

REPUBLIC OF KENYA

GOVERNMENT OF MAKUENI COUNTY



COUNTY TREASURY

**COUNTY OWN SOURCE REVENUE (OSR) STRATEGY**  
**2024-28**

## PREFACE


The Makueni County Own Source Revenue (OSR) Strategy 2024–2028 provides a clear and comprehensive roadmap for strengthening the County's capacity to mobilize, manage, and grow local revenues in a sustainable, efficient, and accountable manner. Anchored in the principles of the Constitution of Kenya (2010), the Public Finance Management Act (2012), and the County Governments Act (2012), the Strategy reaffirms the County's commitment to fiscal responsibility, prudent financial management, and effective service delivery through enhanced local resource mobilization.

This Strategy outlines key policy directions, reforms, and strategic interventions aimed at expanding the revenue base, modernizing collection systems, automating processes, and strengthening institutional frameworks to improve efficiency, transparency, and accountability. It also underscores the importance of data-driven decision-making, taxpayer education, compliance promotion, and stakeholder engagement as essential drivers of sustainable revenue growth.

Implementation of the Strategy is expected to significantly reduce dependence on national transfers, enhance fiscal autonomy, and strengthen the County's ability to deliver quality services to its citizens in line with the County's guiding call of "Wauni wa kwika nesa na ulungalu" — our collective resolve to do good with integrity.

The OSR Strategy 2024–2028 therefore serves not only as a policy and operational guide but also as a declaration of intent, a demonstration of the County Government of Makueni's resolve to harness its local revenue potential responsibly, equitably, and sustainably in pursuit of inclusive development.

The successful implementation of this strategy calls upon all County departments, entities, and agencies to take an active role in its execution. Each has a distinct yet complementary mandate that is crucial to achieving the set objectives. Through joint commitment, innovation, and collaboration, we can collectively realize the vision of an efficient, transparent, and sustainable revenue system that powers the socio-economic transformation of Makueni County.



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## ACKNOWLEDGMENT

The development of the Makueni County Own Source Revenue (OSR) Strategy 2024–2028 has been a collaborative and consultative process that brought together a wide range of stakeholders from within and outside the County Government.

We extend our sincere gratitude to His Excellency the Governor of Makueni County for his visionary leadership and unwavering commitment to strengthening fiscal sustainability and promoting inclusive local economic development. We equally acknowledge the invaluable guidance and support of the Deputy Governor and the County Executive Committee Member for Finance and Socio-Economic Planning, whose strategic direction and dedication were instrumental throughout the formulation of this Strategy.

Special appreciation goes to the Directorate of Revenue for providing overall coordination and technical leadership during the drafting process. We particularly recognize the dedicated Drafting Team, composed of Mark Muthoka, Director of Revenue; Ramadhan Masila, Deputy Director of Revenue; Patrick Nzula, Director of Monitoring and Evaluation; Charity Mumo, Senior Economist; Mathias Mbweli, Economist; Ruth Mwongeli, Economist; Stephen Thokoi, Ward Revenue Receiver; Gabriel Yulu, Municipal Revenue Receiver; and Elizabeth Mutheu, Ward Revenue Receiver. Their professionalism, analytical rigor, and teamwork in research, data analysis, stakeholder engagement, and documentation were instrumental in producing a robust and actionable framework for enhancing the County's revenue mobilization systems.

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Our heartfelt gratitude also goes to our development partners for their technical assistance, analytical support, and sharing of best practices, which enriched the quality and depth of this Strategy.

It is our collective conviction that the successful implementation of this Strategy will strengthen the County's revenue performance, enhance fiscal autonomy, and accelerate the realization of Makueni's development agenda for the prosperity and well-being of its people.

*Boniface*

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## TABLE OF CONTENTS

<b>ABBREVIATION AND ACRONYMS .....</b>	<b>III</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>IV</b>
<b>CHAPTER ONE: INTRODUCTION .....</b>	<b>6</b>
1.1 BACKGROUND .....	6
1.3 STRATEGY FOR ORGANIZATIONAL SUCCESS .....	7
1.4 CONTEXT OF STRATEGIC PLANNING .....	7
1.5 REVENUE POLICIES AND LAWS .....	8
1.6 METHODOLOGY .....	9
<b>CHAPTER TWO: STRATEGIC DIRECTION .....</b>	<b>10</b>
2.1 MANDATE .....	10
2.2 STRATEGIC MODEL .....	10
2.3 STRATEGIC GOALS .....	10
2.4 CORE VALUES .....	10
2.5 QUALITY POLICY STATEMENT .....	11
<b>CHAPTER THREE: SITUATION AND STAKEHOLDER ANALYSIS .....</b>	<b>12</b>
3.1 INTERNAL ENVIRONMENT .....	12
3.2 EXTERNAL ENVIRONMENT .....	14
3.3 ANALYSIS OF PAST PERFORMANCE .....	15
3.3.1 ACHIEVEMENTS IN OWN SOURCE REVENUE .....	15
3.3.2 CHALLENGES ENCOUNTERED .....	20
3.3.2 LESSONS LEARNT .....	20
3.3.3 EMERGING ISSUES IN REVENUE MOBILIZATION .....	20
<b>CHAPTER FOUR: STRATEGIC ISSUES, OBJECTIVES AND INTERVENTIONS .....</b>	<b>24</b>
4.1. STRATEGIC ISSUES .....	24
4.2. STRATEGIC OBJECTIVES AND INTERVENTIONS .....	24
<b>CHAPTER FIVE: IMPLEMENTATION AND COORDINATION FRAMEWORK .....</b>	<b>27</b>
5.1. IMPLEMENTATION PLAN .....	27
5.2. COORDINATION FRAMEWORK .....	40
5.3. INSTITUTIONAL FRAMEWORK .....	41
5.4. STAFF ESTABLISHMENT, SKILL SETS AND COMPETENCE DEVELOPMENT .....	41
5.5 RISK MANAGEMENT FRAMEWORK .....	44
5.6: RESOURCE REQUIREMENTS .....	47
5.7 RESOURCE MOBILIZATION AND MANAGEMENT .....	47
<b>CHAPTER SIX: MONITORING, EVALUATION AND REPORTING FRAMEWORK .....</b>	<b>49</b>
6.1 MONITORING FRAMEWORK .....	49
6.2 EVALUATION FRAMEWORK .....	49
6.3 REPORTING MECHANISM .....	49

## List of Tables

Table 1: PESTEL Analysis .....	14
Table 2: Revenue Performance per Stream from FY 2021/22-FY 2024/25 .....	17
Table 3: Actual Revenue Collected Per Stream.....	18
Table 4: Analysis of Revenue Stakeholders Role and Expectations .....	22
Table 5: Strategic issues, objectives and interventions .....	25
Table 6: Outcomes and annual projections.....	26
Table 7:Strategy Implementation Matrix.....	28
<b>Table 8: Staff Establishment for Revenue Administration Directorate.....</b>	<b>41</b>
<b>Table 9: Skills Set and Competence Development.....</b>	<b>43</b>
<b>Table 10: Risk Management Framework .....</b>	<b>44</b>

## List of Figures

Figure 1: OSR Performance for FY 2020/21 – FY 2024/25 .....	16
Figure 2: Actual Performance of revenue FY 2020/21-2024/25 .....	19
Figure 3: Organizational Structure of Revenue Function in the county .....	41

## ABBREVIATION AND ACRONYMS

AIA	Appropriations in Aid
ADR	Alternative Dispute Resolution
AI	Artificial Intelligence
BETA	Bottom-Up Economic Transformation Agenda
BOT	Build Operate and Transfer
CEC	County Executive Committee
CHIMS / CIHMIS	County Health Information Management System
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
FY	Financial Year
GIS	Geographic Information System
HCDA	Horticultural Crops Development Authority
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
LIMS	Land Information Management System
MOUs	Memoranda of Understanding
MSME	Micro, Small and Medium Enterprises
NEMA	National Environment Management Authority
NHIF	National Hospital Insurance Fund
NT	National Treasury
OSR	Own Source Revenue
PFM	Public Finance Management
POS	Point of Sale
PSV	Public Service Vehicle
RMS	Revenue Management System
SDG	Sustainable Development Goals
SHA / SHIF	Social Health Authority / Social Health Insurance Fund
SME	Small and Medium Enterprises
USSD	Unstructured Supplementary Service Data

## **EXECUTIVE SUMMARY**

The Makueni County Own Source Revenue (OSR) Strategy 2024–2028 provides a comprehensive roadmap for enhancing revenue generation and management to support the County’s development agenda as outlined in the third generation County Integrated Development Plan (CIDP 2023–2027). The Strategy seeks to build a robust, transparent, and accountable revenue system that promotes fiscal sustainability and improved service delivery to the citizens of Makueni.

The Strategy is anchored on the County’s mandate to mobilize and manage own-source revenues in accordance with the Constitution of Kenya (2010), the Public Finance Management Act (2012), and other enabling laws and policies governing county revenue administration. It provides the strategic direction and institutional mechanisms necessary to optimize revenue potential and reduce dependency on equitable share and conditional grants from the National Government.

Chapter One presents the introduction and background, outlining the strategic rationale for developing the OSR Strategy. It highlights the policy and legal frameworks guiding revenue mobilization, the contextual factors influencing strategic planning, and the methodologies used in formulating the strategy.

Chapter Two defines the strategic direction, including the County’s mandate, mission, vision, core values, and strategic goals that provide a shared understanding of purpose and direction. It also articulates the County’s quality policy statement, emphasizing efficiency, equity, and accountability in revenue management.

Chapter Three provides a detailed situation and stakeholder analysis. Through the PESTEL framework, the chapter identifies the political, economic, social, technological, environmental, and legal factors affecting revenue mobilization. It further reviews past performance, outlines lessons learned, and identifies emerging issues influencing revenue collection and administration. Chapter Four focuses on the strategic issues, objectives, and interventions. It identifies key challenges such as inadequate automation, weak enforcement mechanisms, and low taxpayer compliance, and proposes targeted interventions aimed at expanding the revenue base, improving compliance, and strengthening institutional capacity.

Chapter Five details the implementation and coordination framework, outlining specific activities, timelines, and responsible entities. It presents the institutional arrangements necessary for execution, the staffing and capacity development needs, and a risk management framework to mitigate potential threats to strategy implementation.

Chapter Six outlines the monitoring, evaluation, and reporting framework. It establishes mechanisms for tracking progress, assessing performance, and ensuring timely reporting to stakeholders. The framework is designed to promote learning, accountability, and continuous improvement in revenue management practices.

The Makueni County OSR Strategy 2024–2028 serves as a guiding document for enhancing revenue performance through improved systems, stakeholder engagement, policy reforms, and capacity strengthening. The successful implementation of this Strategy is expected to increase own-source revenue collection, ensure efficient utilization, and promote sustainable development across all sectors of the County economy.



## **CHAPTER ONE: INTRODUCTION**

This chapter provides an introduction to the Revenue Mobilization Strategy by giving background information for the Directorate of Revenue Administration and outlining how it supports departmental success. It places the strategy within the wider context of county planning, showing its link to development priorities. The chapter also reviews the revenue policies and laws that guide resource collection and management. Finally, it explains the methodology used in preparing the strategy

### **1.1 Background**

Own Source Revenue (OSR) forms a critical component of Makueni County's financing framework, supplementing equitable share and conditional grants from the national government. Since the onset of devolution, the County has made deliberate efforts to strengthen revenue mobilization to fund its development agenda and reduce dependence on transfers. Over the last five years, OSR has grown gradually from Ksh 527,527,341 in FY 2020/21 to Ksh 1,290,552,746 in FY 2024/25 though it still falls short of its full potential.

The County generates OSR from 34 revenue streams spread across all sectors. Key sources include, single business permits, liquor licensing, market fees, cess from agricultural produce, parking fees, user charges for health services, property rates and building plan approvals. Strengthening the management of these streams, expanding the revenue base, and exploring new streams are therefore priorities in driving sustainable revenue growth.

The responsibility for revenue mobilization in Makueni County is anchored in the Department of Finance and Socio-Economic Planning through the Revenue Directorate, which provides overall leadership, policy direction, and coordination of revenue functions. Other revenue leaning departments and agencies also play a key role in generating and collecting sector-specific revenues. These include: Department of Trade, Tourism and Cooperatives (weights and measures), the Department of Agriculture through agricultural mechanization programme, Makueni Fruit Development and Marketing Authority, Department of Devolution on Liquor licensing, and the Department of Lands, Urban Planning and Environment (land rates, building approvals, use of natural resources). The County has invested in automation systems to streamline revenue collection and reduce leakages, ensuring accountability and efficiency in revenue management

### **1.3 Strategy for Organizational Success**

The OSR Strategy is designed to enable the county to achieve its goal of generating Own Source Revenue (OSR) to finance at least 20% of the County Budget. Anchored in the County Integrated Development Plan III (2023–2027), it provides a clear framework for enhancing revenue collection to support development priorities. The strategy strengthens the social contract between its residents and County Government through equitable taxation and responsive service delivery, fostering trust and accountability. It also places revenue growth on a consistent and predictable trajectory, ensuring sustainable financing of county priorities.

### **1.4 Context of Strategic Planning**

Strategic planning in the county is anchored on both national and global development frameworks that guide governance, economic transformation, and sustainable growth as outlined below.

**Sustainable Development Goal 17 on partnerships seeks** to strengthen domestic resource mobilization to improve domestic capacity for tax and other revenue collection. This global agenda aligns with county strategic planning by highlighting the need for strong fiscal systems to finance local development priorities and accelerate progress toward achieving the SDGs.

**Africa Agenda 2063** provides a long-term blueprint for inclusive development. It emphasizes the importance of resource mobilization and financing development from domestic sources.

**Constitution of Kenya (2010): Article 209 (iii & iv)** establishes a strong legal basis for county revenue generation. In addition, **Article 174(vi)** identifies one of the objectives of devolution as promoting social and economic development. These provisions underscore the importance of sustainable county revenue mobilization in financing service delivery and development priorities.

**Kenya Vision 2030:** The Vision emphasizes the need to mobilize resources to support flagship projects which are critical for accelerating growth and transforming Kenya into a globally competitive middle-income economy. In this regard, counties are expected to strengthen domestic revenue systems to sustain investments in infrastructure, value chains, and social services.

**Bottom-Up Economic Transformation Agenda (BETA):** BETA emphasizes prudent resource mobilization as the basis for financing inclusive development and lifting communities from poverty. For counties, this translates into innovating around own-

source revenue streams and ensuring that local fiscal policies complement national transformation goals

**Makueni County Integrated Development Plan 2023-27 (CIDP III):** The plan underscores the need to enhance revenue mobilization through strengthening legal and institutional frameworks to support own-source revenue and external resource mobilization.

## **I.5 Revenue Policies and Laws**

The strategy is prepared in compliance with the national and county regulatory frameworks which collectively provide the core legal guidelines for counties to manage, raise, and account for their own-source revenue (OSR)

The Public Finance Management (PFM) Act, ensures that counties budget, collect, and spend revenue transparently and within legal limits, while the County Government (Revenue Raising Process) Act, 2023 standardizes procedures for counties to introduce taxes, fees, and charges. The Rating Act and Valuation for Rating Act, provides the basis for levying property rates by guiding valuation roll preparation.

The Urban Areas and Cities Act allows municipalities to manage and collect OSR through licenses, permits, and service charges while County Outdoor Advertising Control laws in collaboration with county specific pieces of legislation empower counties to license and regulate outdoor advertisements

The Constitution of Kenya 2010 mandates the counties to draft specific laws and policies to regulate own source revenue mobilization. These policies serve as the foundation for setting targets, streamlining processes, and supporting innovation in own-source revenue mobilization as outlined in table below;

<b>S.No</b>	<b>Laws/Policies</b>	<b>Objective of the law/policy</b>
1	Makueni County Revenue Administration Act, 2017	To establish a legal framework for the administration, collection, management, accounting, and distribution of county own-source revenues efficiently
2	Makueni County Alcoholic Drinks Control Act, 2017	To provide for the licensing, regulation, production, sale, distribution, consumption of alcoholic drinks
3	Makueni County Sand Conservation and Utilization Act,(Amendment) 2022	To provide a legal framework for sand utilization,(the removal, extraction, harvesting and scooping of sand from sites)
4	Makueni County Health Services Act ,2017	To establish a legal framework for the delivery of health services while reducing financial barriers to health care

5	Makueni County Health Policy 2020	To enhance health financing by enabling public health facilities to collect, retain, and efficiently utilize hospital-generated revenue
6	Makueni County Trade and public Markets act 2024	To provide legal support for Revenue collection from trade and public market operations.
7	Makueni County Valuation roll	To provide a reliable, legal basis for the county to collect property rate revenue from land-owners
8	Makueni county Tax Waivers Administration Act 2025	To provide for the regulation and administration of tax, fees and charges waivers.
9	The Makueni County Finance Act 2024	To provide for the imposition or variation of fees, charges, licenses, rents and rates for effective own source revenue mobilization
10	The Tariffs and Pricing Policy	To guide in setting fair, sustainable, accurate and inclusive tariffs anchored on services provided

## **I.6 Methodology**

The development of the Strategy was conducted in a participatory process. A Technical Committee was established by the County Treasury to facilitate the drafting and validation process. The process involved extensive review and analysis of relevant policy and legislative documents and technical reports. The SWOT and PESTEL analysis was used to identify key issues, that might compromise achievement of revenue goals and objectives, as well as to identify opportunities that can be exploited to maximize revenue growth.

Further, consultations were conducted with key stakeholders to build consensus on the key issues and strategies to be implemented to address the revenue mobilization challenges. County departments involved in revenue collection within their respective mandates, contributed to strategic interventions, Sub-county and ward administrators spearheaded taxpayer engagement, and community mobilization at the ward level while Sector groups such as market committees, bar owner's association, hawker's associations and the Chamber of Commerce played a critical role in public participation and community mobilization in during policy development.

The draft strategic plan was subjected to sector working groups for validation and later submitted to cabinet for final inputs and approval.

## **CHAPTER TWO: STRATEGIC DIRECTION**

This chapter outlines the Revenue Directorate's mandate, vision, mission, core values, strategic goals, and quality policy statement, aligned with Makueni County's development agenda and the department of finance and socio- economic planning strategic plan 2024-2028.

### **2.1 Mandate**

The mandate of the Directorate is anchored in the Constitution of Kenya 2010, the Public Finance Management (PFM) Act, 2012, the County Government Act, 2012 and the executive order I of 2022. The core mandate of the directorate are outlined below;

- i. Coordinate formulation and implementation of County Policies and regulations on revenue administration;
- ii. Design effective, efficient and secure systems of own source revenue collection and reporting in the county
- iii. Revenue forecasting to identify revenue trends for planning, target setting and informed decision making in the County;
- iv. Creating public awareness on own source revenue mobilization
- v. Ensure compliance to statutory and legal Provisions on own source revenue

### **2.2 Strategic Model**

#### **Vision**

A sustainably financed County

#### **Mission**

To efficiently mobilize revenues by employing innovative and transparent methods.

### **2.3 Strategic Goals**

- (a) To enhance revenue mobilization to fund 20% of the budget
- (b) To reform revenue administration for efficiency and transparency mobilization
- (c) To build institutional capacity for efficient and effective service delivery

### **2.4 Core Values**

#### **a) Stakeholder Participation**

The Directorate promotes inclusive participatory approach in revenue policy formulation, strengthening revenue mobilization and revenue performance evaluation for sustainable funding for county budgets.

#### **b) Professionalism**

The directorate maintain high standards and accountability while discharging duties by holding all its staff responsible to uphold high professional competence in service delivery and engagements.

**c) Integrity and accountability**

All personnel in the directorates are required to operate and serve with utmost honesty and transparency in revenue collection at all times and be responsible to all customers they serve. Openness in conduct of the directorates affairs and timely provision of services

**d) Inclusiveness**

The directorate ensures equal access and participation across diverse groups to enhance service delivery and equity, thereby broadening the revenue base and institutional capacity.

**e) Customer focus**

The directorate ensures customers are the key drivers of the revenue collection services provided within the guiding laws and frameworks. Services will continuously be improved to respond to the changing customer needs.

**f) Equity**

The directorate prides itself in leading in impartial and fair service delivery in line with its revenue mobilization function for sustainable revenue collection.

## **2.5 Quality Policy Statement**

The county is committed to uphold principles of professionalism, integrity, inclusiveness, equity, and stakeholder participation in revenue mobilization to support sustainable financing of county priorities. We are dedicated to compliance with legal and regulatory requirements, and maintaining a quality management system that ensures transparent and excellent service with integrity.

## **CHAPTER THREE: SITUATION AND STAKEHOLDER ANALYSIS**

This chapter reviews the internal and external environment, past performance of Own Source Revenue, key challenges, lessons learnt, emerging issues, and the role of stakeholders in revenue collection.

### **3.1 Internal Environment**

The internal environment of the Directorate of Revenue is assessed across governance and administrative structures, internal business processes, resources and capabilities, and legal and policy framework. This analysis highlights both the strengths that drive performance and the weaknesses that hinder optimal revenue mobilization.

#### **a) Governance and Administration Structures**

The Directorate of Revenue operates under the County Treasury in line with Executive Order No. 1 of 2022. Its leadership structure comprises the Executive Committee Member for Finance and Socio-Economic Planning, the Chief Officer for Planning, Budget, Revenue and M&E, the Director of Revenue Administration, and four specialized divisions: Business Licensing; Land-Based and Unstructured Revenues; Compliance, Policy and Decentralized Services; and Accounting, Reporting and Automation. Governance of revenue administration is anchored in the Constitution of Kenya (2010), the Public Finance Management Act (2012), the County Government Act (2012), the Urban Areas and Cities Act (2011), and other sector-specific revenue laws.

The Directorate is responsible for policy formulation and implementation, coordination of revenue administration functions, oversight of municipal and ward-level collection, and ensuring compliance with statutory and regulatory frameworks. A decentralized structure comprising municipal receivers, ward receivers, and collectors has brought services closer to taxpayers, thereby enhancing accessibility. Political goodwill from county leadership has also supported reforms, particularly in the automation of revenue processes. However, challenges remain, including political interference in revenue mobilization, overlaps with national agencies that create duplication and gaps, weak enforcement frameworks, and limited interdepartmental collaboration.

#### **b) Internal Business Processes**

The County has made significant progress in automating its revenue collection processes through systems such as the Revenue Management System (ZiZi), the Land Information Management System (LIMS), and the County Health Information Management System (CHIMS). These platforms have improved the overall collection of revenues, while the roll-out of cashless payment systems across all revenue streams has enhanced accountability and reduced leakages. Innovations such as the USSD code (\*838#), SMS billing, and unified invoicing have improved taxpayer convenience and compliance.



In 2024, a GIS-based property and business census was undertaken, enabling the County to capture informal and previously untapped businesses, thereby expanding the revenue base. Despite these gains, internal business processes still face weaknesses such as incomplete and unreliable revenue databases, weak enforcement and compliance mechanisms, and limited integration across revenue systems. Enforcement capacity is particularly constrained by weak operational structure. Enforcement is further undermined by inadequate training, poor equipment, lack of a clear legal framework, weak coordination with national security agencies, and, in some cases, collusion with business operators.

### **c) Resources and Capabilities**

The Directorate is supported by a staff base with diverse skills and competencies in revenue administration. Currently, the Directorate has 122 staff against an optimal requirement of 188, with the majority serving as revenue collectors at the ward level. However, staffing challenges are significant: 25 officers are expected to exit in the next five years due to retirement and 48 are on contract. These gaps contribute to uneven staff distribution across wards, reduced efficiency, and low morale. While staff benefit from periodic training, coaching, and mentorship, the absence of career progression guidelines has led to stagnation.

Infrastructure and operational resources also remain inadequate. Six cluster vehicles and 14 motorbikes currently serve the entire County, yet mobility is still limited, particularly in far-flung wards. Sixteen ward offices operate in rented spaces with dilapidated furniture's, while staff in 26 major markets operate with half the required Point of Sale (POS) devices, often resorting to sharing equipment, an arrangement that compromises efficiency and creates loopholes for revenue loss. Currently, only 80 POS devices are operational to support revenue collection within the directorate and other collecting departments and agencies, against an optimal requirement of 130 devices.

Facilities for revenue collection are also in poor condition. Out of 11 stockyards, only three are in good condition. Two more are being rehabilitated, while six are in a dilapidated state. In addition, vandalism has rendered 90% of market public toilets non-functional, further compromising service provision at the facilities, leading to frequent trader strikes hence affecting revenue potential.

### **d) Legal and Policy framework**

Own source revenue mobilization is guided by strong legal and policy framework. Over the years the county has enacted specific laws and policies. This includes Makueni County Annual Finance Acts, County Revenue Administration Act, 2017, Makueni County Alcoholic Drinks Control Act, 2014, Makueni County Sand Conservation and Utilization Act, 2015, Makueni County Health Services Act, 2017, Makueni Trade and Public Markets Act, 2023 and Valuation Roll.

However, there exists legal and policy gaps that hinder effective revenue collection and administration. The Finance Act has fees and charges which have not been fully implemented. The Revenue Administration Act is weak on enforcement, provides no clear prosecution mechanism and dispute resolution. The Alcoholic Drinks Control Act has no approved supportive regulations and has witnessed conflict of interests from stakeholders leading to many unlicensed businesses. The Sand Act struggles with illegal harvesting, poor monitoring, as it is not fully operationalized. Health revenue collection is inconsistent, poorly integrated with revenue management systems. The Trade and Markets Act has low trader registration, misaligned fees with finance act. The Valuation Roll has unregistered land parcels, high struck rate, and needs data cleaning for all the plots in the register

### 3.2 External Environment

Based on the external environment analysis, a summary of the emerging opportunities and threats has been provided

*Table 1: PESTEL Analysis*

Factor	Opportunities	Threats
Political	<ul style="list-style-type: none"> <li>• Devolved governance grants autonomy to enhance OSR.</li> <li>• Partnerships with national institutions (KRA, CRA, KNBS, NT) for policy guidance and data sharing</li> <li>• Collaboration with private sector for innovative revenue collection solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Political interference in revenue enforcement and policy implementation</li> <li>• Bureaucracies in integration of county and national government data systems</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Agriculture-driven economy provides strong tax base.</li> <li>• Growth of SMEs, real estate, and agro-processing creates new revenue streams.</li> <li>• Expanding revenue base through emerging sectors eg. carbon credits, conservancies</li> </ul>	<ul style="list-style-type: none"> <li>• Vulnerability of agriculture to climate shocks reduces revenue potential from the sector.</li> <li>• Inflation and unemployment reduce citizens' ability to pay.</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Urbanization and business growth in towns expand taxable activities.</li> <li>• Rising demand for services provide opportunity for increased revenue</li> </ul>	<ul style="list-style-type: none"> <li>• Proliferation of informal businesses that are difficult to map and levy</li> </ul>

Factor	Opportunities	Threats
Technological	<ul style="list-style-type: none"> <li>Automated revenue systems increasing efficiency in collection</li> <li>GIS mapping and data analytics improve evidence-based collection</li> </ul>	<ul style="list-style-type: none"> <li>Cyber security and data security</li> <li>Frequent system down times</li> <li>Obsolescence of ICT equipment</li> <li>High costs in acquisition and maintenance of system and equipment</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>Potential in environmental levies (sand harvesting regulation, waste management fees, carbon credit)</li> </ul>	<ul style="list-style-type: none"> <li>Climate change (drought, floods) reduces agricultural production.</li> <li>Conflict in balancing revenue collection with conservation.</li> </ul>
Legal	<p>Existing National Legal framework that supports county collection- PFM Act, Valuation and Rating Act, County Licensing (Uniform Procedures) Act 2024, HCDA Act</p> <ul style="list-style-type: none"> <li>Alignment with CRA revenue-raising measures ensures compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Conflicting national and county legal frameworks</li> </ul>

### 3.3 Analysis of Past Performance

#### 3.3.1 Achievements in Own Source Revenue

Over the years, Makueni County has made significant progress in mobilizing and managing Own Source Revenue (OSR). Since the onset of devolution, the County has steadily improved its revenue collection and capacity, demonstrating resilience, innovation, and commitment to fiscal sustainability. The notable milestones achieved over the years include:

- i) **Steady growth in OSR collections.** Revenues have increased from Kshs 189 million in FY 2013/14 to Kshs 1.29 billion in FY 2024/25. as a result, OSR's share of the county budget has grown from 4 percent in FY 2013/14 to 13 percent in FY 2023/24, signaling a reduced reliance on national transfers. The growth curve continued into FY 2024/25 with total OSR collection standing at Kshs 1,290,552,746 reflecting a 23% improvement from previous financial year. The figure below represents own source revenue performance trends from FY 2020/21 to FY 2024/25

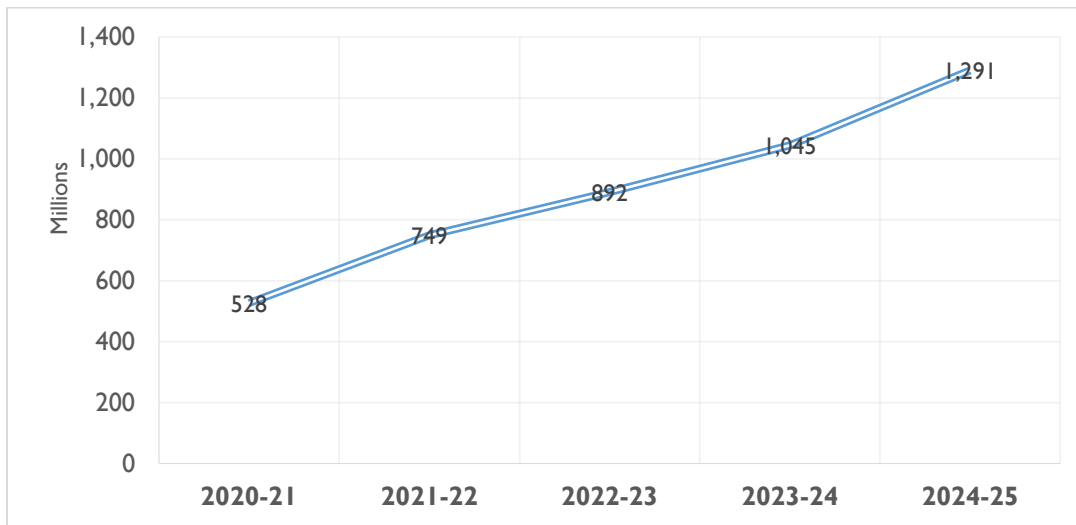


Figure 1: OSR Performance for FY 2020/21 – FY 2024/25

### OSR Performance Per Stream

The overall revenue trajectory per stream is positive with several streams recording notable improvements in performance compared to financial year 2023/24. In the financial year 2024/25, several revenue streams recorded notable improvements in performance compared to 2023/24. Advertisement & wall branding fees doubled, increasing by 108% (from Ksh 13.3M to Ksh 27.6M) due to enhanced enforcement and mapping of all advertising spaces. Health sector saw remarkable increase under NHIF, Linda Mama & Edu Afya fees rose by 53% (from Ksh 326.7M to Ksh 499M), while medical health services fees grew by 25%, necessitated by introduction of County Integrated Health Management Information System (CIHMIS), which has greatly enhanced service delivery in the health sector and increased enrollment and coverage expansion of NHIF, Linda Mama & Edu Afya

The Single Business Permits (SBP) revenue stream experienced a decline in performance in the financial year 2024/25, recording Ksh 125.87 million, down from Ksh 136.78 million in 2023/24, representing a decrease of approximately 8 percent. This drop may be attributed to poor enforcement and compliance. Despite the decline, SBP remains one of the highest contributors to the county's own-source revenue, highlighting the need to strengthen compliance strategies.

However, certain streams declined, signaling areas that may need policy reviews. Notably Agriculture Mechanization Fees dropped sharply by 66% (from Ksh 1.66M to Ksh 0.57M), possibly due to limited equipment availability associated with continuous breakage, universal health care registration fees decreased by 72 percent, falling from Ksh 5.4M to

Ksh 1.52M, likely reflecting policy shift from Makueni universal health care. The table below indicates own source revenue performance per stream for the last five years.

*Table 2: Revenue Performance per Stream from FY 2021/22-FY 2024/25*

No	Revenue Stream	2020/21	2021/22	2022/23	2023/24	2024/25
1.	Advertisement & Wall Branding Fees	8,723,700	12,050,690	13,800,222	13,299,478	27,603,873
2.	Agricultural Cess Fees	16,790,897	13,032,577	13,777,120	16,489,285	19,532,146
3.	Agricultural Training Conference Fees	2,196,844	2,125,655	666,050	831,840	4,776,820
4.	Agriculture-Mechanization Fees	677,600	585,590	340,250	1,660,034	566,100
5.	Building Materials cess Fees	1,304,001	1,923,635	2,639,920	4,123,200	3,585,000
6.	Community Information Centres Fees	103,500	204,950	268,890	555,900	474,130
7.	Conservancy Fees	9,634,860		4,620,900	5,207,800	4,972,800
8.	Coop Audit services Fees	234,490	54,750	245,740	197,990	184,790
9.	Development Approvals Fees	21,046,131	17,042,710	15,350,680	19,325,041	18,718,675
10.	Fines and Penalties Fees	1,818,500	584,219	1,008,621	1,928,388	1,823,166
11.	Fire certificate Fees	249,200	442,800	829,500	2,286,850	3,548,660
12.	Hire of County Facilities / Equipment /Gym Fees	209,940	471,450	520,000	536,600	1,566,650
13.	Liquor License Fees	17,357,340	37,212,400	46,830,100	45,208,580	45,422,940
14.	Makueni Fruit Processing Plant Fees	28,174,180	36,173,135	51,207,000	35,932,588	29,511,228
15.	Market Entrance Fees	23,709,924	22,788,801	21,947,089	28,690,760	27,662,427
16.	Mast	198,900	1,811,000			
17.	Motor Veh/Cycle Reg Fees	2,781,340	1,924,200	2,250,949	3,763,503	3,077,500
18.	Other Revenues(Direct Deposits)		14,684,706	18,005,145	12,287,045	15,399,347
19.	Parking Fees	25,562,630	22,288,952	23,747,047	33,763,080	36,108,110
20.	Plot Rates/Rent Fees & other dues	6,331,420	6,462,285	22,222,548	22,010,416	22,502,764
21.	Public health Services Fees	13,306,000	19,273,400	17,874,150	38,555,882	35,998,165
22.	Renewal Fees(Kiosks)	4,660,500	4,655,350	4,437,950	5,997,500	5,773,500
23.	Sand Authority Fees	38,177,200	33,141,738	27,721,334	30,535,543	42,738,664
24.	Single Business Permits /Application Fees	126,067,140	129,103,310	122,089,290	136,776,600	125,867,620

No	Revenue Stream	2020/21	2021/22	2022/23	2023/24	2024/25
25.	Stall Rent Fees	1,940,650	781,400	3,211,025	7,010,350	7,374,400
26.	Stock Market Fees	6,668,753	7,282,552	6,903,168	8,772,825	9,118,552
27.	Stock Movement Fees	4,237,650	3,705,045	3,073,555	4,698,305	4,596,420
28.	Veterinary Health Fees	6,721,495	7,288,620	8,087,243	7,659,978	11,598,947
29.	Water & Environment Fees- Consent, NEMA	161,000	669,900	1,835,530	1,091,055	1,021,600
30.	Weights & Measures Fees	1,357,053	1,490,013	1,116,075	1,390,380	1,092,095
	<b>Sub Total</b>	<b>370,402,838</b>	<b>399,255,834</b>	<b>436,627,090</b>	<b>490,586,795</b>	<b>512,217,089</b>
	<b>AIA</b>					
31.	Medical Health Services Fees	69,785,229	112,676,826	144,300,435	222,358,030	277,796,275
32.	NHIF, Linda Mama EDU afya Fees	77,536,174	222,808,473	304,440,461	326,733,020	499,017,382
33.	Universal Health Care Registration Fees	9,803,100	14,665,375	6,228,000	5,409,000	1,522,000
	<b>Sub Total</b>	<b>157,124,503</b>	<b>350,150,674</b>	<b>454,968,896</b>	<b>554,500,050</b>	<b>778,335,657</b>
	<b>Grant Total</b>	<b>527,527,341</b>	<b>749,406,507</b>	<b>891,595,986</b>	<b>1,045,086,844</b>	<b>1,290,552,746</b>

**Table 3: Actual Revenue Collected Per Stream**

### **Analysis of OSR Arrears**

Despite improved performance on own source revenue by 23 percent in the year 2024/25, the county faces arrears in OSR, as at 1<sup>st</sup> July 2024, the County had Ksh 571.16 million in own source revenue arrears. During the year, Ksh 24.57 million was recovered, while Ksh 203.02 million was added as new arrears, bringing the total to Ksh 749.61 million by 30th June 2025. Recovery efforts included demand notices, enforcement follow-ups, engagement with defaulters, legal action, and public awareness campaigns.

- ii) **Improved forecasting and operational efficiency.** Over the past five years, the gap between budgeted and actual revenue has significantly narrowed. The performance (target vs achievement) has increased from 48% in 2020/21 to 88% in

FY 2024/25. Figure 2 provides the analysis over the years.

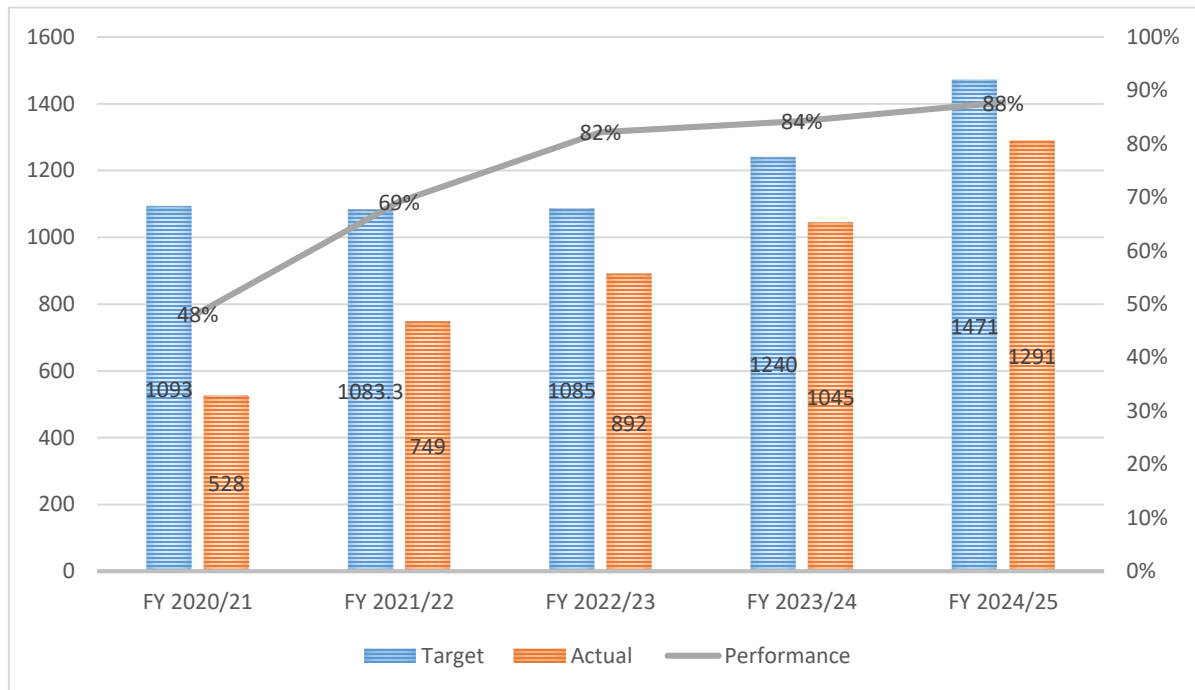


Figure 2: Actual Performance of revenue FY 2020/21-2024/25

- iii) **Automation of revenue processes.** The county uses the Revenue Management System (ZiZi) in revenue collection. In addition, integration of the Lands Information Management System (LIMS) with the revenue management system has boosted land rate collections, while progress in linking the County Health Information Management System (CHIMS) has strengthened hospital revenue reporting. The County successfully rolled out cashless billing and payment systems across all revenue streams, eliminating leakages and enhancing transparency. Innovations such as USSD (\*838#), SMS billing, and unified invoicing have improved taxpayer convenience and compliance.
- iv) **Own Source Revenue mapping:** The County has expanded its revenue base by undertaking a comprehensive business and property mapping census in 2024. This exercise brought informal and previously untapped businesses and properties into the tax net.
- v) **Compliance and enforcement** gains have been realized through strengthened field inspections, taxpayer education, and public sensitization forums. To encourage voluntary compliance, the County introduced early payment discounts, installment payments, and quarterly permits. Improved enforcement mechanisms have resulted in higher compliance rates and a reduction in violations.
- vi) **Strategic partnerships.** Through Collaborations with institutions such as KCB and Safaricom, the county has rolled out digital payment systems and facilitated trader outreach. Partnerships with market committees and community revenue



champions have equally helped to foster grassroots compliance and broadened the reach of revenue mobilization campaigns.

- vii) **Accountability and monitoring** have been enhanced through the introduction of daily revenue reporting tools, weekly reviews, and performance tracking by revenue stream and officer. The adoption of a market adoption model, where officers are assigned to specific markets, has further improved transparency, ownership, and accountability in revenue collection.

### 3.3.2 Challenges Encountered

- i) **Weak enforcement and compliance frameworks:** Revenue arrears continue to accumulate due to limited enforcement mechanisms and absence of a prosecution system.
- ii) **Inadequate data systems:** some revenue streams lack reliable databases. Land records in LIMS lack updated ownership details, while business registers are incomplete, making it difficult to issue accurate invoices and track compliance.
- iii) **Overlaps and weak coordination:** Roles between county and national agencies, e.g., Weights and Measures or Veterinary Services, often overlap, leading to duplication or gaps. Interdepartmental coordination within the county also remains weak.
- iv) **Inadequate legal and policy frameworks:** Several streams lack primary legislation.
- v) **Limited staff capacity and resources:** Revenue staff are few and approximately 62 percent are above 55yrs old leading to slow utilization of technology and experiencing, skills gaps
- vi) **Political interference:** Political leaders sometimes pressure against enforcement for political mileage.

### 3.3.2 Lessons Learnt

The following lessons were learnt and therefore formed a basis for better formulation and implementation of the strategy:

- i) Automation and technology adoption improves efficiency, reduces leakages and strengthens compliance.
- ii) Reliable data helps close tax gaps and enables better forecasting.
- iii) Stakeholder engagement improves compliance and reduces resistance
- iv) Collaboration with revenue leaning departments in target setting and information sharing leads to better collection outcomes.

### 3.3.3 Emerging issues in Revenue Mobilization

- i. **Policy Shifts** – Policy changes in National and county level affect OSR mobilization. For instance, the implementation of the Social Health Authority

- (SHA)/Social Health Insurance Fund (SHIF) national policy on health and the consolidation of fees into a unified billing system in the county
- ii. **Data-Driven Revenue Management (AI)** – The county should increasingly adopt data-driven approaches to enhance revenue mobilization. Advanced tools such as Artificial Intelligence (AI) and analytics are being applied to enable real-time forecasting of revenue streams and timely decision making.
  - iii. **New Revenue Sources** – Exploration of carbon credit collection and assessment as part of diversifying and expanding county revenue streams.

### 3.4 Stakeholder Analysis

Effective implementation of the County's Own Source Revenue (OSR) Strategy requires the collaboration of multiple stakeholders, each playing distinct but complementary roles. Understanding their responsibilities, expectations, and areas of mutual accountability enhances coordination and promotes successful revenue mobilization. The analysis in table 3 outlines the primary stakeholders in revenue administration, their roles, expectations, and how the Revenue Directorate interacts with them to ensure coordination, compliance, and enhanced performance.

Table 4: Analysis of Revenue Stakeholders Role and Expectations

Stakeholder	Role	Stakeholder expectation	Revenue directorate expectation
County Executive Committee (Governor, CEC Finance, Chief Officer Finance)	Policy direction, resource allocation, political support for OSR reforms, strategic direction on defaulters	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Meeting set targets</li> </ul>	<ul style="list-style-type: none"> <li>Approve the strategies for collection of arrears</li> <li>Fund revenue mobilization</li> </ul>
County Assembly	Approval of Finance Acts, oversight, representation of citizens' interests.	<ul style="list-style-type: none"> <li>Timely submission of the bills for enactment</li> <li>Full implementation of revenue raising measures</li> </ul>	<ul style="list-style-type: none"> <li>Timely approval of revenue regulatory bills</li> <li>Political support</li> </ul>
Other County Departments and Agencies(Health, Trade, Lands, Agriculture, Municipalities)	Spearhead revenue collection under their specific streams, Participate in target setting,(e.g., hospital fees, market cess, land rates).	<ul style="list-style-type: none"> <li>Full coordination and support</li> <li>Technical guidance</li> <li>Realistic targets</li> </ul>	<ul style="list-style-type: none"> <li>Meet set revenue targets</li> <li>Submission of timely reports</li> <li>Identify new revenue streams</li> <li>Engagement during formulation of revenue related policies and laws</li> </ul>
Sub-County & Ward Administrators	OSR enforcement, taxpayer engagement, grassroots mobilization.	<ul style="list-style-type: none"> <li>Provision of relevant information on revenue</li> </ul>	<ul style="list-style-type: none"> <li>Community sensitization, and monitoring compliance</li> <li>Review revenue performance</li> </ul>
National Treasury & CRA	Regulatory framework, revenue-raising measures, approval of levies.	<ul style="list-style-type: none"> <li>Adherence to statutory guidelines and</li> <li>timely reporting</li> </ul>	<ul style="list-style-type: none"> <li>Dissemination of relevant guidelines</li> </ul>

Stakeholder	Role	Stakeholder expectation	Revenue directorate expectation
			<ul style="list-style-type: none"> <li>Stakeholder engagement in policy and legal formulation</li> </ul>
Kenya Revenue Authority (KRA)	Technical support, sharing best practices, enforcement collaboration.	<ul style="list-style-type: none"> <li>Compliance with applicable tax measures</li> </ul>	<ul style="list-style-type: none"> <li>Capacity building</li> <li>Collaboration</li> </ul>
Judiciary & Law Enforcement	Enforcement of revenue laws, dispute resolution, support in handling defaulters.	<ul style="list-style-type: none"> <li>Submission of enacted laws and legislations</li> <li>Trained prosecutors</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen collaboration, timely determination of cases.</li> </ul>
Kenya Power & Lighting Co. and Water Companies	Data sharing	<ul style="list-style-type: none"> <li>Formal data requests</li> <li>Compliance with data protection laws</li> </ul>	<ul style="list-style-type: none"> <li>Timely sharing of data</li> </ul>
National Transport safety Authority	Enforcement collaboration, Data sharing	<ul style="list-style-type: none"> <li>Formal data requests</li> <li>Compliance with data protection laws</li> </ul>	<ul style="list-style-type: none"> <li>Timely sharing of data</li> <li>Enforcement</li> </ul>
<ul style="list-style-type: none"> <li><b>Sector Groups</b></li> </ul>			
Bars Owners Association, Hawkers Association, Market Committees. Chamber of commerce, SMEs, and Traders Corporates	Sensitization on payment to relevant taxpayers in markets, trade centers, industries, and real estates, participate in laws and policy formulation and community mobilization	<ul style="list-style-type: none"> <li>Sensitization on payment to relevant taxpayers</li> <li>participation in policy formulation</li> <li>simplified payment processes</li> </ul>	<ul style="list-style-type: none"> <li>Information sharing to members</li> <li>Mobilization of members during public engagements</li> <li>Compliance –act as champions for self-regulation</li> </ul>
Community Members/Citizens	Primary beneficiaries of services; compliance with fees, charges, and licenses.	<ul style="list-style-type: none"> <li>Provision of high quality services</li> </ul>	<ul style="list-style-type: none"> <li>Participate in Public engagement,</li> <li>Feedback mechanisms</li> <li>Protect government assets and structures</li> </ul>

## **CHAPTER FOUR: STRATEGIC ISSUES, OBJECTIVES AND INTERVENTIONS**

This chapter outlines the strategic issues, goals and key result areas to be addressed within the plan period. These strategic issues serve as the core pillars that anchor the directorate's mandate and function within the county government.

### **4.1. Strategic Issues**

The strategic issues underpin the directorate's operations and responsibilities. They are the core elements that define the directorate's role and guide its activities. The directorate plays a crucial role in mobilizing resources to finance the county's development agenda and service delivery. To achieve the goal of sustainably financing the county budget the following strategic issues are to be addressed:

#### **a. Revenue Growth**

The County continues to face challenges in meeting its revenue targets due to low compliance levels, inadequate data and narrow revenue base. Strengthening revenue growth is therefore critical for financing service delivery and reducing over-reliance on equitable share from the National Government. Focus will be placed on broadening the revenue base informed by mapping of revenue streams, adoption of technology, enhancing compliance and adopting innovative approaches to resource mobilization.

#### **b. Service Delivery**

Efficient service delivery is essential in building public trust and improving compliance with revenue obligations. Current challenges include inadequate legal and policy framework and weak feedback mechanisms. The directorate aims to enhance service delivery by streamlining processes, adopting digital platforms for real-time services and fostering a customer-centric culture that ensures transparency, accountability and efficiency in revenue administration.

#### **c. Institutional Capacity**

The effective functioning of the directorate depends on strong human resource capacity, robust systems and supportive institutional frameworks. Presently, gaps in staffing levels, limited professional development opportunities and weak organizational structures hinder optimal performance. Strategic interventions will focus on strengthening human resource capacity through training, staffing and adequate facilitation, improving organization structures and governance systems and leveraging technology to build an agile, accountable and efficient institution.

### **4.2. Strategic Objectives and Interventions**

Specific objectives corresponding to the strategic issues have been established. They include:

- a. To increase the proportion of funding from own source revenue from 12% to 20% by 2028
- b. To improve customer satisfaction from 70% to 90% by 2028
- c. To improve staff productivity by 2028

**Table 5: Strategic issues, objectives and interventions**

<b>Strategic Issue</b>	<b>Strategic Objectives</b>	<b>Strategic Interventions</b>
Revenue Growth	To increase the proportion of funding from own source revenue from 12% to 20% by 2028	<ul style="list-style-type: none"> <li>• Undertake a comprehensive revenue mapping</li> <li>• Improve revenue forecasting</li> <li>• Leverage on technology and innovation</li> </ul>
Service delivery	To improve customer satisfaction from 70% to 90% by 2028	<ul style="list-style-type: none"> <li>• Strengthen Legal and policy framework</li> <li>• Enhance voluntary compliance</li> <li>• Enhance stakeholder engagement</li> <li>• Operationalize Self-service portals</li> <li>• Enhance customer feedback mechanism</li> </ul>
Institutional Capacity	To improve staff productivity by 2028	<ul style="list-style-type: none"> <li>• Improve staff welfare</li> <li>• Enhance interdepartmental linkages</li> <li>• Improve infrastructural developments</li> <li>• Improve work environment</li> <li>• Performance monitoring and accountability</li> </ul>

Table 6: **Outcomes and annual projections**

Strategic Objective	Outcome	Outcome indicator	Annual Projections				
			Y1	Y2	Y3	Y4	Y5
KRA 1: Sustained revenue growth							
To increase the proportion of funding from own source revenue from 12% to 20%	Enhanced own source revenue collections	% increase in own source revenue contribution	12	14	16	18	20
	Increased tax payers base	% increase in tax base	2	3	3	2	2
	Realistic revenue forecasts	% achievement of the planned target	84	86	88	90	92
KRA 2: Improved Service Delivery							
To improve customer satisfaction from 70% to 90% by 2027	Improved customer satisfaction	Customer satisfaction index	70	76	80	85	90
	Improved turnaround time	Average turnaround time for service delivery (minutes)	60	50	45	40	30
	Enhanced voluntary compliance	% of voluntary compliance in tax and fee payment	50	55	57	59	60
KRA 3: Enhanced Institutional capacity							
To improve staff productivity by 2028	Improved productivity	Staff performance appraisal results	70	75	80	85	90
	Enhanced staff satisfaction	Staff satisfaction index	60	66	74	78	80



## CHAPTER FIVE: IMPLEMENTATION AND COORDINATION FRAMEWORK

This chapter presents the structure for delivery of this plan giving details of the various directorate units. It further provides an analysis of staff establishment, human resource development strategies

### 5.1. Implementation Plan

The implementation plan provides the operational framework that creates a shared understanding among the implementers to allow for effective implementation of the strategic plan. The implementation plan consists of;

- a) **Strategic objectives:** This is what the County has committed itself to accomplish in the five years of this strategic plan
- b) **Strategies:** These are the means, the ways and methods by which the County will accomplish its set strategic objectives
- c) **Activities:** These are the very important actions that must be done by the County to achieve set strategies
- d) **Expected Output:** This is the desired output from a given activity executed by the County over the plan period
- e) **Output indicators:** This is the evidence to show that the output has met the set activity
- f) **Five-year target:** What the County plans to achieve in a period of five years
- g) **Budget:** An estimate of the cost of implementing a key activity

The Implementation Matrix (table 7) translates the strategic objectives of the Strategy into actionable activities. It outlines the key strategies, specific activities to be undertaken, expected outputs, measurable indicators, performance targets, and corresponding budget allocations.

**Table 7:Strategy Implementation Matrix**

Strategy	Activities	Expected Output	Output indicators	Target for 5 years	Target					Budget (Millions)				
					Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5
Undertake comprehensive mapping of all revenue sources	Identification & categorization of all revenue sources	Revenue sources identified and categorized	No of revenue sources identified and categorized	34	5	7	8	8	6	4.6	4.6	4.6	4.0	4.0
	Data collection, picking of revenue source's GIS coordinates	Data collected & GIS picked for revenue sources	No of sources for which data & GIS have been collected	34										
	Data analysis, & reporting	Data analyzed & Reports submitted	Revenue mapping reports	34										
	Integrate all revenue sources and geo points into the revenue system	Revenue sources and GIS integrated in the revenue system	No of revenue streams integrated in the revenue system	34	15	19				0.3	0.3	0.3	0.3	0.3
	Profiling emerging revenue streams	Comprehensive information on emerging	No of emerging revenue streams	5	1	1	1	1	1					

		revenue streams												
Improve revenue forecasting	Develop and visualize forecasting models in setting revenue targets for departments, Agencies and officers	Revenue forecasting models developed and visualized	No of revenue forecasting models developed	2	1	1				1.0	1.0			
	Conduct periodic reviews and adjustments of targets	Target reviews conducted	No of revenue targets adjusted and reviewed	15	3	3	3	3	3	0.1	0.1	0.1	0.1	0.1
	Capacity building of staff on revenue forecasting models	All revenue officers trained on revenue forecasting	No of officers trained	120	60	60				1.0	1.0			
	Structuring & formalizing unstructured streams	Unstructured streams structured	No of streams structured	5	1	2	1	1		0.3	0.3	0.3	0.3	
Leverage on technology and innovation	Integrate revenue system with other county systems	Revenue system integrated with other County systems	No of systems integrations completed	4	1	1	1	1		0.5	0.2	0.2	0.2	0.2

	Continuous system configuration	Configurations done continuously	No of system configurations implemented	10	2	2	2	2						
	Unified billing of various fees & charges	Unified Billing implemented	No of fees & charges unified	15	3	3	3	3		0.3	0.3	0.3	0.3	0.3
	Dashboard for real time revenue updating, monitoring & reporting	Functional revenue dash board	Dash board launched	1	1					0.5				
	Adoption of technological innovations	Technological innovations adopted	No of innovations implemented	5	1	1	1	1	1	0.2	0.2	0.2	0.2	0.2
Streamline third party data sharing	Development of third party data sharing framework	Third party data sharing frameworks developed	No of signed third party information sharing agreements	10	2	2	2	2	2	0.2	0.2	0.2	0.2	0.2
	Stakeholder engagement for sharing information	Stakeholders engaged	No of stakeholders engaged	10	3	3	2	2		0.3	0.3	0.3	0.3	0.3
	Implement a structured plan for continuous detection of unregistered tax payers	Structured plan for detecting unregistered tax payers implemented	No of additional tax payers netted	10,000	3,000	3000	2000	1000	1000					

	Development of Build Operate and Transfer(BOT) policy for County stalls	Operational BOT policy on stalls	Approved BOT policy for stalls	1		1							0.5		
Establishment of a data management unit	Recruitment/ deployment of data analyst	Data analysts recruited/deployed	No of data analysts	3	2	1									
	Routine update of tax payers' register	Tax payers' register updated routinely	Quarterly reports of new and deactivated tax payers	20	4	4	4	4	4						
	Keeping and updating stock of arrears	Updated stock of arrears	Quarterly reports of stock of arrears	20	4	4	4	4	4						
	Conduct sensitivity analysis on revenue raising measures	Sensitivity analysis conducted	No of sensitivity analysis reports submitted	10	2	2	2	2	2						
	Undertake periodic surveys	Surveys undertaken	No of surveys conducted	3	1		1		1						
	Dissemination of survey reports	Survey reports disseminated	No of tax payers reached	50,000	10,000	10,000	10000	10000	10000	0.2	0.2	0.2	0.2	0.2	
	Adoption of innovations in data analytics	innovations in data analytics adopted	No of innovations adopted	5	1	1	1	1	1						

Performance monitoring and accountability	Timely revenue reporting and performance review	Timely revenue reports & performance reviews done	Weekly reports	260	52	52	52	52	52					
	Increase number of cess points	Cess points increased	No of new cess points	5	1	2	2			0.2	0.4	0.4		
	Tracking individual performance per market, per stream	Individual officers performance tracked	Monthly individual performance reports	60	12	12	12	12	12					
	Implementation of audit recommendations on revenue	Audit recommendations implemented	% of audit recommendations implemented	80%	50%	55%	60%	70%	80%					
	Develop mechanism for advance payments	Advance payment mechanism developed	Approved Advance payment mechanism	1	1						1.0			
	Develop a revenue debt management policy	Debt management policy developed	Approved debt management policy	1		1					1.0			
Strengthen legal and policy framework	Development of Tariffs & pricing policy	Operational Tariffs & Pricing policy	Approved Tariffs & Pricing policy	1		1					3.5			
	Development of revenue and tariff	Operational revenue and tariff	Approved Revenue and Tariff	1		1					1.0			

	administration bill	administration Act	administration Act											
	Development of Enforcement and compliance policy	Operational enforcement and compliance policy	Approved enforcement & compliance policy	1		1					1.0			
	Strengthen intergovernmental collaboration in development of tax policies	Strengthened intergovernmental collaborations	No of government institutions collaborating with	10	2	4	2	2		0.3	0.3	0.3	0.3	0.3
Enhance voluntary compliance	Offer discounted fees for timely compliance	Discounts implemented	Approved discount rates	1	1					0.5				
	Provide for installment payments	Instalment payment implemented	Approved instalment payment plans	1		1					0.5			
	Structured sensitization forums for tax payers	Structured sensitization forums contacted	No of structured forums	60	12	12	12	12	12	0.3	0.3	0.3	0.3	0.3
	Recognition and awards for taxpayers	Tax payers recognized and rewarded	No of tax payers recognized	150	30	30	30	30	30	0.2	0.2	0.2	0.2	0.2
Establishment of an	Establish a county	County revenue	Approved County	1			1			0.3	0.3	0.3	0.3	0.3



alternative dispute resolution mechanism	revenue tribunal	tribunal established	Revenue Tribunal											
	Development of framework for monitoring and documenting disputes	Framework for monitoring disputes developed	Approved framework for monitoring disputes	1		1				0.3	0.3	0.3	0.3	0.3
	Public and staff awareness on dispute resolution processes	Staff and public sensitized	No of officers and citizens sensitized	7,500	1,500	1,500	1,500	1,500	1,500	0.3	0.3	0.3	0.3	0.3
	Operationalize the office of the county ombudsman	Operational County ombudsman office	Approved County Ombudsman office	1		1								
	Implement dispute resolution outcomes	Dispute outcomes implemented	% of outcomes implemented	80%	40%	50%	60%	70%	80%					
Establishment of county courts	Training of county prosecutors	County prosecutors trained	No of prosecutors trained	4	2	2				0.6	0.6			
	Develop a framework of operation between County and judiciary	Framework of operation developed	Approved operation framework	1		1								
	Capacity building of staff	Officers Capacity built	No of officers trained	50	15	15	10	5	5			0.60		

	on court procedures and processes													
	Conduct stakeholder engagements	Stakeholders engaged	No of stakeholders engaged	600	120	120	120	120	120			0.60		
Enhance stakeholder engagement	Conduct market outreach	Market outreach conducted	No of market outreaches	60	12	12	12	12	12	2.2	2.2	2.2	2.2	2.2
	Conduct joint stream specific revenue clinics with relevant departments and agencies	Joint stream market clinics conducted	No of market clinics	30	6	6	6	6	6	0.5	0.5	0.5	0.5	0.5
	Regular stakeholder consultative forums	Stakeholder consultative forums held	No of forums	20	4	4	4	4	4	0.4	0.4	0.4	0.4	0.4
	Identify revenue champions in markets	Revenue champions identifies	No of revenue champions	600	120	120	120	120	120					
	Organize quarterly topical radio shows on OSR	Radio shows conducted	No of radio shows	20	4	4	4	4	4	0.4	0.4	0.4	0.4	0.4
Tax payers self - service portals	Operationalization of client's self -service portal	Operational clients' self-service portal	Configured self-service portal	1		1						0.8		

	Integration with mobile apps	Portal integrated with mobile apps	No of mobile applications integrations	2	1	1						0.5		
	Training citizens on portal usage	Citizens trained	No of citizens trained	10,000	2000	2000	2000	2000	2000					
Enhance customer feedback mechanism	Facilitate a 24-hour automated customer service Center	Operational customer call center	Procured automated customer call center	1		1						2.0		
	Revamped use of revenue customer service line	Increased use of customer service line	Monthly report on No of calls received	60	12	12	12	12	12					
	Activate social media channels for feedback	Activated social media channels	No of social media handles	5	3	2								
	Conduct periodic customer satisfaction surveys	Customer satisfaction surveys conducted	No of surveys	3	1		1		1	1.5		1.5		1.5
	Document FAQs on revenue	FAQs Documented	NO of FAQs	25	15	5	5							

Improve infrastructural facilities	Expansion, Modernization and Maintenance of infrastructural facilities	Modernized and maintained infrastructural facilities	No of facilities facelifted/repai red	10	2	2	2	2	2	1.0	1.0	1.0	1.0	1.0
	Enhance collaboration with agencies in infrastructural developments	Strengthened collaboration with agencies	No of MOUs/Agree ments signed	5	1	2	2							
Improve staff welfare	Adopt staff reward mechanisms	Staff rewarded	No of staff rewarded	100	20	20	20	20	20	0.5	0.5	0.5	0.5	0.5
	Training and capacity building of staff	Trained staff	No of staff trained	120	24	24	24	24	24	5.0	5.0	5.0	5.0	5.0
	Acquisition of adequate working tools and facilitation	Working tools and facilitation acquired	No of tools procured	100	20	20	20	20	20	2.0	2.0	2.0	2.0	2.0
	Recruitment of optimal staff numbers	Staff recruited	No of staff	60	10	20	10	10	10	1.0	2.0			
	Conversion of staff on contract to permanent and pensionable terms	Contract staff converted to P&P	No of staff converted to P&P terms	50		50								

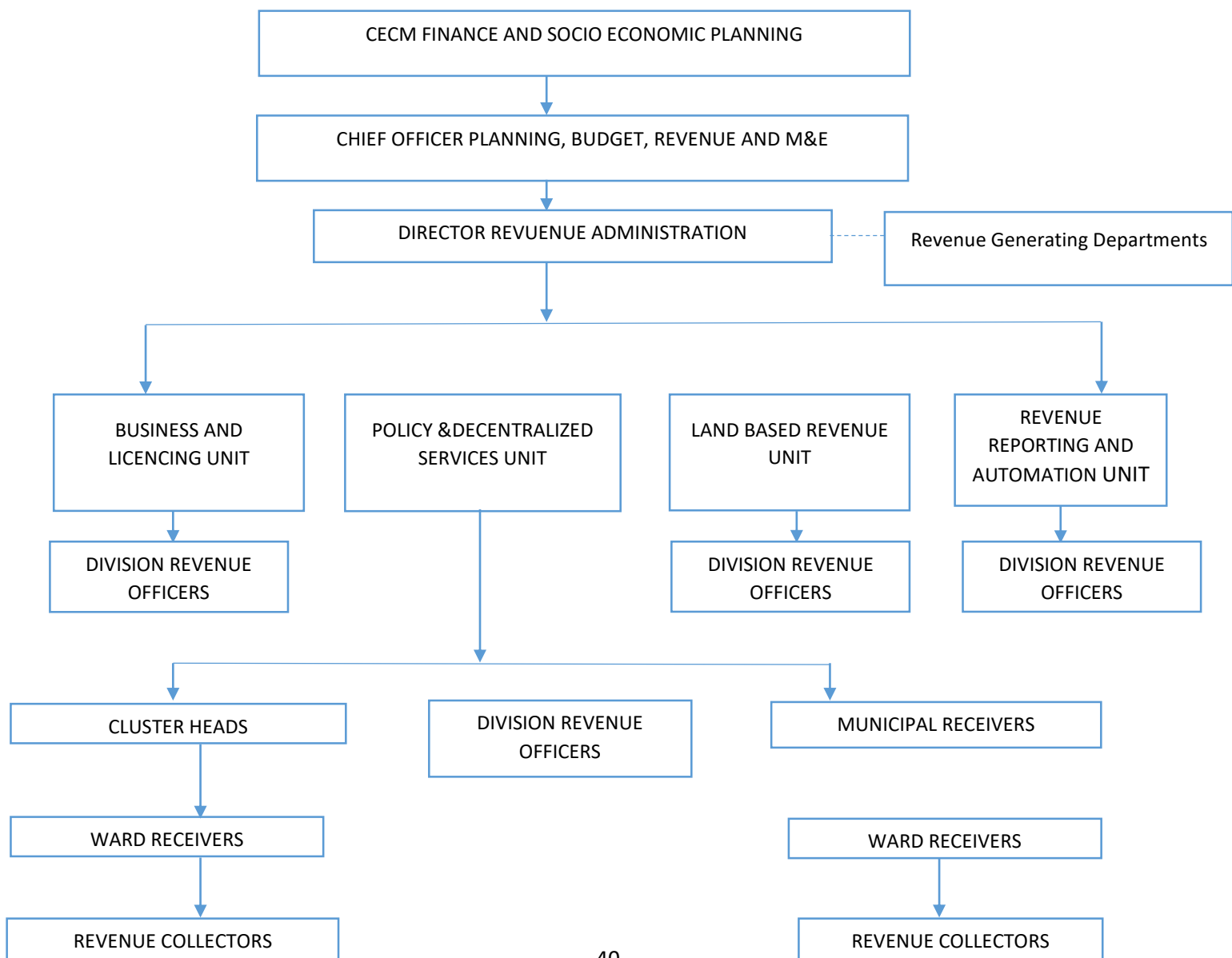
	Establish staff wellness and counselling programmes	Wellness program established	Approved wellness program	1		1				0.3	0.3	0.3	0.3	0.3
	Establishment of grievances handling mechanism	Grievances handling mechanism establishes	Approved grievances handling mechanism	1		1				0.2	0.2	0.2		
	Implement recommendations from staff satisfaction surveys	Recommendations implemented	No of recommendations implemented	10	2	2	2	2	2	1.0	1.0	1.0	1.0	1.0
Enhance interdepartmental linkages	Undertake joint departmental and decentralized OSR meetings	Decentralized OSR meeting held	Signed Meeting minutes	120	24	24	24	24	24					
	Establish interdepartmental communication platform	Interdepartmental communication platforms established	Approved communication platform	1		1								
	Develop a framework for resource allocation aligned with revenue targets	Resource allocation framework developed	Adopted & approved framework	1		1								
Improve work environment	Construction, Renovation	Ward offices constructed,	No of offices facelifted	10	2	2	2	2	2	0.5	0.5	0.5	0.5	0.5

	and equipping of ward offices.	renovated and equipped												
	Promote a safe, healthy and inclusive workplace	Safe and secure work places promoted	Procurement of health, fire & safety equipment for all offices	30	30	30	30	30	30	0.5	0.5	0.5	0.5	0.5

## 5.2. Coordination Framework

The Directorate will enhance its institutional capacity and establish an effective coordination framework to ensure successful implementation of the Strategic Plan. The Directorate will be headed by the Director of Revenue Administration, who reports to the Chief Officer for Socio-Economic Planning, Budget, Revenue, and Monitoring & Evaluation, and will oversee the overall execution of this Plan.

The Directorate is structured into four divisions: Business and Licensing; Land-Based Revenue; Policy and Decentralized Services; and Revenue Reporting and Automation. Each division will be led by a Deputy Director, supported by Division Revenue Officers. The Policy and Decentralized Services Division will further devolve responsibilities to Cluster Heads and Municipal Receivers, who will in turn be supported by Ward Receivers. At the grassroots level, Ward Receivers will be assisted by Revenue Collectors to facilitate efficient service delivery.



**Figure 3: Organizational Structure of Revenue Function in the county**

### **5.3. Institutional Framework**

The revenue directorate leads in the process of revenue collection and raises revenue by imposing taxes, fees and charges for services rendered. This calls for enactment of enabling legislations to guide revenue collection in across all spectrums. In this strategic area the revenue directorate can only actualise this mandate by enacting enabling revenue legislation. The purpose of revenue laws in the directorate levels is to facilitate revenue imposition, collection and administration within the county. Despite the existence of strong revenue laws, the directorate is still struggling with the performance of revenue due failure to implement the existing laws fully.

The directorate has continued to prepare laws in conjunction with other collecting departments such as in Trade, Agriculture, Fisheries, Health, i.e. County Revenue Administration Bill, County Tariff Policy/county transport bill, County Rating Bill (for property rates), County Agricultural Produce Cess Bill and County Trade Licensing Bill.; all this laws are meant to handle the changing environment on revenue matters and adopting to the technological advancements not forgetting the political environment.

### **5.4. Staff Establishment, Skill Sets and Competence Development**

Current and optimal staff establishment for the directorate are discussed in table below. The directorate will ensure effective and continuous training and capacity building of all its staff to enhance workforce capabilities an improve performance. The current in post is 123 against a proposed establishment of 188 staff. Majority of the staff are revenue collectors.

**Table 8: Staff Establishment for Revenue Administration Directorate**

<b>S/ No</b>	<b>Designation</b>	<b>Job Group</b>	<b>In post</b>	<b>Optimal</b>	<b>Justification</b>
1	Director, Revenue Administration	R	1	1	Head the directorate
2	Assistant Office Administrator	K	0	1	Perform office administrative duties
	<b>Sub Total</b>		<b>1</b>	<b>2</b>	
	Business Licensing structured revenue administration Division				



3	Deputy Director, Revenue Administration	Q	2	I	Head the division
4	Assistant Director, Revenue Administration	P	0	I	Coordinate the functions of the divisions
5	Principal Revenue Officer	N	0	2	Undertake functions of the division
6	Chief Revenue Officer	M	0		
7	Senior Revenue Officer	L	0		
8	Revenue Officer II/I	J/K	0	3	
	<b>Sub Total</b>		<b>2</b>	<b>7</b>	
	Land Based and Unstructured Revenue stream Division				
9	Deputy Director, Revenue Administration	Q	2	I	To head the division
10	Assistant Director, Revenue Administration	P	0	I	Coordinate revenue administration
11	Principal Revenue Officer	N	0	3	Undertake revenue administration
12	Chief Revenue Officer	M	0		
13	Senior Revenue Officer	L	0		
14	Revenue Officer II/I	J/K	0	2	Undertake revenue administration
	<b>Sub Total</b>		<b>2</b>	<b>7</b>	
	Compliance, Policy and Decentralized Services Division				
15	Deputy Director, Revenue Administration	Q	I	I	To head the division
16	Assistant Director, Revenue Administration	P	0	2	Coordinate revenue collection in the wards
17	Principal Revenue Officer	N	0	32	Undertake revenue functions
18	Chief Revenue Officer	M	0		
19	Senior Revenue Officer	L	0		I Per ward
20	Revenue Officer II/I	J/K	2		
	<b>Sub Total</b>		<b>3</b>	<b>35</b>	
	Revenue Collection Unit				
21	Chief Revenue Clerk	J	3	50	To undertake revenue collection in the ward
22	Senior Revenue Clerk	H			
23	Revenue Clerk II/I	F/G	III	80	
	<b>Sub Total</b>		<b>122</b>	<b>181</b>	
	Accounting, Reporting and Automation Division				
24	Deputy Director, Revenue Accounting, Reporting and Automation	Q	I	I	To head the division
25	Assistant Director, Revenue Administration	P		I	Coordinate functions of the division

26	Principal Revenue Officer (Section Heads)	N	0	3	Undertake functions of the division
27	Chief Revenue Officer)	M	0		
28	Senior Revenue Officer	L	0		
29	Revenue Officer II/I	J/K	0	2	
	<b>Sub Total</b>		<b>1</b>	<b>7</b>	
	<b>Grand Total</b>		<b>123</b>	<b>188</b>	

**Table 9: Skills Set and Competence Development**

<b>Cadre</b>	<b>Skill Set</b>	<b>Skills Gap</b>	<b>Competence Development</b>
Director	<ul style="list-style-type: none"> <li>• Managerial skills</li> <li>• Accounting skills</li> <li>• Analytical</li> <li>• Financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting</li> <li>• Financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Seminars</li> <li>• Off job training</li> </ul>
Deputy directors	<ul style="list-style-type: none"> <li>• Analytical</li> <li>• Financial reporting</li> <li>• Managerial skills</li> <li>• Strategic skills</li> </ul>	<ul style="list-style-type: none"> <li>• Data modelling and analytics</li> <li>• Strategic leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Seminars</li> <li>• Off job training</li> </ul>
Municipal receivers	<ul style="list-style-type: none"> <li>• Managerial skills</li> <li>• Debt collection skills</li> <li>• Report writing</li> </ul>	<ul style="list-style-type: none"> <li>• Data modelling and analytics</li> </ul>	<ul style="list-style-type: none"> <li>• Seminars</li> </ul>
Divisional HQ staff	<ul style="list-style-type: none"> <li>• Report writing</li> <li>• Data modelling and analytics</li> <li>• ICT skills</li> </ul>	<ul style="list-style-type: none"> <li>• Report writing</li> <li>• Data modelling and analytics</li> </ul>	<ul style="list-style-type: none"> <li>• Seminars</li> <li>• Off job training</li> </ul>
Ward revenue Officers	<ul style="list-style-type: none"> <li>• ICT skills</li> <li>• Report writing</li> <li>• Analytical</li> <li>• Revenue systems skills</li> <li>• Debt collection skills</li> <li>• Supervisory skills</li> <li>• Accounting skills</li> </ul>	<ul style="list-style-type: none"> <li>• Report writing</li> <li>• Analytical</li> <li>• Revenue system</li> <li>• Debt collection training</li> </ul>	<ul style="list-style-type: none"> <li>• Induction</li> <li>• Off job training/ coaching and mentoring</li> <li>• On job training</li> <li>• Seminars</li> </ul>
Revenue collectors	<ul style="list-style-type: none"> <li>• ICT skills</li> <li>• Revenue system skills</li> <li>• Debt collection skills</li> <li>• Customer care service skills</li> </ul>	<ul style="list-style-type: none"> <li>• Computer packages</li> <li>• Revenue system</li> <li>• Debt collection</li> <li>• Customer handling</li> </ul>	<ul style="list-style-type: none"> <li>• Induction</li> <li>• Off job training/ coaching and mentoring</li> <li>• On job training</li> <li>• Seminars</li> </ul>

## 5.5 Risk Management Framework

Risk management is the systematic process of managing the directorate risk exposure to achieve its objectives in a manner consistent with public interest, human safety, environmental factors, and existing legal frameworks. The broad areas and category of risks identified by the Strategic Plan is summarized in table below;

**Table 10: Risk Management Framework**

<b>Risk Category</b>	<b>Risk Description</b>	<b>Risk likelihood (Low/Medium/High)</b>	<b>Severity levels (Low/Medium/High)</b>	<b>Risk Level (Low/Medium/High)</b>	<b>Mitigation measure(s)</b>
Fiscal/Economic risk	Inadequate resources	Medium	High	Medium	<ul style="list-style-type: none"> <li>• Collaborations &amp; partnerships</li> <li>• Priority Setting and Scope Management</li> <li>• Resource Allocation Optimization</li> </ul>
	Unexpected financial and Economic shocks.	Medium	Medium	Medium	<ul style="list-style-type: none"> <li>• Develop contingency plans</li> <li>• Diversify revenue streams</li> <li>• Maintain a strong reserve fund for emergencies</li> <li>• Maintain strong relationships with key stakeholders</li> </ul>
	Uncertainty & fluctuations in revenue sources,	Medium	High	High	<ul style="list-style-type: none"> <li>• Broaden revenue base/sources</li> <li>• Stakeholder engagement and advocacy</li> </ul>
Regulatory and Compliance Risk	Failure to pass bills	Medium	Medium	Medium	Full involvement of relevant stakeholders
	Non-compliance with	Medium	High	High	Sensitization of revenue payers on need for

<b>Risk Category</b>	<b>Risk Description</b>	<b>Risk likelihood (Low/Medium/High)</b>	<b>Severity levels (Low/Medium/High)</b>	<b>Risk Level (Low/Medium/High)</b>	<b>Mitigation measure(s)</b>
	revenue laws				voluntary & timely compliance
Capacity Risks	Ageing work force	Medium	High	High	<ul style="list-style-type: none"> <li>• Enhance succession planning and management.</li> <li>• Retirement Planning Support</li> </ul>
	Weak succession planning practices	Medium	High	High	<ul style="list-style-type: none"> <li>• Develop and implement talent and succession management plans.</li> <li>• Enhance capacity building of staff.</li> </ul>
	Inadequate human capacities	Medium	Medium	Medium	<ul style="list-style-type: none"> <li>• Capacity build and right placement of staff.</li> <li>• Training and Development Programs</li> <li>• Recruitment and Talent Acquisition</li> </ul>
Political Risks	Incitement and resistance by political leaders	Low	High	High	Engaging political leaders on contested issues for concurrence
Environmental Risks	Frequent drought and other weather vagaries affecting revenue collection	High	High	High	<ul style="list-style-type: none"> <li>• Develop and implement strategies for risk mitigation and preparedness.</li> <li>• Adaptation &amp; resilience building in collaboration with stakeholders</li> </ul>

<b>Risk Category</b>	<b>Risk Description</b>	<b>Risk likelihood (Low/Medium/High)</b>	<b>Severity levels (Low/Medium/High)</b>	<b>Risk Level (Low/Medium/High)</b>	<b>Mitigation measure(s)</b>
Social Risks	Drug and substance abuse and Terminal Illnesses	Medium	Medium	Medium	<ul style="list-style-type: none"> <li>• Awareness creation on mental health and terminal illness among staff</li> <li>• Treatment and Rehabilitation</li> </ul>
Operational Risk	System failures and fraud	Medium	High	High	<ul style="list-style-type: none"> <li>• Implement effective internal controls, segregation of duties, and fraud prevention measures.</li> <li>• Regularly monitor and review operational processes and systems to identify and address potential.</li> <li>• Whistle-blower Mechanisms</li> </ul>
Technology and Data Risk:	Inadequate technology infrastructure, cyber insecurity threats, and data management challenges.	Medium	High	High	<ul style="list-style-type: none"> <li>• Implement cybersecurity measures, policies and procedures to protect sensitive financial information.</li> <li>• Invest in technology systems and infrastructure and conduct regular data backups</li> </ul>

## 5.6: Resource Requirements

Adequate financial resources are a requisite component for the realization of this strategic plan. Financial resource requirement for implementing strategic plan 2024 -28 is outlined per key result area.

**Table 11: Financial requirement for implementing strategic plan**

Cost item	Projected resource requirements(Ksh, M)					
	Year 1	Year2	Year 3	Year 4	Year 5	Total
KRA1: Sustained revenue growth	9.7	9.1	9.9	6.4	6.4	41.5
KRA2: Improved Service Delivery	7.8	11.8	11.2	5.2	6.7	42.7
KRA3: Enhanced Institutional capacity	12	13	11	10.8	10.8	57.6
Personnel Emoluments						
Administration Cost	2.3	2.5	2.5	2.0	2.0	11.3
<b>Total</b>	<b>31.8</b>	<b>36.4</b>	<b>34.6</b>	<b>24.4</b>	<b>25.9</b>	<b>153.1</b>

**Table 12: Resource Gaps**

Financial Year	Estimated Financial Requirements (Ksh. M)	Estimated Resource Allocation(Ksh M)	Resource Gap
Year 1	31.8	10.8	21.0
Year 2	36.4	12.4	24.0
Year 3	34.4	12.4	22.0
Year 4	24.4	13.4	11.0
Year 5	25.9	14.0	11.9
<b>Total</b>	<b>152.9</b>	<b>63.0</b>	<b>89.9</b>

## 5.7 Resource Mobilization and Management

The County will enhance resource mobilization to implement this strategic plan through;

- I. Strengthening external resources Mobilization: The County Treasury will strengthen external resources mobilization with a view of improving the share of external resources in the county budget. This will include leveraging on Public-Private Partnerships (PPPs) by Nurturing partnerships with private investors to fund and manage infrastructure projects.

2. Access to Grants and Aid: The County will seek grants and financial aid from the National government and development partners. This will be used in implementing specific activities of the strategic plan
3. Cost Management and Budgeting: The County treasury will develop comprehensive cost management strategies and budgeting process that will track expenses and identify areas where cost savings can be achieved.

## CHAPTER SIX: MONITORING, EVALUATION AND REPORTING FRAMEWORK

The Monitoring, Evaluation and Reporting framework provides the basis for assessing the progress of implementing the OSR Strategy. It sets out how activities will be tracked, how performance will be measured, and how results will be reported to ensure accountability and continuous improvement

### 6.1 Monitoring framework

Monitoring will involve systematic tracking of activities and outputs to establish whether implementation is on course. This will be done through:

- i. **Annual Work Plans:** Each financial year, the Directorate will develop work plans aligned to the OSR Strategy priorities with measurable targets
- ii. **Performance Indicators:** Quantitative and qualitative indicators have been developed to measure the strategic objective
- iii. **Data Collection and Management:** Data will be collected through revenue management systems, departmental reports, and stakeholder feedback. The information will be analyzed to assess progress toward targets

### 6.2 Evaluation Framework

The strategy will undergo annual reviews to ensure it remains relevant to emerging trends and developments. These reviews will also assess progress made in executing the strategy by measuring performance on key deliverables against planned targets. At the end of the strategy period, a comprehensive end-term evaluation will be conducted to determine the extent to which the intended outcomes and goals have been achieved. The review will assess the effectiveness of OSR strategies, the sustainability of achievements, challenges encountered, and lessons learned. Feedback from stakeholders will form a central part of this evaluation to enhance future planning.

### 6.3 Reporting Mechanism

Reporting will serve as a key feedback mechanism to guide decision-making and ensure transparency in the implementation process. Data collected from performance indicators will be used to prepare quarterly and annual progress reports. These reports will detail progress against planned targets, budget performance, reasons for any variances, and measures required to address delays or gaps. They will also document achievements, emerging issues, implementation challenges, and lessons learned. This process will ensure that planned activities remain responsive, results-driven, and adaptive to changing circumstances.