attract and retain staff with high morale.
- **Integrity** – CRA staff will abide and uphold Chapter Six of the Constitution.

### 3.2 Key Result Areas (KRAs)

1. Devolved fiscal systems and transfers
2. Public finance management
3. Revenue enhancement
4. Institutional capacity

### 3.3 Strategic Objectives

1. To develop and review principles, criteria and policies for fiscal decentralisation;
2. To develop and review policies and principles for equitable revenue sharing;
3. To develop principles and policies for sharing the Equalization Fund;
4. To develop a legislative and institutional framework;
5. To develop knowledge, systems and structures to support counties for the effective roll out of devolved governments;
6. To develop and implement an oversight framework for prudent financial management at both levels of government;
7. To support intergovernmental relations in financial management;
8. To develop innovative approaches for revenue enhancement;
9. To develop structures for increased efficiency and operational effectiveness;
10. To attract, develop and retain competent staff;
11. To develop and implement service delivery systems and infrastructure, policies and procedures;
12. To develop and implement appropriate ICT solutions;
13. To set up and maintain a resource centre;
14. To develop and maintain a positive corporate image.

### 3.4 Strategy Matrix

<table>
<thead>
<tr>
<th>KEY RESULT AREA</th>
<th>STRATEGIC OBJECTIVE</th>
<th>STRATEGIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KRA 1: DEVOLVED Fiscal Systems</strong></td>
<td>1. To develop and review principles, criteria and policies for fiscal decentralisation</td>
<td> Promote better understanding of the principles, criteria and the policies for fiscal decentralisation framework</td>
</tr>
<tr>
<td></td>
<td></td>
<td> Collaborate with and influence outcomes of institutions that handle macro-economic issues e.g. KIPPRA, KRA, the Treasury, Central Bank, KNBS.</td>
</tr>
<tr>
<td></td>
<td></td>
<td> Conduct research on devolution and</td>
</tr>
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</table>

...
<table>
<thead>
<tr>
<th>KEY RESULT AREA</th>
<th>STRATEGIC OBJECTIVE</th>
<th>STRATEGIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>intergovernmental financial transfers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Build a CRA model for policy simulations and forecasting</td>
<td></td>
</tr>
<tr>
<td>2. To develop and review policies and principles for equitable revenue sharing</td>
<td>• Develop vertical and horizontal revenue-sharing formula</td>
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<td></td>
<td>• Support development of money Bills</td>
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<td></td>
<td>• Advise on the equitable sharing of benefits accruing from natural resources</td>
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<tr>
<td>3. To develop principles and policies for sharing the Equalisation Fund</td>
<td>• Development of policy on marginalisation</td>
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<td></td>
<td>• Set out criteria for identifying marginalised areas</td>
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<tr>
<td>4. To develop a legislative and institutional framework</td>
<td>• Review and champion the legislation on fiscal decentralisation</td>
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<td></td>
<td>• Develop instruments to ensure institutional frameworks are in place</td>
<td></td>
</tr>
<tr>
<td>5. To develop knowledge, systems and structures to support counties for the effective roll out of devolved governments</td>
<td>• Structure engagement with county governments</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Develop an integrated, reliable and consistent database at both national and county government levels</td>
<td></td>
</tr>
<tr>
<td>KRA 2: PUBLIC FINANCIAL MANAGEMENT</td>
<td>1. To develop and implement an oversight framework for prudent financial management at both levels of government</td>
<td>• Promote understanding of the public financial management framework</td>
</tr>
<tr>
<td></td>
<td>• Develop CRA structures for handling PFM report submissions by both levels of government</td>
<td></td>
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<tr>
<td></td>
<td>• Develop criteria for determining fiscal responsibility of counties</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Establish performance standards and incentives</td>
<td></td>
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<tr>
<td></td>
<td>• Promote awareness and the use of the fiscal responsibility monitoring framework</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Oversight of county funds disbursement</td>
<td></td>
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<tr>
<td>KEY RESULT AREA</td>
<td>STRATEGIC OBJECTIVE</td>
<td>STRATEGIES</td>
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<td>------------</td>
</tr>
<tr>
<td>KRA 3: REVENUE ENHANCEMENT</td>
<td>1. To develop innovative approaches for revenue enhancement</td>
<td>• Map out sources of revenue for both levels of government</td>
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<tr>
<td></td>
<td></td>
<td>• Facilitate county governments to set up policy and legislative frameworks on their revenue-raising measures</td>
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<tr>
<td></td>
<td></td>
<td>• Support the mapping and exploitation of natural resources</td>
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<td></td>
<td></td>
<td>• Make recommendations on revamping the national debt strategy</td>
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<tr>
<td></td>
<td></td>
<td>• Identify and make recommendations on tax leakages and inefficiencies of the national government in its taxation regime</td>
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<tr>
<td></td>
<td>2. To develop structures for increased efficiency and operational effectiveness</td>
<td>• Reduce duplication in government departments and agencies</td>
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<td></td>
<td></td>
<td>• Promote PPPs and inter-county coordination in project planning</td>
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<td></td>
<td></td>
<td>• Develop structured engagement with stakeholders</td>
</tr>
<tr>
<td>KRA 4: INSTITUTIONAL CAPACITY</td>
<td>1. To attract, develop and retain competent staff</td>
<td>• Develop and implement appropriate HR policies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Performance management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Staff training and career development</td>
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<td></td>
<td></td>
<td>• Staff motivation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Safe and conducive work environment</td>
</tr>
<tr>
<td></td>
<td>2. To develop and implement service delivery systems and infrastructure, policies and procedures</td>
<td>• Develop and maintain internal and external reporting standards</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Establish service level agreements for both internal and external customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Develop risk management systems</td>
</tr>
</tbody>
</table>
| | | • Regular assessment of adherence to
<table>
<thead>
<tr>
<th>KEY RESULT AREA</th>
<th>STRATEGIC OBJECTIVE</th>
<th>STRATEGIES</th>
</tr>
</thead>
</table>
| 3.              | To develop and implement appropriate ICT solutions | • Deploy appropriate ICT infrastructure and systems  
• Information, data and report management strategies  
• Business continuity and disaster recovery  
• Information system and infrastructure security  
• Information management and sharing |
| 4.              | To develop and maintain a positive corporate image | • Promote good governance  
• Develop performance organisational culture  
• Structured engagement with stakeholders  
• Engage stakeholders(internal) |
| 5.              | To set up and maintain a resource centre | • Establish a resource centre |
CHAPTER FOUR

INSTITUTIONAL CAPACITY AND RESOURCE MOBILISATION

4.0 Introduction

The success of any organisation is highly dependent on the quality of its human resource. The Commission will develop a capacity building strategy that will ensure optimal staffing and retention of a qualified and motivated workforce through conducting workload analysis, training needs assessment, capacity need assessment and employee satisfaction surveys. This will improve staff performance and ensure the availability of adequate resources and infrastructure.

4.1 Staffing Levels and Organisational Structure

Projected staff establishment

<table>
<thead>
<tr>
<th>Designation</th>
<th>Current Staff Levels</th>
<th>Proposed Staff Levels</th>
<th>To be recruited</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Commissioners</td>
<td>9</td>
<td>9</td>
<td>Nil</td>
</tr>
<tr>
<td>2. Commission Secretary</td>
<td>1</td>
<td>1</td>
<td>Nil</td>
</tr>
<tr>
<td>3. Directors</td>
<td>6</td>
<td>6</td>
<td>Nil</td>
</tr>
<tr>
<td>4. Professional Staff - Managers</td>
<td>3</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>6. Technical Staff - Officers</td>
<td>4</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>7. Assistants</td>
<td>10</td>
<td>17</td>
<td>7</td>
</tr>
<tr>
<td>8. Support Staff</td>
<td>13</td>
<td>16</td>
<td>3</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>46</strong></td>
<td><strong>72</strong></td>
<td><strong>26</strong></td>
</tr>
</tbody>
</table>

4.2 Members of the Commission

The Commission consists of nine (9) persons:

i. A Chairperson who shall be nominated by the President and approved by the National Assembly;

ii. Two (2) persons, nominated by the political parties represented in the National Assembly according to their proportion of members in the Assembly;

iii. Five (5) persons nominated by the political parties represented in the Senate according to their proportion of members in the Senate; and

iv. The Principal Secretary in the Ministry responsible for finance.

All appointments may not exceed a period of six (6) years and the Commissioners are not eligible for reappointment. The current Commissioners are full-time members of the Commission and are responsible for the Commission’s constitutional mandates.
4.3 The Commission Secretariat

The Commission Secretariat is headed by the Chief Executive Officer/Commission Secretary whose core functions are as follows:

1. To oversee the day to day financial and administrative management of the Commission;
2. To provide the requisite leadership in ensuring the implementation of the Commission’s vision and mission and the Strategic Plan; and
3. To oversee the preparation of the Commission’s annual plans, estimates and reports.

The Secretariat comprises the following six directorates:

1. The Research and Policy Directorate

The functions of the research and policy directorate include: conducting research and policy analysis and offer advice on various issues pertinent to the Commission’s mandate, engaging other stakeholders within and outside the government to improve on data and research, putting in place systems for a modern research and policy.

2. The County Fiscal Affairs Directorate

The function of this directorate is to position the counties for the effective roll out of devolved government, build CRA’s knowledge base on counties, clarify and cost functions at the two levels of government, support the development of devolution structures, systems and role clarification, define and enhance revenue sources.

3. The Legal Affairs Directorate

This directorate scans the environment for any legislation that touches on the mandate of the CRA, such as those on public finance and those that affect revenue generation and enhancement for the national and county governments. This is to ensure their adherence to constitutional principles.

Other functions include preparing working papers and advisory opinions not only on draft bills but also on other constitutional questions relating to CRA’s mandate and also to work with other stakeholders to ensure significant and high quality development of all the devolution Bills.

4. The Communications Directorate

The function of this directorate is to manage internal and external communications. Other functions include managing feedback, media/public relations, updating the website building, and maintaining the organisation’s brand.

5. The ICT Directorate

The function of the ICT directorate is to set up and maintain ICT support structures within the Commission and to advise the Commission on the current trends and best practices within the ICT industry.
The Corporate Services Directorate

The functions of this directorate are human resource management, finance and accounting as well as general administration. These include setting up of the organisational structure, developing skills requirements and job descriptions, recruitment, training and staff benefits. Others are financial management implementation of internal controls and financial reporting.

4.4 Organisational Structure

A well-designed organisational structure is important to the delivery of quality services in an efficient and cost-effective manner. The structure focuses on the core business as articulated in the CRA mandate and strategy. It further recognises the key support functions to the core business and the facilitation of efficient management of information and communication for decision-making. The structure, therefore, ensures an effective delegation and control of management processes.
4.4 Resource Mobilisation and Utilisation

Resource mobilisation is critical to the implementation of this Strategic Plan. Estimates of the resources required to implement the Plan have been provided after costing activities. The budgetary provisions have been projected over the Strategic Plan period. A summary of the projected resource requirements for the Plan period is provided below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>P. E. and Related expenses for CRA members and staff</td>
<td>108</td>
<td>139</td>
<td>146</td>
<td>393</td>
</tr>
<tr>
<td>Maintenance, Operation</td>
<td>179</td>
<td>215</td>
<td>215</td>
<td>609</td>
</tr>
<tr>
<td>Strategy implementation</td>
<td>152</td>
<td>265</td>
<td>270</td>
<td>687</td>
</tr>
<tr>
<td><strong>Gross Resource Requirement</strong></td>
<td>439</td>
<td>619</td>
<td>631</td>
<td>1689</td>
</tr>
<tr>
<td><strong>Exchequer Budgetary Allocations</strong></td>
<td>371</td>
<td>459</td>
<td>466</td>
<td>1296</td>
</tr>
<tr>
<td><strong>Resource Gap(s)</strong></td>
<td>68</td>
<td>160</td>
<td>165</td>
<td>392</td>
</tr>
</tbody>
</table>

4.5 Assumptions

As a constitutional entity, the activities of the Commission are funded principally by allocations from the consolidated fund. Consequently, any event/activity that negatively affects tax revenue or creates unexpected public expenditure by the national government is likely to lead to a government-wide expenditure reduction initiative. This will affect the smooth implementation of this Strategic Plan. In view of this, the implementation of the Commission’s strategic objectives and activities in this Strategic Plan is premised on the following assumptions:

- The devolution process will proceed smoothly;

Consequently, the Commission will have adequate financial resources from the exchequer for smooth implementation of the Strategic Plan without any need for major budget cuts on core activities.
CHAPTER FIVE

IMPLEMENTATION AND COORDINATION

5.0 Introduction

Independence and technical expertise should be the hallmarks of the CRA’s approach. In discharging its functions, CRA will consult widely, carry out research, review information, solicit expert opinions, adhere to legislative requirements and lobby for recommendations to be adopted and implemented. All this will be done while upholding the highest levels of governance and integrity and all decisions will be arrived at during regular scheduled Board meetings with technical support from the Secretariat and other partners.

The key to the successful implementation of a Strategic Plan is the efficient mobilisation of resources and their timely deployment, accountability, effective monitoring and evaluation of the entire process. The Commission shall do the following, before, during and after the Plan’s implementation.

5.1 Before Implementation

a) Communicate the Plan effectively to all staff and other stakeholders to ensure clarity of vision and purpose for successful implementation;
b) Assign roles and responsibilities to different players necessary for successful implementation;
c) Mobilise resources and allocate them in a timely manner and in accordance with priority activities as stipulated in the Plan;
d) Ensure departmental annual work plans and individual action plans are tied to budget provisions;
e) Develop and communicate annual work plans for departments, sections and individuals in line with the Strategic Plan;
f) Build staff capacity to implement the strategies;
g) Develop the monitoring, evaluation and reporting mechanism to be used throughout the implementation period;
h) Discuss and agree with staff on performance targets.

5.2 During Implementation

a) Hold regular monitoring meetings in which each Director shall present a status report on the implementation of their annual plans, highlighting quantifiable achievements, challenges, lessons learnt and suggestions for continuous improvement. The report will indicate the extent to which the implementation is achieving the overall objectives of the Commission’s Strategic Plan;
b) Review the strategy implementation annually and revise the strategies appropriately;
c) Develop rolling annual work plans to avoid vacancies throughout the Plan period. The annual work planning will be completed by June of every year;
d) Carry out annual customer and employee satisfaction and work environment surveys and communicate findings to all stakeholders;
e) Share monitoring and review information with staff and other key actors in the implementation.

In carrying out the management control functions of strategy implementation, Directors shall ensure performance targets and standards are achieved as provided for in the implementation matrix, operational plans and individual action plans. The focus will be on ensuring that achievements are as forecasted in the Strategic Plan, or to exceed.

5.3 Post Implementation

The Directors shall carry out comprehensive reviews of the strategy implementation process and objectively draw out the lessons learnt to inform the next cycle of planning and share the results of the review with all internal stakeholders. The overall responsibility of overseeing and managing the monitoring and evaluation of the Plan implementation lies with the Chief Executive Officer/Commission Secretary.

5.4 Risk Management

The Commission recognises that the implementation of this Plan is dependent on the ability to withstand the identified risks. During the Plan period, management will endeavour to mitigate against identified risks to the extent possible. The following risks have been identified:

5.4.1 Risk Analysis

<table>
<thead>
<tr>
<th>RISK FACTOR</th>
<th>RATING</th>
<th>MITIGATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The demand for CRA advice may outstrip CRA’s capacity and available resources, leading to non-delivery or poor quality advice.</td>
<td>High</td>
<td>Manage expectations of its stakeholders about what it can realistically deliver on.</td>
</tr>
<tr>
<td>b) The compliance environment is complex and yet untested (involving many laws, some of which are not clear). CRA may be subsequently judged to have acted “illegally” in providing advice.</td>
<td>Medium</td>
<td>Exercise particular care to act within its legal mandate and follow proper decision-making processes.</td>
</tr>
<tr>
<td>c) Loss of credibility if the data CRA uses is found to have been compromised.</td>
<td>High</td>
<td>ICT and quality assurance systems to protect data loss, corruption, manipulation and inaccuracy. Work closely with KNBS.</td>
</tr>
<tr>
<td>d) Unanticipated adverse consequences of CRA advice on redistribution among counties may also lead to a loss of credibility.</td>
<td>High</td>
<td>Evaluate the likely fiscal consequences of the level of redistribution it has recommended.</td>
</tr>
<tr>
<td>e) CRA’s recommendations may be ignored, rendering the institution irrelevant.</td>
<td>Medium</td>
<td>CRA to engage with its political stakeholders in a way that encourages them to accept CRA’s</td>
</tr>
<tr>
<td>RISK FACTOR</td>
<td>RATING</td>
<td>MITIGATION</td>
</tr>
<tr>
<td>-------------</td>
<td>--------</td>
<td>------------</td>
</tr>
<tr>
<td>f) Annual recommendations on vertical sharing may be ignored if they are fiscally too difficult to achieve. Parliament may lack the capacity to redraft the budget to follow CRA's recommendations.</td>
<td>Medium</td>
<td>CRA recommendations on vertical sharing should focus not just on the proposed numbers but on how this recommendation can be implemented within the available fiscal envelope.</td>
</tr>
<tr>
<td>g) Decisions on the sharing of conditional grants may undermine the redistributive impact of the horizontal-sharing formula.</td>
<td>Medium</td>
<td>Focus on assessing the redistributive impact of the whole intergovernmental financial system.</td>
</tr>
<tr>
<td>h) Intergovernmental financing issues are complex and susceptible to being poorly understood.</td>
<td>Medium</td>
<td>CRA to ensure its analysis and recommendations can be understood by ordinary Kenyans.</td>
</tr>
</tbody>
</table>
CHAPTER SIX

MONITORING, EVALUATION AND REPORTING

6.0 Introduction

The Commissioners have the overall responsibility for the implementation of the Strategic Plan. However, this is delegated to the Secretariat. Each Director has the responsibility to monitor and track each operational strategy allocated to him/her. Each respective directorate will prepare and admit annual action plans, which will be consolidated into corporate annual business plans that subsequently translate into the Commission’s annual budget framework.

6.1 Frequency of Monitoring and Evaluation

The frequency of monitoring strategic goals will be done on a quarterly basis with the operational objectives being reviewed monthly. The overall Strategic Plan review will be on an annual basis.

6.2 Reporting

There shall be monthly status reports emanating from the Directors to the Secretary to the Commission on progress (or lack thereof) towards achievement of the specified objectives with recommendations as well as exception reports. The monthly status reports will then be collated to quarterly status reports for the Commissioners’ review and action. This will be done in conjunction with other reports/recommendations due to Parliament.

6.3 Strategic Adjustments

The Strategic Plan is a guideline not a strict roadmap that must be followed. There may arise the need to deviate from or realign the Plan, based on the results of the monitoring and evaluation status reports and prevailing circumstances, e.g. changes in the external environment resulting in different organisational goals, lack of financial resources to carry out the initial Plan amongst others.

Any deviations or alterations to the Plan must be informed through status reports and measurable changes in prevailing circumstances, the deviations or alterations should aim to achieve objectives that meet the “SMART” criteria and should be within the available resources. The deviations and/or alterations must be approved by the Commissioners.

6.4 Linking Monitoring and Evaluation to Performance Management

Performance evaluation will be carried out through Key Performance Indicators (KPI). The monitoring will also be both formative (taking place during the Strategic period with the aim...
of improving the Strategic Plan) and summative [drawing and implementing lessons from strategic objectives already achieved (or not achieved)].

The evaluation will focus on the following:

1. Efficiency (input versus output);
2. Effectiveness (measure of extent to which an activity/operational objective fulfils/achieves the Strategic Plan) and;
3. Impact (where or not the strategic goal achieved made a difference to the problem situation it was meant to solve).
## APPENDICES

### APPENDIX I: IMPLEMENTATION MATRIX

<table>
<thead>
<tr>
<th>KRA 1: Devolved Fiscal Systems and Transfers</th>
<th>STRATEGIC OBJECTIVE 1: To develop and review principles, criteria and policies for fiscal decentralisation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>STRATEGY</td>
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<td></td>
<td>Promote better understanding of the principles, criteria and the policies for fiscal decentralisation framework</td>
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<tr>
<td></td>
<td>Peer to peer learning</td>
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<td></td>
<td>Collaborate with and influence outcomes of institutions that handle macroeconomic issues e.g. KIPPPA, KRA, Treasury, Central Bank, KNBS.</td>
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<tr>
<td>Decentralisation</td>
<td>Conduct research</td>
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<td></td>
<td>Develop a research policy for the Commission</td>
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</tbody>
</table>
# KRA 1: Devolved Fiscal Systems and Transfers

**STRATEGIC OBJECTIVE 2**: To develop and review policies and principles for equitable revenue sharing

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>ACTIVITY</th>
<th>OUTPUT</th>
<th>PERFORM. INDIC.</th>
<th>TIME FRAME/ALLOCATION IN MILLIONS</th>
<th>RESP. PERSON</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>Develop vertical and horizontal-sharing formula</td>
<td>Conduct desk research</td>
<td>Research papers</td>
<td>Timely completion, Approval</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop methodology for collecting data – primary and secondary</td>
<td></td>
<td>Research instruments, Identification of data sources</td>
<td>Documentat ion, Approval</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collect, collate and analyse required data</td>
<td></td>
<td>Creation of a formula-related database, Report of findings</td>
<td>Proposal on parameters weights, Draft allocation of revenue sharing</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Engage the public on proposed weights and allocations</td>
<td></td>
<td>Review of the proposed formula</td>
<td>Commissione rs, Approval</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Compile and submit recommendations to the Senate</td>
<td></td>
<td>Report on revenue sharing</td>
<td>Timeliness, Approval</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support development of money Bills</td>
<td>Engagement with Treasury on the development of</td>
<td>Money Bills consistent with constitutional</td>
<td>No. of meetings/engagements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>money Bills</td>
<td>principles</td>
<td>held</td>
<td>Director – Legal Affairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>-----------------------------</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Make recommendations to Treasury and Parliament on the Division of Revenue Bill, County Allocation of Revenue Bill and any other money Bills</td>
<td>No. of recommendations made</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Advise on the equitable sharing of benefits accruing from natural resources | Make recommendations on laws and policies touching on the sharing of benefits from natural resources | Natural resources equitably shared | Director – Legal Affairs |
| Make specific recommendations on the sharing of specific natural resources | No. of recommendations made |                                   |                          |

| **KRA 1: Devolved Fiscal Systems and Transfers** |
| **STRATEGIC OBJECTIVE 3:** To develop principles and policies for sharing the Equalisation Fund |

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>ACTIVITY</th>
<th>OUTPUT</th>
<th>PERFORM. INDIC.</th>
<th>TIME FRAME/ALLOCATION IN MILLIONS</th>
<th>RESP. PERSON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of policy on marginalisation</td>
<td>Conduct research for identifying marginalised areas,</td>
<td>Report,</td>
<td>Approval,</td>
<td>2013 2014 2015</td>
<td>Director – Research and Policy</td>
</tr>
</tbody>
</table>

Commission on Revenue Allocation 2013-2015 Strategic Plan 36
<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>ACTIVITY</th>
<th>OUTPUT</th>
<th>PERFORM. INDIC.</th>
<th>TIME FRAME/ALLOCATION IN MILLIONS</th>
<th>RESP. PERSON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review and champion the legislation on fiscal decentralisation</td>
<td>Review/ contribute/ interpret legislation on fiscal decentralisation</td>
<td>Legal briefs and opinions, Attending roundtables</td>
<td>No. of briefs, No. of roundtables attended, Published laws</td>
<td></td>
<td>Director – Legal Affairs</td>
</tr>
<tr>
<td>Enhance public awareness on legislation touching on fiscal decentralisation</td>
<td>Forums, CRA publications and interviews</td>
<td>No. of forums, No. of publications, No. of interviews</td>
<td></td>
<td>Director – Communications</td>
<td></td>
</tr>
<tr>
<td>Develop instruments to ensure institutional frameworks are in place</td>
<td>Use these instruments to monitor institutional frameworks in place</td>
<td>Instruments to monitor institutional frameworks</td>
<td>No. of instruments, Reports, Legislation</td>
<td></td>
<td>Director - County Fiscal Affairs</td>
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</tbody>
</table>
### KRA 1: Devolved Fiscal Systems and Transfers

**STRATEGIC OBJECTIVE 5:** To develop knowledge, systems and structures to support counties for the effective roll out of devolved governments

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>ACTIVITY</th>
<th>OUTPUT</th>
<th>PERFORM. INDIC.</th>
<th>TIME FRAME/ALLOCATIO N IN MILLIONS</th>
<th>RESP. PERSON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structured engagement with county governments</td>
<td>County visits</td>
<td>County engagements with governors, county assemblies</td>
<td>No. of county visits, No. of meetings</td>
<td>2013: 32</td>
<td>2014: 15.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2015: 32.5</td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td>Enhance public knowledge on counties and devolved government</td>
<td>Enhanced public knowledge on counties and devolved government</td>
<td>No. of county profiles disseminated and published</td>
<td></td>
<td>2013: 25</td>
<td>2014: 25</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2015: 25</td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td>Build institutional capacity on devolved government</td>
<td>Baseline survey, training needs assessments</td>
<td>No. of staff trained</td>
<td></td>
<td></td>
<td>Director – Corporate Services</td>
</tr>
<tr>
<td>Clarify/ support and cost the functions at two levels of government</td>
<td>Functions clarified and costed</td>
<td>No. of functions budgeted for</td>
<td></td>
<td></td>
<td>Director – Fiscal Affairs</td>
</tr>
<tr>
<td>Semiannual forum with the Senate</td>
<td>Two forums held</td>
<td>Report, Participant list</td>
<td>2013: 9</td>
<td>2014: 11</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>2015: 10</td>
<td>CEO</td>
<td></td>
</tr>
<tr>
<td>Develop an integrated, reliable and consistent database at both national and county government levels</td>
<td>Build a statistical database</td>
<td>Database built</td>
<td>Define data needs, Data collected and collated, Subscriptions</td>
<td>2013: 15</td>
<td>2014: 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2015: 5</td>
<td>Director – Research &amp; Policy</td>
</tr>
<tr>
<td></td>
<td>Develop and implement standard memorandum documents that inform working</td>
<td>Memorandums signed, resolution passed</td>
<td>No. of memorandums signed, No. of resolutions passed</td>
<td></td>
<td>Director County Fiscal Affairs</td>
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<tr>
<td>STRATEGY</td>
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<td>OUTPUT</td>
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<td>TIME FRAME/ALLOCATION IN MILLIONS</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td><strong>KRA 2: Public Financial Management</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>STRATEGIC OBJECTIVE 1:</strong> To develop and implement an oversight framework for prudent financial management at both levels of government</td>
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<td><strong>ACTIVITY</strong></td>
<td><strong>OUTPUT</strong></td>
<td><strong>PERFORM. INDIC.</strong></td>
<td><strong>TIME FRAME/ALLOCATION IN MILLIONS</strong></td>
<td><strong>RESP. PERSON</strong></td>
</tr>
<tr>
<td><strong>Promote understanding of the public financial management framework</strong></td>
<td>Develop and disseminate Frequently Asked Questions (FAQs) List on PFM institutions and their roles</td>
<td>FAQ</td>
<td>Number of FAQs developed</td>
<td><strong>1</strong></td>
<td>Director – Legal Affairs</td>
</tr>
<tr>
<td><strong>Develop CRA structures for handling PFM report submissions by both levels of government</strong></td>
<td>Compliance with the CRA role under the PFM laws</td>
<td>Tabulation of the CRA role</td>
<td>Timely submission of reports</td>
<td></td>
<td>Director – Legal Affairs</td>
</tr>
<tr>
<td></td>
<td>Develop a framework for the receipt and analysis of PFM reports</td>
<td>Database</td>
<td>Functional database</td>
<td><strong>2.5</strong></td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td></td>
<td>Establish follow up and feedback mechanism for delinquent reports</td>
<td>Database</td>
<td>Functional follow up mechanism</td>
<td><strong>0.3</strong></td>
<td><strong>0.3</strong></td>
</tr>
<tr>
<td></td>
<td>Develop criteria for determining fiscal responsibility</td>
<td>Fiscal responsibility measurement tool</td>
<td>Adoption of criteria for the</td>
<td><strong>1.5</strong></td>
<td><strong>0.5</strong></td>
</tr>
</tbody>
</table>
### STRATEGIC OBJECTIVE 1: To develop and implement an oversight framework for prudent financial management at both levels of government

<table>
<thead>
<tr>
<th>STRATEGY</th>
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<th>RESP. PERSON</th>
</tr>
</thead>
<tbody>
<tr>
<td>counties</td>
<td>Disseminate criteria</td>
<td>Dissemination meetings and workshops</td>
<td>No. of dissemination events and participants reached</td>
<td>2</td>
<td>Director – Communications</td>
</tr>
<tr>
<td>Establish performance standards and incentives</td>
<td>Develop manuals and reference materials for criteria application</td>
<td>Manuals developed</td>
<td>No. of manuals developed</td>
<td>1.4 1.8 0.8</td>
<td>Director – County Fiscal Affairs</td>
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<tr>
<td></td>
<td>Develop an incentive scheme on fiscal responsibility</td>
<td>Reward scheme developed</td>
<td>Reward scheme adopted</td>
<td></td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td></td>
<td>Reward counties on fiscal responsibility</td>
<td>Reward scheme established</td>
<td>No. of counties rewarded</td>
<td>1</td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td>Promote awareness and the use of the fiscal responsibility monitoring framework</td>
<td>Monitor county fiscal responsibility</td>
<td>Monitoring reports on FR</td>
<td>No. of reports on FR</td>
<td></td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td></td>
<td>Ranking counties on fiscal responsibility</td>
<td>Ranking criteria</td>
<td>Counties ranked</td>
<td></td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td></td>
<td>Publish county ranking report of fiscal responsibility</td>
<td>Report</td>
<td>No. of county</td>
<td>1 1</td>
<td>Director – Communications</td>
</tr>
<tr>
<td></td>
<td>Disseminate county ranking report of fiscal responsibility</td>
<td>Dissemination forums</td>
<td>No. of dissemination forums</td>
<td>1 1</td>
<td>Director – Communications</td>
</tr>
<tr>
<td>Oversight on county funds’</td>
<td>Develop monitoring framework for</td>
<td>Monitoring framework</td>
<td>No. of reports</td>
<td></td>
<td>Director – County Fiscal Affairs</td>
</tr>
</tbody>
</table>
## KRA 2: Public Financial Management

### STRATEGIC OBJECTIVE 1: To develop and implement an oversight framework for prudent financial management at both levels of government

<table>
<thead>
<tr>
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<th>ACTIVITY</th>
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</thead>
<tbody>
<tr>
<td>disbursements</td>
<td>county funds disbursement</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Implement monitoring framework for county fund disbursement</td>
<td>Monitoring framework implemented</td>
<td>Approval of framework</td>
<td></td>
<td></td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td>Encourage/support timely funds disbursement</td>
<td>Report on timely disbursements</td>
<td>No. of reports without exceptions</td>
<td></td>
<td></td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td>Support the formulation of integrated development plans for both national and county governments</td>
<td>Actively participate in the formulation of IDPs</td>
<td>Forums attended</td>
<td>No. of forums attended</td>
<td>2.8</td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td>Make appropriate recommendations</td>
<td>Recommendations made</td>
<td>No. of recommendation reports</td>
<td></td>
<td></td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td>Identify, analyse and review PFM processes that require public participation</td>
<td>Report</td>
<td>No. and nature of additional public participation opportunities identified</td>
<td></td>
<td>3</td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td>Obtain and analyse project monitoring and evaluation reports and make recommendations</td>
<td>Analysed reports and recommendations made</td>
<td>No. of reports</td>
<td></td>
<td>4</td>
<td>Director – County Fiscal Affairs</td>
</tr>
</tbody>
</table>
### KRA 2: Public Financial Management

#### STRATEGIC OBJECTIVE 1: To develop and implement an oversight framework for prudent financial management at both levels of government

<table>
<thead>
<tr>
<th>STRATEGY</th>
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<th>RESP. PERSON</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Define ICT systems to support effective public finance management</td>
<td><strong>Support IFMIS roll out to county governments</strong>&lt;br&gt;<strong>Trainings conducted</strong>&lt;br&gt;<strong>Counties connected</strong></td>
<td><strong>No. of forums attended</strong>&lt;br&gt;<strong>No. of staff trained</strong>&lt;br&gt;<strong>No. of counties connected to IFMIS</strong></td>
<td>2013 2014 2015</td>
<td>Director - ICT</td>
</tr>
<tr>
<td></td>
<td>Integrate IFMIS with other existing platforms</td>
<td><strong>Forums attended</strong>&lt;br&gt;<strong>Platforms integrated</strong></td>
<td><strong>No. of platforms integrated to IFMIS</strong>&lt;br&gt;<strong>No. of counties using IFMIS</strong></td>
<td></td>
<td>Director - ICT</td>
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</tbody>
</table>

#### KRA 2: Public Financial Management

#### STRATEGIC OBJECTIVE 2: To support intergovernmental relations in financial management

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>ACTIVITY</th>
<th>OUTPUT</th>
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<th>TIME FRAME/ALLOCATION IN MILLIONS</th>
<th>RESP. PERSON</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Facilitate planning, prioritisation of activities and budgeting for both levels of government</td>
<td><strong>Participate in the development of the Budget Review and Outlook Paper (BROP)</strong>&lt;br&gt;<strong>Meetings, Reports</strong></td>
<td><strong>Approval by parliament</strong>&lt;br&gt;<strong>No. of meetings attended</strong></td>
<td>2013 2014 2015</td>
<td>Director – Research and Policy&lt;br&gt;Director – County Fiscal Affairs</td>
</tr>
</tbody>
</table>
### KRA 2: Public Financial Management

**STRATEGIC OBJECTIVE 1:** To develop and implement an oversight framework for prudent financial management at both levels of government

<table>
<thead>
<tr>
<th>STRATEGY</th>
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<th>RESP. PERSON</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reports prepared</td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>Participate in the development of County Integrated Development Plans</td>
<td>County Integrated Development Plans</td>
<td>Approved by County Assemblies</td>
<td>2</td>
<td>1</td>
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<tr>
<td></td>
<td>Participate in the budget policy statement for NG and County Fiscal Strategy Paper</td>
<td>Meetings, Reports</td>
<td>No. of meetings, reports</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Promote harmonisation of financial management reporting and inter-county learning</td>
<td>Review and standardise reporting formats</td>
<td>Easy to use reporting formats</td>
<td>No. of reporting formats reviewed or standardised</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Establish financial management reporting help lines</td>
<td>Identify and retain financial management consultants</td>
<td>No. of times financial management consultants contracted</td>
<td>2</td>
<td>2</td>
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<tr>
<td></td>
<td>Identify financial management reporting centres of excellence</td>
<td>Centres of excellence.</td>
<td>No. of centres of excellence identified</td>
<td>0.3</td>
<td>0.2</td>
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<td></td>
<td>Establish intra-county PFM forum</td>
<td>County PFM forum</td>
<td>No. of issues raised and addressed by the forum</td>
<td></td>
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</tr>
<tr>
<td>Interrogate and Review the national reports on national</td>
<td>Reports on national</td>
<td>No. of reports</td>
<td>1</td>
<td>0.5</td>
<td>.5</td>
</tr>
</tbody>
</table>
### KRA 2: Public Financial Management

**STRATEGIC OBJECTIVE 1:** To develop and implement an oversight framework for prudent financial management at both levels of government

<table>
<thead>
<tr>
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<th>TIME FRAME/ALLOCATION IN MILLIONS</th>
<th>RESP. PERSON</th>
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</thead>
<tbody>
<tr>
<td>make recommendations on the debt management strategy for both national and county debt management</td>
<td>debt inventory</td>
<td>debt</td>
<td></td>
<td></td>
<td>Policy</td>
</tr>
<tr>
<td></td>
<td>Review legal provisions to ensure equitable guarantees to county government</td>
<td>Reports on guarantees</td>
<td>No. of reports</td>
<td></td>
<td>Director – Legal Affairs</td>
</tr>
<tr>
<td></td>
<td>Monitor debt levels at all levels of government</td>
<td>Reports on debt levels</td>
<td></td>
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<td>Director – Research and Policy</td>
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<tr>
<td></td>
<td>Make recommendations on debt sustainability</td>
<td>Reports/Recommendations</td>
<td>No. of recommendations made and adopted</td>
<td></td>
<td>Director – Research and Policy</td>
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</tbody>
</table>

### KRA 3: Revenue Enhancement

**STRATEGIC OBJECTIVE 1:** To develop innovative approaches for revenue enhancement

<table>
<thead>
<tr>
<th>STRATEGY</th>
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<th>TIME FRAME/ALLOCATION IN MILLIONS</th>
<th>RESP. PERSON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Map out sources of revenue for both levels of government</td>
<td>Conduct a baseline survey on existing sources of revenue</td>
<td>Identification of existing sources of revenue</td>
<td>No. of surveys</td>
<td>2013, 2014, 2015</td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td></td>
<td>Compile and publicise existing sources of revenue</td>
<td>Reports</td>
<td>No. of reports</td>
<td></td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td></td>
<td>Publicise report</td>
<td>No. of publicity events</td>
<td></td>
<td></td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td></td>
<td>Perform county and national resource</td>
<td>Potential sources of revenue identified</td>
<td>No. of Surveys</td>
<td>2013, 2014, 2015</td>
<td>Director – County Fiscal Affairs</td>
</tr>
</tbody>
</table>
**STRATEGIC OBJECTIVE 1:** To develop and implement an oversight framework for prudent financial management at both levels of government

<table>
<thead>
<tr>
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<th>TIME FRAME/ALLOCATION IN MILLIONS</th>
<th>RESP. PERSON</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>potential surveys</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Document and publicise county and national potential source of revenue reports</td>
<td>Reports</td>
<td>No. of reports</td>
<td>10</td>
<td>Director - Communications</td>
</tr>
<tr>
<td></td>
<td>Publicise reports</td>
<td>No. of publicity events</td>
<td>2</td>
<td>Director - Communications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Identify and review existing laws and make recommendations</td>
<td>Working papers</td>
<td>No. of working papers drafted</td>
<td>2</td>
<td>Director – Legal Affairs</td>
</tr>
<tr>
<td></td>
<td>Facilitate county governments to set up policy and legislative frameworks on their revenue-raising measures</td>
<td>Develop a framework based on international best practices on sub-national revenue raising measures</td>
<td>Framework</td>
<td>No. of best practice review visits/studies</td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td></td>
<td>Dissemination of the framework and training of county government staff</td>
<td>Trained personnel</td>
<td>No. of people trained</td>
<td>1</td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No. of dissemination forums</td>
<td></td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td></td>
<td>Identify pilot counties and oversee implementation of the framework</td>
<td>Pilot counties</td>
<td>No. of pilot counties implementing the framework</td>
<td>1</td>
<td>Director – County Fiscal Affairs</td>
</tr>
<tr>
<td></td>
<td>Review framework</td>
<td>Revised framework</td>
<td>No. of</td>
<td>2.5</td>
<td>Director – County Fiscal Affairs</td>
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</tbody>
</table>
### KRA 2: Public Financial Management

**STRATEGIC OBJECTIVE 1**: To develop and implement an oversight framework for prudent financial management at both levels of government.

<table>
<thead>
<tr>
<th>STRATEGY</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>based on lessons learnt and replicate</td>
<td>revisions in framework</td>
<td></td>
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<tr>
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<td>No. of additional counties implementing framework</td>
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<td></td>
<td>Review legal enforcement structures</td>
<td>Enforcement structure</td>
<td>No. of enforcement options</td>
<td>2</td>
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<td></td>
<td>Promote knowledge and use of enforcement options</td>
<td>Additional revenue</td>
<td>Increase in revenue</td>
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</tr>
<tr>
<td></td>
<td>Promote tax morale through taxpayer education</td>
<td>Taxpayer education</td>
<td>No. of taxpayer education forums</td>
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</tr>
<tr>
<td></td>
<td>Support the mapping and exploitation of natural resources</td>
<td>Perform stakeholder mapping</td>
<td>Stakeholder universe</td>
<td>No. of stakeholders identified</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Facilitate national natural resources mapping</td>
<td>Natural resources map</td>
<td>No. of resources identified</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td></td>
<td>Obtain and evaluate existing agreements and concessions on natural resources</td>
<td>Universe of contracts and concessions, and their legality</td>
<td>No. of contracts and concessions</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Make recommendations on policies and laws on</td>
<td>Recommendations</td>
<td>No. of recommendations</td>
<td></td>
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</tbody>
</table>
## KRA 2: Public Financial Management

### STRATEGIC OBJECTIVE 1: To develop and implement an oversight framework for prudent financial management at both levels of government

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>ACTIVITY</th>
<th>OUTPUT</th>
<th>PERFORM. INDIC.</th>
<th>TIME FRAME/ALLOCATION IN MILLIONS</th>
<th>RESP. PERSON</th>
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<tr>
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</table>

### ACTIVITY
- **Natural resources in consultation with the public**

### STRATEGY
- **Make recommendations to revamp the national debt strategy**
  - **Benchmark debt burden against international standards**
  - **Review and make recommendations of sustainable debt levels**
  - **Conduct a survey to identify tax leakages and wastage in public spending**
  - **Make recommendations on how to address tax leakages**

### OUTPUT
- **Report**

### PERFORM. INDIC.
- **Number of benchmark countries**
- **No. of recommendations adopted**
- **No. of tax leakages and wastage in public spending identified**
- **No. of recommendations adopted**

### TIME FRAME/ALLOCATION IN MILLIONS
- **2013**
- **2014**
- **2015**

### RESPONSIBILITY PERSON
- **Director – Research and Policy**
- **Director – County Fiscal Affairs**

## KRA 3: Revenue Enhancement

### STRATEGIC OBJECTIVE 2: To develop structures for increased efficiency and operational effectiveness

<table>
<thead>
<tr>
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</table>

### ACTIVITY
- **Reduce duplication**

### STRATEGY
- **Review, analyse and identify tax leakages and wastage in public spending**

### OUTPUT
- **Report**

### PERFORM. INDIC.
- **No. of tax leakages and wastage in public spending identified**

### TIME FRAME/ALLOCATION IN MILLIONS
- **2013**
- **2014**
- **2015**

### RESPONSIBILITY PERSON
- **Director – County Fiscal Affairs**
### KRA 2: Public Financial Management

**STRATEGIC OBJECTIVE 1:** To develop and implement an oversight framework for prudent financial management at both levels of government

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</thead>
<tbody>
<tr>
<td>in government departments and government agencies</td>
<td>make recommendations on the number and level of parastatals by ministry</td>
<td>parastatals identified by ministry</td>
<td></td>
<td></td>
<td>Affairs</td>
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<tr>
<td>Promote PPPs and inter-county coordination in project planning</td>
<td>Review and make recommendations on the legal framework</td>
<td>Report</td>
<td>Structure in place</td>
<td></td>
<td>Director – Legal Affairs</td>
</tr>
<tr>
<td></td>
<td>Benchmark against international best practices</td>
<td>Report</td>
<td>No. on country reviews</td>
<td>2</td>
<td>1</td>
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<tr>
<td>Develop structured engagement with the stakeholders on revenue enhancement</td>
<td>Develop a framework for stakeholder engagement</td>
<td>Stakeholder engagement structure</td>
<td>Approved stakeholder engagement structure</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td>Revamp stakeholder involvement</td>
<td>Stakeholder involvement plan</td>
<td>No. of engagements</td>
<td>2.5</td>
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### KRA 4: Institutional Capacity

**STRATEGIC OBJECTIVE 1:** To attract, develop and retain competent staff

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>ACTIVITY</th>
<th>OUTPUT</th>
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<th>TIME FRAME/ALLOCATION IN MILLIONS</th>
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<tbody>
<tr>
<td>Develop and implement appropriate HR policies</td>
<td>Develop and review HR policy</td>
<td>Policy document</td>
<td>Approved /Circulated document</td>
<td>0.1</td>
<td>0.05</td>
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<td></td>
<td>Review of the existing organogram</td>
<td>Organogram</td>
<td>Approved Organogram</td>
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### KRA 2: Public Financial Management

#### STRATEGIC OBJECTIVE 1: To develop and implement an oversight framework for prudent financial management at both levels of government

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<tr>
<td></td>
<td>Recruitment of staff</td>
<td>Actual staff in place</td>
<td>Number of staff recruited</td>
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<tr>
<td>Performance management</td>
<td>Development of job descriptions</td>
<td>Job descriptions</td>
<td>Signed JDs for all staff</td>
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<tr>
<td></td>
<td>Develop appraisal tools and policies</td>
<td>Performance appraisal policies</td>
<td>Approved appraisal tools</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Undertake performance appraisal</td>
<td>Appraisal reports</td>
<td>No. of staff appraised</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Develop and implement a reward and sanction system</td>
<td>Reward and sanction system</td>
<td>No. of staff rewarded/sanctioned</td>
<td></td>
<td></td>
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<tr>
<td>Staff training and career development</td>
<td>Development of a training policy</td>
<td>Training policy</td>
<td>Approved policy</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Undertaking of a training needs assessment</td>
<td>Training plan</td>
<td>No. of trained staff</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategic</td>
<td>MoUs with</td>
<td>Number of</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### STRATEGIC OBJECTIVE 1: To develop and implement an oversight framework for prudent financial management at both levels of government

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<tr>
<td></td>
<td>partnerships with training institutions</td>
<td>Institutions</td>
<td>signed MoUs</td>
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<tr>
<td></td>
<td>Staff training</td>
<td>Staff trained</td>
<td>No. of staff trained</td>
<td>25 65 70</td>
<td>Director – Corporate Services</td>
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<tr>
<td>Staff motivation</td>
<td>Appropriate remuneration</td>
<td>Approved remuneration structure</td>
<td>Pay in line with standards</td>
<td>95 245 285</td>
<td>CEO</td>
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<tr>
<td>Policy on staff welfare activities</td>
<td>Policy</td>
<td>No. of staff welfare activities undertaken</td>
<td>2 6 7</td>
<td>Director – Corporate Services</td>
<td></td>
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<tr>
<td>Provision of other staff benefits</td>
<td>Staff benefits schemes</td>
<td>No. of active schemes in place</td>
<td>50 50</td>
<td>Director – Corporate Services</td>
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<tr>
<td>Safe and conducive work environment</td>
<td>Health and safety activities</td>
<td>Healthy and safe work environment</td>
<td>No. of H &amp; S initiatives undertaken</td>
<td>5.8 7.8 6.4</td>
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<tr>
<td>Repairs and maintenance</td>
<td>Well-maintained facilities</td>
<td>State of the facilities</td>
<td>7 9 4</td>
<td>Director – Corporate Services</td>
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<tr>
<td>Acquisition of modern working equipment</td>
<td>Modern working equipment</td>
<td>Adequacy of modern equipment</td>
<td>10 5 5</td>
<td>Director – Corporate Services</td>
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</table>
### KRA 4: Institutional Capacity

**STRATEGIC OBJECTIVE 2:** To develop and implement service delivery systems and infrastructure, policies and procedures

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>ACTIVITY</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Develop and maintain internal and external reporting standards</td>
<td>Implementation of internal controls</td>
<td>Internal controls in plan</td>
<td>Unqualified internal and external audit reports</td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>Preparation of management and financial reports</td>
<td>Reports</td>
<td>No. of appropriate reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Facilitation of the audit process</td>
<td>External audit reports</td>
<td>No. of reports in good time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establish service level agreements for both internal and external customers</td>
<td>Development and signing of service level agreements</td>
<td>Agreements in place</td>
<td>Service level improvement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop risk management systems</td>
<td>Undertake risk assessment</td>
<td>Risk matrix</td>
<td>Matrix</td>
<td>1.0</td>
<td>Director – Corporate Services</td>
</tr>
<tr>
<td>Regular assessment of adherence to the policy</td>
<td>Regular internal audit</td>
<td>Audit work plan</td>
<td>Internal audit reports</td>
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<tr>
<td>STRATEGY</td>
<td>ACTIVITY</td>
<td>OUTPUT</td>
<td>PERFORM. INDIC.</td>
<td>TIME FRAME/ ALLOCATION IN MILLIONS</td>
<td>RESP. PERSON</td>
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<td>----------</td>
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<td>----------------</td>
<td>-----------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Deploy appropriate ICT infrastructure and systems</td>
<td>Define ICT standards, policies &amp; procedures</td>
<td>Policies &amp; standards</td>
<td>Use of the ICT policies &amp; standards</td>
<td></td>
<td>Director - ICT</td>
</tr>
<tr>
<td></td>
<td>Conduct ICT needs assessment and develop equipment specifications</td>
<td>ICT procurement plan</td>
<td>Approved ICT procurement plan</td>
<td></td>
<td>Director - ICT</td>
</tr>
<tr>
<td>Preventative maintenance and support</td>
<td>Annual maintenance plan &amp; contracts</td>
<td>Preventative maintenance reports</td>
<td></td>
<td>1.0 0.5 0.5</td>
<td>Director - ICT</td>
</tr>
<tr>
<td>Software purchase, licensing &amp; upgrades</td>
<td>Purchased software &amp; licenses</td>
<td>Actual installations</td>
<td></td>
<td>2 2</td>
<td>Director - ICT</td>
</tr>
<tr>
<td>Network infrastructure upgrades &amp; internet bandwidth</td>
<td>Functional network infrastructure &amp; high speed reliable internet</td>
<td>Uptime and internet availability &amp; speed</td>
<td></td>
<td>0.2 0.2 0.2</td>
<td>Director - ICT</td>
</tr>
<tr>
<td>Tele-presence &amp; video conferencing solution</td>
<td>CRA Tele-presence system at CRA and both levels of government</td>
<td>Working system</td>
<td></td>
<td>22 8</td>
<td>Director - ICT</td>
</tr>
<tr>
<td>Information, data and report management strategies</td>
<td>Develop data management systems</td>
<td>Report</td>
<td>No. of reports</td>
<td>8</td>
<td>Director - ICT</td>
</tr>
<tr>
<td>Business continuity and disaster recovery</td>
<td>Develop a BCP</td>
<td>Disaster recovery plan</td>
<td>Operational recovery procedure</td>
<td>2 3</td>
<td>Director - ICT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Offsite back up</td>
<td>Offsite backup</td>
<td>0.2 0.3</td>
<td>Director - ICT</td>
</tr>
</tbody>
</table>
### STRATEGIC OBJECTIVE 3: To develop and implement appropriate ICT solutions

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>KRA 4: Institutional Capacity</td>
<td>Clean electric power deployment</td>
<td>Clean electric power back up</td>
<td>Uptime of the system</td>
<td>0.3</td>
<td>0.7</td>
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<tr>
<td>Information system and infrastructure security</td>
<td>Access control &amp; CCTV system</td>
<td>Installed systems</td>
<td>Implementation of network architecture</td>
<td>1</td>
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<tr>
<td></td>
<td>Secure server &amp; network architecture</td>
<td>Secured server</td>
<td>Network intrusion &amp; Server Hacks</td>
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<td>1.1</td>
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<td>Integrated HR management systems</td>
<td>Integrated HR/payroll/ accounting/ financial management Systems</td>
<td>Working systems</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>Library management system</td>
<td>E-library &amp; library software</td>
<td>Installed working system</td>
<td>0.2</td>
<td>0.5</td>
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<tr>
<td></td>
<td>Asset tagging &amp; management</td>
<td>Asset tagging &amp; management system</td>
<td>Working asset management system</td>
<td>0.5</td>
<td>0.2</td>
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<tr>
<td>Information management and sharing</td>
<td>Information &amp; document management systems</td>
<td>Developed website</td>
<td>Working Website</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td></td>
<td>File sharing web server software</td>
<td>File sharing, no. of uploaded &amp; downloaded files</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Document sharing tools</td>
<td>Working document management drop box</td>
<td></td>
<td>0.5</td>
<td>1</td>
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<tr>
<td></td>
<td>Setting up a database management system</td>
<td>Developed database</td>
<td>Database management</td>
<td>1</td>
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### KRA 4: Institutional Capacity

#### STRATEGIC OBJECTIVE 3: To develop and implement appropriate ICT solutions

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</tbody>
</table>

- Unified communication
  - Email management system
  - Working e-mail management system
  - Output
  - Perform.
  - Time Frame/Allocation
  - Person

- Green ICT leading to sustainable and energy-efficient delivery of ICT services
  - Shared services, Cloud computing, Mobile computing
  - Online shared services, Mobile computing devices
  - Output
  - Perform.
  - Time Frame/Allocation
  - Person

- Develop a computerised fleet & fuel management solutions
  - Vehicle maintenance reports, fuel reports
  - Output
  - Perform.
  - Time Frame/Allocation
  - Person

### KRA 4: Institutional Capacity

#### STRATEGIC OBJECTIVE 4: To set up and maintain a resource centre

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<td></td>
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<td>2014</td>
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</tbody>
</table>

- Establish a resource centre
  - Develop terms of reference and strategies for the resource centre
  - Terms of reference for the resource committee
  - Resource centre committee
  - Output
  - Perform.
  - Time Frame/Allocation
  - Person

Director – Research and Policy
**KRA 4: Institutional Capacity**

**STRATEGIC OBJECTIVE 5:** To develop and maintain a positive corporate image

<table>
<thead>
<tr>
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<td></td>
<td></td>
<td></td>
<td>2013</td>
<td>2014</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promote good governance</td>
<td>Develop a communication strategy</td>
<td>Effective internal and external communication</td>
<td>Positive feedback from stakeholders</td>
<td></td>
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<tr>
<td>Hold quarterly commission meetings</td>
<td>Schedule of meetings</td>
<td>No. of meetings held according to plan</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Development of committee charters</td>
<td>Commission charters</td>
<td>Implemented charters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training on corporate governance</td>
<td>Trained Commissioners &amp; Directors</td>
<td>No. of trained Commissioners and Directors</td>
<td>3</td>
<td>2</td>
<td>2</td>
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<tr>
<td>Evaluation of members</td>
<td>Evaluation</td>
<td>0.5</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Develop performance organisational culture</td>
<td>Improved performance</td>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structured engagement with stakeholders</td>
<td>Media education campaigns</td>
<td>Strong media presence/objective reporting</td>
<td>No. of positive media mentions both in print and electronic</td>
<td>5</td>
<td>10</td>
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<tr>
<td>Hold periodic meetings with the National Executive, Parliament and county governments</td>
<td>Meetings</td>
<td>No. of meetings</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Organise stakeholder</td>
<td>Successfully-</td>
<td>No. of events</td>
<td>2</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>
## KRA 4: Institutional Capacity

### STRATEGIC OBJECTIVE 3: To develop and implement appropriate ICT solutions

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>ACTIVITY</th>
<th>OUTPUT</th>
<th>PERFORM. INDIC.</th>
<th>TIME FRAME/ ALLOCATION IN MILLIONS</th>
<th>RESP. PERSON</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>events</td>
<td>managed public/stakeholder events</td>
<td>managed</td>
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<tr>
<td></td>
<td>Civic education on CRA mandate</td>
<td>Awareness created</td>
<td>No. of presentations made</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Branding</td>
<td>Brand CRA created</td>
<td>Enhanced corporate brand</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>In-house publications</td>
<td>Published reports, booklets</td>
<td>No. of reports and booklets published</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Training on communications skills &amp; presentation skills</td>
<td>Members of staff trained in communications and presentation skills</td>
<td>No. of staff trained, No. of courses conducted</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### TOTAL COSTS (KSHS. MILLION)

| | | | | |
|---|---|---|---|
| 2013 | 65 | 618.9 | 631.2 |
APPENDIX II: REVENUE ALLOCATION FORMULA 2012/13-2014/15

The Commission developed the “first generation” formula for sharing of revenue raised nationally among the 47 county governments during the period 2012/2013-2014/2015. In developing the formula, combinations of approaches were adopted to enhance validity and credibility. These include, among others, lessons from other countries, broad-based consultations, and the Commission's own objective analyses. The formula uses five parameters; namely, county population, poverty, land area, basic equal share and fiscal responsibility. The weight allocated to each parameter is presented in the figure below. The determination of the weight allocated is based on experiences from other countries, Kenya's local dynamics, simulations and broad-based consultations.

Parameters and Weights Allocated in the Horizontal Formula

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>45%</td>
</tr>
<tr>
<td>Basic Equal Share</td>
<td>25%</td>
</tr>
<tr>
<td>Poverty index</td>
<td>20%</td>
</tr>
<tr>
<td>Land Area</td>
<td>8%</td>
</tr>
<tr>
<td>Fiscal Responsibility</td>
<td>2%</td>
</tr>
</tbody>
</table>

Approval and Implementation of the Formula
The formula was approved by Parliament on 27 November 2012 to be in operation for the period 2012/2013-2014/2015. It has already been used to allocate Ksh. 9,783,568,694 to pay for salaries and expenses by the 47 county governments during the period March –June 2013.
CRA COMMISSIONERS AND COMMISSION SECRETARY

Commissioner Micah Cheserem – Chairman

Mr Cheserem serves as the Chairman to the CRA, and is an accountant by profession with decades of hands-on experience. He is a qualified Fellow of the Association of Chartered Certified Accountants of London since 1974. He is a former Governor of the Central Bank of Kenya and the immediate former Chairperson of the Capital Markets Authority. He has held a number of senior posts in various private sector and public companies including British American Tobacco, Lonrho and Unilever.

Commissioner Fatuma Abdulkadir - Vice Chairperson

Fatuma Abdulkadir holds a Masters in Business Administration and Bachelor of Education. She has been the National Project Coordinator in Arid Lands Resource Management Project. She has wide experience in development and implementation of government policies in Arid and Semi-Arid (ASAL) regions. She has also facilitated the implementation of programmes funded by development partners such as the EU, UNDP, WFP, FAO, UNICEF and OXFAM. She is the immediate former Chairperson of the Kenya Food Security Meeting, which coordinates humanitarian interventions of all actors including the government, donors and NGOs in the food security sector.

Commissioner Prof. Wafula Masai

Wafula Masai is a holder of a Doctorate in Economic Analysis and Planning, a Masters of Arts in Development Economics and Bachelor of Arts in Economics. For about thirty years, he has served as a lecturer and Associate Professor of Economics, Chairman of the Economics Department (University of Nairobi), Programmes Director at the African Centre for Economic Growth and economic policy consultant for many international agencies, Kenyan public, private and civil society organisations.

Commissioner Amina Ahmed

Amina Ahmed holds a Bachelor of Arts in Economics and French. She has been the Chairperson of the Kenyatta International Conference Centre (2008-2011) and a member of the Executive Committee of the One Shilling Foundation. She previously held senior positions in the Kenya Commercial Bank for 22 years, having left as Regional Manager, Coast. She is a holder of an International Bankers Certificate, London. Amina has a World Bank Certificate in Economic Analysis of Projects.
Commissioner Prof. Joseph Kimura

Joseph Kimura holds a PhD in Accounting, MBA in Accounting and Finance and Bachelor of Commerce in Accounting and is a Certified Public Accountant. He holds the rank of Fellow of the Institute of Certified Public Accountants of Kenya and is a founder member of the Association of Financial Analysts of East Africa. Prof Kimura has held a large number of positions both in the public and private sectors, including the University of Nairobi, United States International University, KASNEB and the Higher Education Loans Board among others.

Commissioner Rose Bosibori Osoro

Rose Bosibori Osoro holds a Masters in Business Administration from the University of Nairobi and a Bachelor of Arts from Kenyatta University. She is a Certified Public Accountant (CPA) and Certified Public Secretary (CPS) finalist. She has extensive work experience in public finance with emphasis on budgeting and financial allocation. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Kenya Institute of Management. She previously held positions at the Kenya Forestry Research Institute.

Commissioner Prof. Raphael Munavu

Raphael Munavu holds a Ph.D. in Chemistry, a Master of Science degree in Chemistry and Bachelor of Arts in Chemistry. He has held senior academic and administrative positions in Moi University, University of Nairobi; Egerton University, the Kenya National Examinations Council and the South Eastern University College (SEUCO). He has wide research and teaching experience and is a Fellow of the Kenya National Academy of Sciences (KNAS).

Commissioner Meshack Onyango

Meshack Onyango holds a Masters of Science Degree in International Banking and Finance (1983) from Herriot – Watt University, Edinburgh, Scotland, and a Bachelor of Commerce degree (Accounting option) (1975) from the University of Nairobi and Certificate in Money and Capital Markets Development from the prestigious New York Institute of Finance. He is a financial sector payments system development expert with thirty years’ experience of working with the Central Bank of Kenya. He has undertaken various consultancy assignments with varied donor agencies such as UNDP, USAID among others and has been a board member at the Capital Markets Authority. He is also a member of the Kenya Institute of Directors.

Joseph Kinyua (Commissioner/PS Treasury)

Joseph Kinyua holds a Bachelor and a Masters Degree in Economics and has wide experience in financial and public sector management. He has previously worked with the University of Nairobi, the International Monetary Fund and the Central Bank of Kenya.
George Ooko – Commission Secretary

George Ooko holds a Bachelor of Commerce and Masters of Business Administration degrees from the University of Nairobi. He is the immediate former Chief Executive Officer of the Coffee Development Fund. He has vast experience from both the public and private sectors and has formerly been a Senior Executive at Barclays and NIC Banks.

APPENDIX III:

COMMISSION ON REVENUE ALLOCATION STRATEGIC PLAN RETREAT AT THE GREAT RIFT VALLEY LODGE AND GOLF RESORT HELD ON 30TH JAN – 2ND FEB 2013
COMMISSION ON REVENUE ALLOCATION

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Mobile: 0708-752 539 / 0731-776 666
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