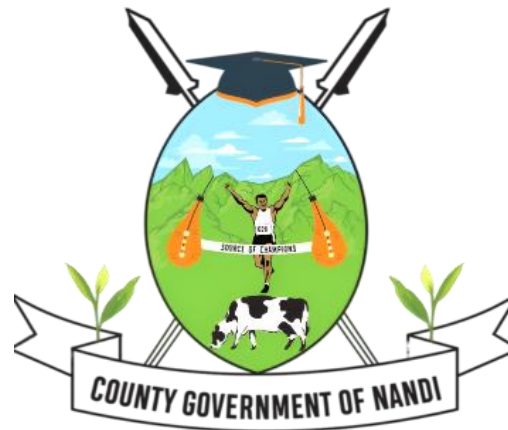


COUNTY GOVERNMENT OF NANDI



DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

REVENUE MOBILIZATION STRATEGY

2025-2030

FOREWORD

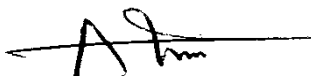
This Resource Mobilization Strategy is an important blueprint for achieving the medium- and long-term aspirations of the County Government, as envisioned in the County Integrated Development Plan (CIDP) 2023-2027. The CIDP has clearly defined the strategic priority areas of intervention, as well as the resource needs to achieve its overall objectives, which are aligned with relevant national legislation and policies.

The consolidated resource requirements point out what the county government needs to do to meet the budgetary needs in an endeavor to successfully realize the development priorities. Based on an in-depth analysis, the resource mobilization strategy aims to establish a database of potential sources to target for mobilization in relation to the planned projects and programs.

With this strategy, there will be assured sustainability and predictability of core funding to support the County's programs. The strategy further proposes to improve funding through diversification of sources within and outside the County Government. The Resource Mobilization Strategy similarly outlines the critical importance of strong institutional coordination of initiatives at the county level, which will be spearheaded, coordinated, and closely monitored by the County Treasury.

The strategy is clearly aligned with the objectives of the CIDP 2023-2027 as it is aimed at providing resources to bridge the county's budgetary gaps. While the strategy represents a final step to enhance county development initiatives, it also signals an opportunity for engaging with a new approach in undertaking planned activities. The proposals contained in this strategy, in terms of investments required, seem overwhelming but are achievable.

Hitherto, the county government has been working closely with development partners such as the World Bank, DANIDA, FLOCCA, and KISIIP II, among many others, in an attempt to bridge the financing and capacity gaps in its operations. However, resources remain scarce to finance the ever-increasing competing needs, and therefore, there is a need to explore all possible resource mobilization initiatives to enhance sustainable development. I am confident that the proposals in this blueprint will address the envisioned specific objectives, which will justify the participation of development partners. This will provide more resources for the development of projects/programs outside the normal budgetary allocation.



CPA Alfred Kiprotich Lagat.
County Executive Committee Member
FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGMENT

The development of this strategy was achieved through an inclusive and consultative process involving key departmental individuals. The process was effectively coordinated by the County Executive Committee Member for Finance and Economic Planning together with the Chief Officer for Finance and Economic Planning. Their dedicated leadership, commitment, and collaborative efforts are hereby gratefully acknowledged.

I extend special gratitude to H.E the Governor Stephen Sang, EGH and H.E the Deputy Governor DR. Yulita Mitei, the County Secretary, County Executive Committee Members, Chief Officers, County Directors, and other county authorities for their unwavering support throughout this process. Special thanks go to the County Executive Committee Member (CECM) in charge of Finance and Economic Planning for his leadership and guidance in the development of this strategy. We in the department acknowledge his visionary direction in mapping out the strategic direction that he wanted the department to take in order to effectively execute its mission of providing leadership and direction in planning, resource mobilization and management for quality service delivery. It is my strong conviction that the successful implementation of this revenue mobilization strategy will improve the performance of the county in terms of own source revenue and mobilization of other sources of funding.

While I may not mention everyone who participated, I do acknowledge all those individuals who directly or indirectly contributed to the success of the development and production of this strategy.



CPA Prisca Jepchirchir

CHIEF OFFICER- FINANCE AND ECONOMIC PLANNING

EXECUTIVE SUMMARY

This strategy outlines our county's road map to enhance our own source revenue and mobilization of other sources of funding to bridge the existing revenue gaps with the primary objective of financing our programs as itemized in our County Integrated Development Plan (CIDP) 2023-2027.

The strategy will achieve this by implementing reforms in revenue administration policy, enhancing revenue through automation, strengthening compliance mechanisms and expanding the revenue base. It seeks economization, efficiency, effectiveness, and equity in the process of applying the resources. It also highlights partnerships, where we seek to engage all development partners' objectives, priorities, and interests.

We will prioritize stable, predictable revenue policies that foster economic growth in the county and ensure fairness in revenue collection while simultaneously investing in stakeholders' education and participation to significantly improve compliance with the laid down regulations.

This all-inclusive approach will boost the county's fiscal sustainability, allowing for reduced reliance on exchequer releases and enhancing county financial strength for service delivery to citizenry.

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ABBREVIATIONS

CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
CBEF	County Budget Economic Forum
CIFMIS	County Integrated Financial Management Information System
CDC	Center for Disease Control
DANIDA	Danish International Development Agency
FIF	Facility Improvement Financing
IFAD	International Fund for Agricultural Development
ICT	Information Communication Technology
HR	Human Resource
KFS	Kenya Forest Service
KRA	Kenya Revenue Authority
KPI	Key Performance Indicators
KPLC	Kenya Power & Lighting Company
KWS	Kenya Wildlife Services
NHIF	National Health Insurance Fund
NTSA	National Transport and Safety Authority
NGOs	Non-Governmental Organizations
OSR	Own Source Revenue
POS	Point of Sale
PFMA	Public Financial Management Act
RMS	Revenue Management Strategy
SHA	Social Health Authority
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

CHAPTER ONE

COUNTY OVERVIEW

1.0 Background

Nandi County is one of the 47 counties of Kenya established by the Constitution of Kenya which created a two-tier devolved government system comprising National and County governments. Kapsabet Town serves as the County headquarters and constitutes six sub-counties namely: Nandi Hills, Chesumei, Mosop, Aldai, Tinderet and Emgwen. Nandi County is cosmopolitan with a majority of inhabitants being the Nandi tribe of the larger Kalenjin community. The minority communities living in the County include Luhya, Kikuyu, Kisii and Luo. Marginalized communities in the County include Ogiek. The cool and wet climate combined with the red volcanic soil makes Nandi County ideal for tea, coffee, sugarcane and maize farming. Dairy animal husbandry is also widely practiced making agriculture the main economic activity. The County has a huge tourism potential attributed to: Scenic and iconic locations, rich cultural background and home to world renown athletes hence the brand name “Source of Champions”. There is a vibrant business environment that has seen the growth of MSMEs, real estate, manufacturing and education sectors. The County is a member of the North Rift Economic Bloc (NOREB) and the Lake Region Economic Bloc (LREB) whose aspirations is to boost trade and investment opportunities in collaboration with partners to enhance competitiveness of the individual county economies. This is achieved through inter-county relations and leveraging on comparative advantages through promoting integration and regional cohesion, resource mobilization and developing regional infrastructure to support desired development.

1.1 Position and Size

Nandi County is in North Rift region of Kenya, occupying an area of 2849 square Kilometres. Geographically, the unique jug-shaped structure of Nandi County is bound by the Equator at latitude 0011’S to the South and extends northwards to latitude 0034’N. The western boundary extends to longitude 34045’E, while the eastern boundary reaches longitude 35025’E. It borders Kakamega County to the West, Uasin Gishu County to the North East, Kericho County to the South East corner, Kisumu County to the South and Vihiga County to the South West.

1.2 Physical and Topographic features

Nandi County comprises of five (5) distinct topographic features: the rolling hills to the West, the Kapsabet plateau, the Tinderet Volcanic mass, the King’wal Swamp and the Nyando escarpment on the Southern border.

The Kapsabet plateau stands at 2,020m above the sea level; and comprises of an undulating land surface traversed by various rivers among which is rivers Kipkaren, Kimondi and Birei. The Tinderet highlands are an extension of the Kenya highlands and have in some places, rocks jutting out to height of 2,500m. Various rivers in the Tinderet highlands include Kipkurere, Kibos, Kundos and Ainabng’etuny which flow through forming deeply incised valleys. Some of these rivers produce substantial waterfalls and rapids that have potential for harnessing hydroelectric power. Lastly, the Nyando escarpment comprises of extremely rugged terrain that consists of granite and volcanic rocks. The Equator runs alongside the scarp-line.

1.3 Ecological Conditions

The county is home to Tinderet, Serenonik, Nandi South and Nandi North Forest which is an extension of the tropical Kakamega Forest. The forest comprises 12 percent of the total land mass. It is characterized by high rainfall and diverse species of trees. The forests comprise of mixed indigenous hardwoods and exotic plantations at Kimondi and Serenonik forests measuring 2,635.8 Ha. The total boundary area of forest in the county is about

382.6KM². The medium potential areas are covered by shrubs and bushes and are mainly found on the eastern plateau parts and portions lying below the scarp on the Nyando plains.

1.4 Climatic Conditions

The Northern parts of the County receive rainfall ranging from 1,300mm to 1,600mm per annum; while the Southern half which is affected by the Lake Basin atmospheric conditions receives rainfall as high as 2,000mm per annum. The County receives an average rainfall ranging from 1200mm to 2000mm per annum. The lowest rainfall is experienced in the Eastern and North eastern parts of the county, while the highest is recorded in the Kobujoi- Tindinyo area in Aldai Sub-County. Across Nandi, the highest rains are experienced in Kaptumo in Nandi South, Nandi Hills, Kapsabet and Kobujoi. The long rains start in early March and continue up to end of June; while the short rain starts in mid-September and end in November. The dry spell is usually experienced from end of December to mid-March. The rainfall distribution and intensity have a direct bearing on the economic activities in the County. Areas that receive 1500mm and above (LH1 and UM1), are under tea cultivation. The relatively drier areas to the East and Northeast, which receive an average rainfall of 1200mm per annum, mainly grow maize, sugarcane and coffee. The reliability of rainfall across the county implies that it has high potential for growing a wide range of agricultural crops.

Most parts of the County experience mean temperatures ranging between 180°C to 220°C during the rainy season; but the part adjacent to the Nyando escarpment (at 1,300m above sea level), experiences average temperatures as high as 26°C. During the dry months of December and January, the temperatures are as high as 23°C; while in the cold spell, the night temperatures drop to as low as 14°C, in the months of July and August. The County in general has moderate to warm temperatures with no cold and hot extremes throughout the year.

1.5 Administrative and Political units

The County is divided into six Sub Counties namely; Emgwen, Chesumei, Mosop, Nandi Hills, Aldai and Tinderet. The sub counties are further sub divided into 30 wards with 104 locations and 294 sublocations. Mosop is the largest Sub-County with 7 electoral wards and occupies 21.2 % of the total area while Emgwen Sub County is the smallest with 4 electoral wards and covers 12.7% of the total County land mass.

Table 1: Area by Sub County, wards and number of locations, sub locations and villages

Sub County	Number of Ward	Land Area (Sq Km)	Ward	Land Area (Sq. Km)	Number of Locations	Number Of Sub Locations	Number of villages
Mosop	7	606	Chepterwai	76.4	23	13	402
			Kipkaren	99.5		8	
			Kurgung Surungai	77.7		13	
			Kabiyet	72.5		7	
			Ndalat	75.4		8	
			Kabisaga	77.9		5	
			Sangalo Kebulonik	75.2		5	
			Nandi north forest	51.2			
Chesumei	5	475	Chemundu/ Kapngetuny	52.9	14	3	304
			Kiptuiya	32.9		3	
			Kosirai	90.8		10	
			Kaptel Kamoiywo	118.8		8	
			Lelmokwo/Ngechek	109.6		13	
			Nandi north forest	38.4			
			Nandi south forest	30.9			
Emgwen	4	362	Chepkumia	42.7	14	2	257
			Kapkangani	43.7		3	
			Kapsabet	46.3		4	
			Kilibwoni	162.5		30	
			Nandi south forest	66.7			
Nandi Hills	4	392	Ollessos	75.1	21	6	
			Kapchorua	52.6		8	
			Nandi Hills	75.9		5	
			Chepkunyuk	126.6		10	374
			North Tinderet forest	61.6			
Tindiret	4	557	Tindiret	88.0	17	16	480

			Songhor/Soba	185.1		19	
			Kapsimatwo	78.7		10	
			Chemelil/Chemase	133.2		7	
			Tinderet forest	71.9			
Aldai	6	457	Kaptumo Kaboi	69.1	15	8	416
			Ndurio/Koyo	60.3		11	
			Kobujoi	66.0		8	
			Kemeloi/Maraba	112.5		10	
			Terik	45.4		5	
			Kabwareng	42.3		6	
			Nandi south forest	61.9			

Source: KNBS, National Population and Housing Census (2019) and IEBC Reports

1.6 Revenue Administration

Revenue administration plays a critical role in the success of any revenue mobilization strategy. It provides the institutional framework through which revenue bases are assessed, rates and charges are determined, billing is done, payments are received, enforcement is carried out, and processes such as accountability, auditing, reporting, and oversight are implemented.

In the County Government structure, revenue administration is embedded within various departments and spending units, each overseen by the respective County Executive Committee Member (CECM). These departments and spending units are responsible for implementing revenue targets as stipulated in the relevant revenue laws, which in turn finance the priorities outlined in the County Integrated Development Plan.

While efforts have been made to decentralize the collection of various revenue streams to the relevant departments and spending units, the majority of collections still remain under the Department of Finance and Economic Planning. Although the County Treasury has established a Directorate of Revenue Collection, its integration with other departments remain weak. The lack of a well-defined reporting structure, especially since most department-specific revenue streams are managed by Directors who operate at the same level as the Director of Revenue, has led to coordination challenges and limited the directorate's influence in shaping the broader revenue mobilization agenda.

This fragmented structure highlights the need for a more robust revenue mobilization framework with clearly defined roles, responsibilities, and lines of accountability. Some counties have addressed this challenge by establishing semi-autonomous revenue agencies, which have proven effective in enhancing operational efficiency and reducing corruption in revenue collection.

1.7 Overview of the county fiscal performance in Own Source Revenue

As provided under Article 209(3) of the Constitution of Kenya, 2010, County Governments are empowered to generate Own Source Revenue (OSR) through the imposition of property taxes, entertainment taxes, and any other taxes authorized by Parliament and other fees and charges through the county legislation. This authority is intended to supplement other revenue streams

and support effective budget implementation.

Over the past three financial years, Nandi County’s fiscal performance in Own Source Revenue (OSR) has demonstrated key trends in revenue collection relative to the approved targets. The OSR is comprised of various local revenue streams and collections from the Health Services Fund (FIF), which is ring- fenced for use within health facilities.

1.7.1 Revenue Performance vs Targets

In the financial year 2022/2023, the cumulative approved Own Source Revenue target was Ksh. 373,234,44 million. Actual collections amounted to Ksh. 356,067,997 million, as shown in **Table 2** below.

Table 2: Summary of Revenue Performance for FY 2022/2023

Description	Approved Target	Actual Revenue Collection	Variance	Percentage Performance
Own Source Revenue	373,234,444	356,067,997	(17,166,447)	95.40
Total	373,234,444	356,067,997	(17,166,447)	95.40

Source: County Treasury

An analysis of financial year 2023/2024, Nandi County recorded a 74.6 percent increase in Own Source Revenue performance compared to the previous year. The approved revenue target was Ksh.360,048,158 from local revenue sources and Ksh.198,281,711 million from the Health Services Fund. Actual collections amounted to Ksh. 621,666,889 million, Comprising of Ksh 392,614,159 million from local revenue sources and Ksh 229,052,721 million from the Health Service Fund as illustrated in **Table 3** below.

Table 3: Summary of Revenue Performance for FY 2023/2024

Description	Approved Target	Actual Revenue Collection	Variance	Percentage Performance
Own Source Revenue	360,048,158	392,614,159	63,337,020	111.34
Health Services Fund (FIF)	198,281,711	229,052,721	30,771,010	115.52
Total	558,329,869	621,666,889	94,108,030	111.34

Source: County Treasury

For financial year 2024/2025, the approved Own Source Revenue targets comprised Ksh. 509 million from local revenue sources and Ksh. 335 million from the Health Services Fund. The actual revenue collected amounted to approximately Ksh. 771.5 million, with Ksh. 378.7 million generated from local revenue and Ksh. 392.8 million from the Health Services Fund, as detailed in **Table 4** below.

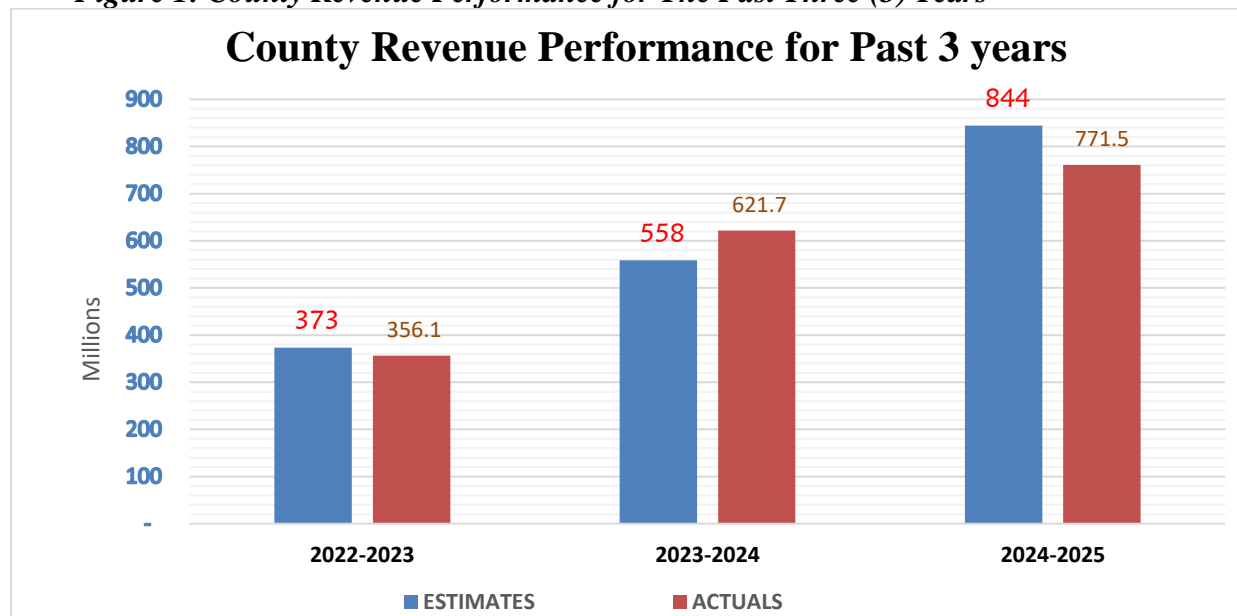
Table 4: Summary of Revenue Performance for FY 2024/2025

Description	Approved Target	Actual Revenue Collection	Variance	Percentage Performance
Own Source Revenue	508,941,741.	378,698,133	(130,243,608)	72.7
Health Services Fund (FIF)	335,231,711	392,836,836	57,605,125	116.6
Total	844,173,452	771,534,969	(72,638,482.53)	90.1

Source: County Treasury

An analysis of the past three financial years indicates a gradual improvement in Nandi County’s Own Source Revenue performance, with the highest collection recorded in the 2024/2025 financial year, as illustrated in **Figure 1** below. Despite this upward trend, it is imperative to note that the County has consistently underperformed against its approved revenue targets over the period.

Figure 1: County Revenue Performance for The Past Three (3) Years



Source: County Treasury

1.7.2 Revenue Potential as per the Commission on Revenue Allocation (CRA)

The Commission on Revenue Allocation (CRA) conducted a Comprehensive Own Source Revenue potential and Tax Gap Study in 2022, which aimed to determine the maximum possible own source revenue that each county government can collect from the most important revenue streams when applied to the best practices in revenue administration.

According to the study, Nandi County has the potential to significantly increase its Own Source Revenue (OSR) to approximately Ksh. 1.4 billion, compared to the indicated actual collections of around Ksh.

771.5 million. The study focused on key revenue streams that account for at least 80% of the

County’s total OSR, revealing substantial untapped potential across several areas, shown in **Table 5** below.

Table 5: Actual revenues and Potential Revenue Estimates (CRA)

Revenue Stream	Actual collections of revenues (Millions)	Revenue Potential (Millions)
Business Permits	65.31	81.81
Property Rent	4.67	74.61
Land Rates	64.64	
Parking Fees	30.55	34.18
Other fines, penalties & forfeitures	1.01	
Market Fees	14.81	124.28
Cess	125.32	388.66
Health & sanitation (A-I-A)	392.84	412.8
Hire of county assets	22.78	
Slaughter & veterinary Fees	2.68	
Conservancy Administration	4.72	81.88
Liquor Licensing Fees		14.28
Advertising	19.05	27.21
Physical planning	4.56	8.62
Administration control fees & charges	18.01	81.16
Park fees	0.35	34.18
Others	0.24	69.63
TOTAL COLLECTIONS	771.53	1400

Source: Comprehensive Own Source Revenue Potential and Tax Gap Study of County Governments (CRA)

Further, the report indicated that existing streams such as hospital and public health service fees, advertising and signage fees, and trade licensing were identified as having considerable capacity for growth. Additionally, the study highlighted several underutilized sources including natural resource transportation fees, environmental and conservancy administration fees and technical services fees, which present further opportunities for expanding the County’s revenue base.

The comprehensive analysis of the revenue potential and tax gap identified several recommendations that could improve the existing county revenue management framework and the required infrastructure to collect and analyze data on revenue collection towards enhancing performance in generating revenues from own sources. This includes:

- Investments in revenue collection and reporting infrastructure that involves training the county workforce.
- Creation of an automated system for collecting data, not only on revenues, but on the

economic indicators that are relevant to the economic base for each stream.

- Strengthen collaboration and data-sharing mechanisms between different departments/entities within and outside the county government
- monitoring of revenue base, evaluate the revenue raising measures and adopt an evidence-based approach to OSR policy decision making.

1.7.3 Existing Revenue Mobilization Measures, Laws and Policies in the County

1.7.3.1 Revenue Mobilization Measures

These are the strategies and actions employed to enhance revenue collection and minimize leakages:

a) Broadening the Revenue Base

Attempts have been made to identify and register all potential taxpayers, businesses, and properties. Expansion into revenue sources, such as parking and outdoor advertising, has seen an upward trajectory over time.

b) Automation of Revenue Collection

The County is in the process of fully adopting e-payment platforms such as, mobile money, online portals, POS systems, bank transfers and real-time tracking of collections to reduce leakages.

c) Property Rate Management

The County has partly updated valuation rolls to ensure fair and accurate billing, while envisaging to digitize the land records by using the GIS laboratory.

d) Enhanced Enforcement and Compliance

The county is enhancing issuance of compliance certificates, deployment of inspectors and relevant enforcement officers and imposition of penalties and interest on late payments which has enhanced compliance. Parking fee

Designate new parking slots and installation

e) Capacity Building

Training of revenue staff on collection, customer service, and ICT has been ongoing. These training sessions aim to enhance staff competency in revenue mobilization, improve customer engagement, and ensure effective use of digital tools.

1.7.3.2 Laws Governing Revenue Mobilization

Revenue collection in the county is guided by the following laws:

a) Constitution of Kenya, 2010

b) Public Finance Management (PFM) Act, 2012

Guides management, collection, and accountability of county revenues.

- c) **County Government Act, 2012**
Provides the framework for devolution and public participation in fiscal matters.
- d) **The National Rating Act, 2024 (Cap 267)**
Provides mechanisms for imposing Property rates
- e) **County Finance Acts (Enacted annually)**
For the provision of specific revenue-raising measures (rates, fees, charges, permits, licenses) applicable to each financial year.
- f) **Nandi County Revenue Administration Act, 2014**
Provides for the administrative framework, gives powers to the receiver of revenue and other agents to enforce for compliance with relevant legislation and policies.
- g) **Nandi County Business licensing act, 2016**
Provides for business operating environment and licensing
- h) **Nandi County rating Act, 2016**
Provides a framework for valuation and rating of properties within the county
- i) **Nandi County Alcoholic Drinks Control Act, 2014**
Regulates alcoholic drinks consumption and licensing of outlets
- j) **Nandi County Cess Act, 2016**
Provides for production and transportation of agricultural produce
- k) **Nandi Coffee Regulation Act, 2024, among others.**
Regulates coffee production and processing within the county
- l) **Facilities improvement Act, 2023**
Provides for a framework for utilization of revenues collected within the department of health and sanitation.

Currently, in line with the advisory from the Commission on Revenue Allocation, the County has commenced the enactment of individual legislation for each revenue stream. These laws should ideally serve as the primary reference point for fees payable, thereby guiding assessment by revenue collectors. To this end, various draft laws have been proposed, including The Agricultural produce transportation Bill, Nandi County designated parking Places bill, Market access and trade facilitation bill, Nandi County betting, lotteries and gaming regulation bill, revenue waivers and variation bill, public transport and parking management bill

Nandi County quarrying and sand harvesting bill, outdoor advertising and signage Bill, The Physical Planning and Land Use Bill, among others.

1.7.3.3 Policies on Revenue Mobilization

The County is required to develop and adopt policies to guide effective and sustainable revenue collection. Currently the county does not have its own specific policy on revenue mobilization but has been executing existing national policies. However, the county has started the process of developing various policies such as the Tariff and Pricing policy, Bad debts policy, ICT policy among others.

CHAPTER TWO

APPROACH TO THE REVENUE MOBILIZATION STRATEGY

2.1 Overview

This Strategy seeks to realize effective reforms for improving the county revenue over the medium term through a wide approach to mobilize additional revenues. It is a five-year blueprint that provides a clear roadmap that enables stakeholders to have foresight of the planned measures towards raising of revenues.

The Strategy treats the policy, administrative and legal components of the revenue mobilization in a holistic, interactive way to ensure coordination within the system. This approach is critical in building an adaptive revenue framework that responds to changing economic situations, evolving business models, eliminates evasion and enhances compliance in the settlement of fees, levies and charges. The method creates an environment that has clear policies and administrative practices to facilitate revenue mobilization.

The County Government will develop strategies to cover the period from 2025 to 2030 with an overall target of raising and enhancing its own source revenues as well as identifying other potential sources of revenue to bridge the existing resource gaps.

2.2 Objectives of the Strategy

The overall objective of this Strategy is to provide a comprehensive framework for guiding reforms in the revenue administration and mobilize additional revenues over the medium term to support implementation of the government priorities as identified in Kenya's Vision 2030, Bottom-up Economic Transformation Agenda and the County Integrated development plan 2023-2027. The Strategy is therefore geared;

- (a) To increase revenue and reduce reliance on national revenue sources over the next five years;
- (b) To support county development agenda;
- (c) To reduce tax compliance costs and improve investment climate; and
- (d) To enhance fairness and transparency in the revenue administration framework. The specific objectives are to:

- Improve efficiency in revenue administration and coordination;

- Ensure equity and fairness in the revenue regime;
- Enhance taxpayer compliance with revenue obligations;
- Expand the revenue base;
- Create certainty in the tax regime to attract investment; and
- Promote investment across various sectors by eliminating market distortions

In setting the objectives of this revenue mobilization strategy, the County Government is cognizant of the need to achieve a better balance between competing challenges.

2.3 Rationale for the strategy

The County needs a Revenue Mobilization Strategy to provide a comprehensive framework that will guide its efforts to increase revenue to support its development goals as set out in the county's medium- term development agenda. There is significant demand for expenditures on infrastructure, education, healthcare, energy, agriculture, tourism and other priorities. This therefore creates the need to raise an optimal revenue amount to sustain a level of economic growth to uplift people out of poverty and improve the well-being of all Nandi Residents.

Subsequently, the County Government has initiated revenue policy and legislative reforms aimed at broadening the revenue base and implemented measures to improve the efficiency and effectiveness of its revenue mobilization and administration systems. Notwithstanding the measures taken, there is a need for more fundamental reforms for the county government to meet its revenue potential.

This revenue mobilization strategy is motivated by the following factors;

- a) To establish a medium-term framework for generating resources that the county requires to support the delivery of services and the implementation of the development blueprint.
- b) To encourage greater self-reliance as well as increase financing for economic development while maintaining a stronger sense of ownership of the policy controls.
- c) To generate and maintain constructive and inclusive dialogue among stakeholders about the shape and balance of the revenue administration framework.
- d) To build consensus around an approach to revenue mobilization that is consistent

with the aspirations of Nandi residents, society, and ways of doing business.

- e) To provide greater certainty and confidence for local investors and business community on the planned direction of revenue policy.

2.4 Scope of the Strategy

The Strategy aims to balance the need for revenue to finance socio-economic development in the county while supporting businesses and individuals to thrive and surmount economic challenges. It covers all revenue streams, proposes possible sources and the administrations aspect. Special focus is on improving efficiency in revenue administration by enhancing compliance, sealing loopholes and facilitating taxpayers to meet their tax obligations.

2.5 Policy, Legal and Regulatory framework

This resource mobilization strategy is anchored in a solid legal and regulatory framework. These laws empower the county to generate revenue, provide guidelines for fiscal management, ensure accountability, and protect public interest.

Constitution of Kenya, 2010

Article 209 empowers counties to impose, Property rates, Entertainment taxes and Charges for services they provide. In addition, Article 210 ensures fairness in taxation; where no tax or licensing fee shall be imposed, waived, or varied except as provided by legislation. Article 225 also provides for financial control and ensures responsible management of public funds. Finally, the Fourth Schedule of the Constitution assigns functions to county which form the basis for charging fees and levies.

Public Finance Management Act, 2012

This provides a framework for effective and transparent management of public finances. It also outlines how the county government can mobilize, manage, and account for resources. Further, the Act defines the roles of County Treasury, County Executive Committee (CEC), and the County Assembly in revenue collection and oversight in addition to requiring regular reporting and budget performance reviews.

According to section 132 of the Public Finance Management Act (PFMA) 2012, County Governments have the legal duty to define and announce the revenue-raising measures that are in place in each financial year. The measures are then published as part of the County Finance

Bills.

National policy in 2019 to support the enhancement of own-source revenue:

This was developed by the National Government to standardize policy, legal and institutional framework for local revenue-raising measures and enforcement across counties. This strategy will be aligned to the policy to ensure uniformity and comparability.

County Governments Act, 2012

This act establishes the structure and functions of county governments with emphasis on public participation in decision-making, especially on budget and revenue matters. It also supports the development of county plans and policies that guide resource mobilization.

The Rating Act (Cap 267)

This governs the procedures for imposing property rates on land and buildings. It enables the county to develop valuation rolls and issue rate demands.

Valuation for Rating Act (Cap 266)

It provides for the valuation of properties to determine the amount of property rates payable. It also forms the basis for setting property-related tax obligations.

County Finance Acts (Passed Annually)

These are legal instruments passed by County Assembly each financial year to authorize: Fees, Levies, Licenses, Charges.

Facilities Improvement Financing Act, 2023 (Health Sector Specific)

It allows public health facilities to retain and use own-source revenue (OSR) as Appropriation in Aid (A in A) to enhance service delivery. It provides a legal framework for accountability and financial management at facility level.

Intergovernmental Relations Act, 2012

It facilitates cooperation between national and county government on matters including fiscal transfers and revenue sharing and provides for resolution of disputes related to resource mobilization.

Access to Information Act, 2016

It supports transparency and accountability in how the county raise and spend revenue. It ensures public access to information on budgets, tax policies, and collection performance.

Other key county legislation:

The county has enacted various legislation to support its resource mobilization efforts and is in the process of developing more to improve revenue performance

In conclusion, the legal framework for resource mobilization in counties is multi-layered, combining national legislation with county-specific laws and policies. Full implementation and regular updating of these laws are essential to ensure counties can sustainably finance their functions, enhance service delivery, and achieve fiscal independence.

CHAPTER THREE

CHALLENGES AND GAPS IN REVENUE MOBILIZATION, ADMINISTRATION AND MANAGEMENT

3.1 Challenges in Revenue Mobilization

Revenue mobilization in the County particularly from own sources faces several challenges that continue to undermine optimal performance and fiscal sustainability. The key challenges include;

Political Interference and Weak Governance: This significantly affects revenue mobilization. Tax waivers and resistance to enforcement in politically charged environments encourage tax evasion. Further, the enactment and implementation of County Finance Bills often reflect political interests rather than aligning with County development plans. Despite the county government having strong structures and laws in place, there is a challenge in implementation and enforcement.

Selective and Inconsistent Levy Collection: Revenue collection practices remain inconsistent across departments and county entities, with selective enforcement of levies. This undermines equity, accountability, and trust in the taxation system.

Weak Debt Recovery and Enforcement: There is a general lack of commitment to recovering outstanding revenue arrears. Enforcement mechanisms are ineffective due to structural issues. Notably, relevant enforcement officers are based in different areas and departments which leads to poor coordination, low accountability, and reported cases of corruption.

Liquidity Constraints and Delayed Service Delivery: Revenue mobilization strategies often strain cash flow, delaying service delivery and undermining the County's fiscal sustainability thus contributing to pending bills and unpaid commitments.

Inefficient Revenue Management Systems: Many revenue streams still rely on manual systems, which are prone to fraud, underreporting, and delayed reconciliation. Although the County has not fully automated its revenue collection through the *Nandi Pay* platform, full coverage is yet to be achieved. This limits efficiency, accountability, and real-time oversight.

Outdated Taxpayer Registers and Valuation Rolls: The County operates with outdated and incomplete taxpayer databases and valuation rolls. This undermines accurate billing, hinders

expansion of the revenue base, and weakens revenue forecasting. The result is systemic under-collection, especially in high-potential areas like property rates.

Weak Enforcement and Compliance Monitoring: Revenue laws are poorly enforced due to uncoordinated enforcement teams within the county. Capacity gaps among staff, absence of standard procedures, and lack of modern enforcement tools further compromise collection efficiency.

Weak Internal Controls and Accountability: Collection of revenue through cash in some revenue streams create loopholes for fraud and corruption, poor reconciliation, delays in banking. Fragmented payments limit transparency and diminish trust in the County's revenue system.

Reliance on traditional streams: Despite an estimated OSR potential of KES 1.4 billion per year (CRA), actual collections fall significantly short. The County depends heavily on traditional streams such as property rates, business permits, market fees, and parking charges while largely ignoring high-potential areas.

Underfunding of revenue activities: Financial resources allocated to revenue activities for mobilization and administration is not sufficient for operational needs.

Incomplete Operationalization of Regulations: Despite the county having a Health Services Act, it is yet to be aligned with the Facility Improvement Fund by the National Government. This results in inconsistent practices and legal ambiguities at the facility level.

Weak Reporting and Accountability: Health facilities often fail to submit timely and accurate financial and performance reports, limiting oversight by the County Treasury and other oversight bodies.

Lack of an Integrated Health Management Information System: This has hindered efficient hospital revenue collection.

Lack of a coordinated framework for PPP engagement: The county lacks clear guidelines on engagement of private sector in supporting projects and programs. In case of PPP the county is reliant on legislation on the same by National Treasury.

Uncoordinated donor engagement for revenue mobilization and investment partnership: There lacks a structure for donor mapping and mobilization

CHAPTER FOUR

REVENUE MOBILIZATION MEASURES AND STRATEGIES

4.1 Revenue mobilization measures and strategies

To improve revenue performance and overcome the identified challenges, the following measures are recommended:

a) Enhancing Revenue compliance

- Strengthen enforcement by developing a transparent enforcement policy with clearly defined penalties for non-compliance.
- Regular sensitization and awareness of revenue legislation to citizens. This will include simplifying the laws and conditions so that citizens can understand them.
- Conduct regular internal audits to strengthen internal controls.
- Introduce citizen self-service portal.
- Harmonize the automated mode of payments and eliminate cash payments.
- Integrate revenue management with other government agencies to recover arrears and enhance compliance.
- Provide incentives that will encourage compliance.

b) Broaden Revenue sources.

- Identify the non-payers through mapping. This will provide clear records to facilitate enforcement.
- Improve and provide the necessary infrastructure that supports revenue enhancement. This may include construction and marking of new parking spaces among others.
- Leasing idle county lands for private development.

c) Modernization of Revenue Administration.

- Capacity building of staff on emerging technologies and revenue raising measures.
- Adopting digital systems to improve efficiency and transparency. This may involve installation of biometric and other systems.
- Apply modern technologies to detect frauds and inconsistencies.
- Adopt methods of tracking collections at source. This involves detection of potential revenue through surveillance.

d) Promote accountability in revenue mobilization

- Eliminate manual collection methods to reduce pilferage and strengthen internal controls.
- Adoption of cashless systems.
- Promote timely and accurate revenue reporting.
- Offer incentives e.g. allowances to officers.
- Regular rotation of revenue and enforcement officers.
- Reconciliation of daily collections against bank deposits.

e) Revenue Reforms.

- Regular review of legislation to ensure transparency and accountability in administration of waivers and exemptions, e.g. Waivers Act etc.
- Develop necessary policies, legislation and guidelines for revenue mobilization.
- Align Health Services Fund Act, 2021 with National Facility Improvement Financing (FIF) Act, 2024.
- Develop County specific coordination framework and structure on external resource mobilization.
- Regularly update valuation rolls and taxpayer registers.
- Establish specialized units for debt recovery and compliance enforcement.
- Fast-track enactment of pending revenue laws.
- Gazette revenue collection points and formalize fee structures.

f) Promote collaboration with donors, private sector and charitable organizations on revenue mobilization.

- Donor mapping.
- Developing a clear framework for donor engagement and collaboration.
- Create opportunities to collaborate with national government and NGOs on development projects.
- Use of PPPs to engage in joint ventures with private investors to develop infrastructure for projects that generate shared revenue and are capital-intensive.

g) Engage diaspora investors to invest and partner in county projects and programmes

- Showcase local opportunities by organizing events that highlight potential in key economic sectors such as agribusiness, real estate, manufacturing, and tourism.
- Attract new capital through conferences that provide platforms for networking between investors, government officials, and entrepreneurs, which leads to partnerships, investments, and long-term collaborations.
- Boost development by attracting new investment that is critical for job creation, infrastructure growth, and improving the livelihoods of county residents.
- Increase visibility by showcasing the county on the map for investors, both locally and internationally, creating a more favorable and known business environment.
- Support local businesses through forums that help small and medium-sized enterprises (SMEs) and local entrepreneurs expand their businesses by connecting them with new opportunities, partners, and financing.

4.2 Risks and mitigation measures associated with implementation.

S/No.	Risk	Mitigation Measures
1.	Misalignment with national laws, frequent legal disputes and constitutional challenges	Ensure all county laws are harmonized with the Constitution and national statutes.
		Involve legal and policy experts when drafting revenue bills.
		Conduct stakeholder consultations before passing new fees/charges.
		Use of model legislation as provided by national government agencies
2.	Political interference, resistance from leaders, selective enforcement	Build political goodwill by involving leaders in revenue planning
		Sensitize elected leaders on the importance of sustainable revenue
		Institutionalize revenue mobilization to reduce political manipulation
3.	Weak administrative systems, corruption, poor capacity, leakages	Establish an independent County Revenue Authority
		Digitize revenue collection to minimize cash handling
		Strengthen internal audit and monitoring mechanisms
		Train relevant officers continuously on ethics and professionalism
		Establish and operationalize clear revenue mobilization structures
4.	Tax evasion, low willingness	Implement civic education and taxpayer sensitization

S/No.	Risk	Mitigation Measures
	to pay, informal sector dominance	<ul style="list-style-type: none"> campaigns Provide incentives for compliance e.g. early payment discounts Strengthen enforcement measures, including penalties for non-compliance Formalize the informal sector through simplified licensing systems
5.	Fraud, theft, inefficient systems, inadequate staff, IT failures	<ul style="list-style-type: none"> Adopt integrated e-revenue collection platforms Conduct regular system audits and security checks Build redundancy/backups for IT systems Recruit and train adequate revenue staff
6.	Economic downturns, over-reliance on narrow revenue streams, inflation effects	<ul style="list-style-type: none"> Diversify revenue sources Periodically review fees to align with inflation and economic conditions Develop counter-cyclical measures like flexible payment plans during crises Invest in economic development initiatives to expand the tax base
7.	Public resistance, protests, negative perceptions, non-compliance campaigns	<ul style="list-style-type: none"> Link taxation to service delivery Conduct continuous stakeholder engagement and dialogue Ensure fairness and equity in revenue measures Introduce grievance redress mechanisms to handle disputes
8.	Disasters, pandemics, national policy shifts, competition from other counties	<ul style="list-style-type: none"> Establish disaster recovery and emergency response funds Adopt flexible revenue policies that can adjust during crisis Benchmark county fees with neighboring regions to remain competitive

CHAPTER FIVE

IMPLEMENTATION, GOVERNANCE AND INSTITUTIONAL FRAMEWORK

5.1 Overview

Effective revenue mobilization requires a well-defined institutional framework that promotes transparency, accountability, efficiency, and equity. The framework ensures that all actors involved in revenue generation, collection, management, and oversight operate within established structures, guided by law and policy.

5.2 Role of various Stakeholders/ Actors

County Assembly

- a) Enacts laws and policies governing revenue mobilization in line with the Constitution and the PFM Act.
- b) Approves county finance bills, budgets, and revenue-raising measures.
- c) Provides oversight on revenue collection, expenditure, and utilization.

County Executive

- a) Provides leadership in planning and coordinating revenue mobilization strategies.
- b) Proposes finance bills and revenue policies for consideration by the County Assembly.
- c) Ensures effective implementation of revenue laws and regulations.

County Treasury

- a) Oversees financial management, revenue forecasting, and reporting.
- b) Develops revenue mobilization strategies and ensures compliance with the PFM Act.
- c) Provides technical support to revenue-collecting entities.
- d) Ensures accountability through regular financial reports and audits.

Directorate of Revenue

- a) Manages the day-to-day collection of revenue from various sources (property rates, licenses, fees, charges, Cess, etc.).
- b) Maintains accurate records of assessed, collected, and pending revenues.
- c) Deploys modern technology (e-payment systems, automated registers, etc.) to enhance efficiency and reduce leakages.
- d) Conducts public awareness campaigns on revenue obligations.

Internal Audit and Compliance Unit

- a) Monitors and evaluates revenue collection systems and practices.
- b) Ensures adherence to policies, laws, and financial regulations.
- c) Identifies and mitigates risks of fraud, corruption, and revenue leakages.

County Budget and Economic Forum (CBEF)

- a) Provides a platform for structured public participation in revenue mobilization.
- b) Advises on the balance between revenue measures and socio-economic impact on residents.
- c) Enhances inclusivity and ownership of revenue measures by stakeholders.

Stakeholders (Citizens, Private Sector, Civil Society, Development Partners)

- a) Citizens play a critical role as taxpayers and beneficiaries of county services.
- b) The private sector contributes through licenses, permits, and partnerships.
- c) Civil society organizations enhance transparency and accountability.
- d) Development partners provide technical assistance, capacity building, and infrastructure support.

National Government Linkages

- a) The National Treasury, Kenya Revenue Authority (KRA), and the Commission on Revenue Allocation (CRA) provide policy guidance and support.
- b) Facilitate intergovernmental coordination to avoid double taxation and enhance efficiency.
- c) Build capacity of counties on revenue administration and fiscal management.

CHAPTER SIX: MONITORING AND EVALUATION OF THE STRATEGY

6.1 Overview

Monitoring and evaluation framework will be critical in assisting the County Government to assess whether the aspirations of this strategy are implemented according to the planned timelines and targets. Through engagement of all relevant stakeholders, the county will ensure that the strategies will be effectively and timely executed in line with the implementation matrix (**Annex I**). Therefore, an M&E Plan will form the basis for a systematic measurement of progress of achievement of the strategic objectives. The M&E Plan will provide an overview of the envisaged activities and facilitate collection of data that can assist in decision making through the following;

- Track progress of implementation of various activities of the Revenue Mobilization Strategy;
- Assess strategies, systems, and processes to identify and correct deficiencies/weaknesses in implementation of the strategy
- Promote collaboration among implementing agencies and stakeholders by sharing implementation reports.

There will be regular review to analyze the progress, challenges encountered and corrective action required during implementation of the strategy. The implementation of this strategy will require Monitoring and Evaluation spearheaded by a steering committee comprised of all Chief Officers and Director Resource Mobilization/Revenue being the secretary to the committee.

6.2 Data Collection

The M&E plans and tools will be used to generate information and data that will allow the measurement of changes that may occur during implementation of the Strategy. To guarantee efficiency and effectiveness, baselines will be drawn according to the data collected and evaluations conducted. Evaluation efforts will include commissioning and supervision of a number of evaluation efforts. There will be regular review of the data collected to ensure quality, accuracy, reliability, timeliness and objectivity.

6.3 Progress Reports

Annual Progress Reports will be produced to provide a systematic and structured review of implementation of the actions. Periodic reports will also be produced to address specific issues that may arise. The reports so generated will form part of reports on the state of Revenue Mobilization Strategy. Results obtained from monitoring and evaluation will be important when giving feedback to the citizens as well as improve the revenue mobilization process. The dissemination of the Revenue Mobilization Strategy will adopt a systematic approach to ensure that stakeholders participate in the M&E process and ensure relevant feedback is obtained and shared among stakeholders.

CHAPTER SEVEN

CONCLUSION

The successful implementation of this Revenue Mobilization Strategy is central to enhancing the County's financial independence, improving service delivery, and fostering sustainable development. By strengthening the legal and policy framework, modernizing revenue administration systems, broadening the revenue base, and promoting accountability and compliance, the County will significantly reduce leakages, expand fiscal space, and optimize resource utilization.

Equally important is the active participation of stakeholders, including citizens, businesses and development partners, whose trust and compliance are vital for the success of the strategy. Continuous capacity building, effective monitoring and evaluation, and adherence to principles of transparency will ensure that the gains made are sustainable over the long term.

Ultimately, this strategy provides a clear roadmap for mobilizing adequate, predictable, and equitable revenues to finance the County's development priorities and deliver on its mandate to the people.

Annex I: Implementation Framework

Strategic Objective	Key Activities	Responsible Entities	Timeline	Resources Required	Performance Indicators
Strengthen Legal & Policy Framework	<ul style="list-style-type: none"> - Review existing revenue laws - Draft and enact legislation for each revenue stream - Align with CRA advisories 	Revenue Directorate, Legal Dept., County Assembly	Short-term (Year 1)	Legal experts, Policy briefs	Number of revenue laws enacted and operational
Enhance Revenue Administration Systems	<ul style="list-style-type: none"> - Automate revenue collection systems - Integrate with mobile money and banking platforms - Establish e- invoicing and e- receipting 	Finance Dept, Revenue Directorate, Devolution.	Year 1–2	ICT infrastructure, Vendor support	% of revenues collected electronically; Reduced leakages
Improve Revenue Collection Efficiency	<ul style="list-style-type: none"> - Conduct staff training on revenue collection and customer service - Deploy revenue collectors strategically - Establish revenue performance contracts and appraisals 	Revenue Directorate., HR Dept. Devolution	Continuous	Training materials, HR budget	Increase in monthly collection rates; % staff trained
Expand Revenue Base	<ul style="list-style-type: none"> - Map and register all revenue sources - Create and update a comprehensive revenue database - Introduce new revenue streams in line with legislation 	Revenue Dir, Health dept, Planning Dir, Lands Dept. & Devolution Dept	Year 1–5	GIS tools, Field survey teams	Updated revenue register; % increase in registered taxpayers & % increase in no of patients
Enhance Compliance & Enforcement	<ul style="list-style-type: none"> - Taxpayer sensitization and education campaigns - Establish compliance monitoring unit - Strengthen enforcement mechanisms (penalties, compliance audits) 	Revenue Dept., Enforcement Unit, Civic Education. & Devolution	Continuous	Awareness campaign funds, Enforcement officers	Reduction in arrears; Increase in compliance rate
Strengthen Transparency & Accountability	<ul style="list-style-type: none"> - Publish quarterly revenue reports - Establish internal audit and monitoring framework - Use digital dashboards for real- time monitoring 	County Treasury & Devolution	Continuous	Reporting tools, Audit staff	Reports published on time; Reduced revenue leakages
Promote Public	- Engage stakeholders in	County	Year 1–3	Public	Number of

Strategic Objective	Key Activities	Responsible Entities	Timeline	Resources Required	Performance Indicators
Participation & Trust	<ul style="list-style-type: none"> - setting rates and fees - Create feedback and grievance handling mechanisms - Conduct regular taxpayer forums 	Treasury, Civic Education Dept., Devolution & Stakeholders		engagement funds	forums held; Increased taxpayer satisfaction
Ensure Institutional Capacity & Sustainability	<ul style="list-style-type: none"> - Continuous staff training and capacity building - Provide adequate budget for revenue administration - Establish partnerships with private sector and development partners 	HR Dept., Treasury, Governor's Office, Devolution	Continuous	Training budget, Partnerships	Retention of skilled staff; Annual budget allocation to resource mobilization
Monitoring & Evaluation	<ul style="list-style-type: none"> - Set up KPIs for all revenue streams - Conduct annual revenue performance reviews - Update strategy based on findings 	County Treasury, Devolution	Annual	M&E tools, Data analysts	Annual M&E report; Adjusted strategy implemented