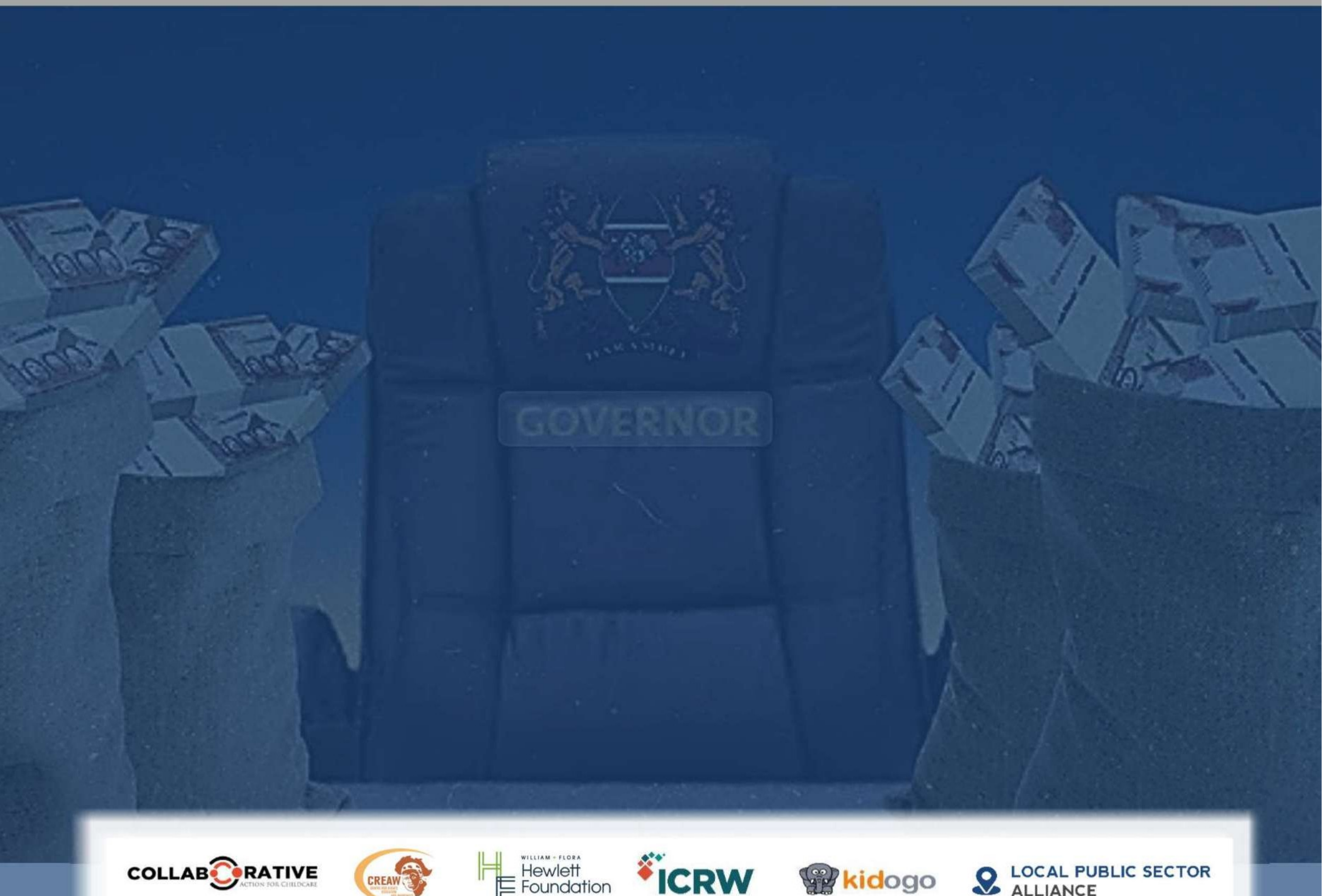
County Funding for Childcare in Kenya

How much fiscal space is there for county childcare spending?



COUNTY FUNDING FOR CHILDCARE IN KENYA: HOW MUCH FISCAL SPACE IS THERE FOR COUNTY CHILDCARE SPENDING?

Technical Working Group
Localizing Women's Economic Empowerment and Childcare in Kenya

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COUNTY FUNDING FOR CHILDCARE IN KENYA:
HOW MUCH FISCAL SPACE IS THERE FOR COUNTY CHILDCARE SPENDING?

1. Introduction

Kenya's devolved constitution—adopted in 2010—assigns the power and responsibility for the provision of childcare facilities to the county government level. The election of 47 County Governors and County Assemblies in 2013 ushered in a new era of leadership with county governments taking on their constitutional mandate.

Unlike other devolved functions—which were transferred from the erstwhile central governments to the new county governments in 2013—the constitutional mandate for childcare was new and ill-defined. A recent review conducted under the auspices of the Technical Working Group on Local Women's Economic Empowerment and Childcare reveals that despite considerable interest by county governments in supporting the childcare sector, in practice, most county governments lack a dedicated department, unit, or program to provide, regulate, or support childcare services.

It is therefore easy to blame county governments for the absence of strong public sector support for the construction and provision of childcare facilities, or more broadly, for the limited registration, regulation, and access to safe, affordable, quality childcare services in Kenya.

In reality, however, the provision of devolved public services—in Kenya, as well as in countries around the world—require not only an effective county (or local) government level, but requires an effective multilevel government system, where national government officials, local government officials, and civil society work together to ensure the inclusive and effective delivery of public services. An effective multilevel governance system also presumes an intergovernmental finance system that ensures that county governments have adequate funding to perform their constitutionally mandated functions.

This short policy note aims to inform childcare advocates in Kenya—including policymakers at all government levels—by exploring the level of fiscal space that is available at the county level to fund childcare services.[1] After all, without an idea of the funding availability or funding constraints on county governments, it is difficult to articulate what county government should or should not be doing in an effort to promote or support childcare services.

With the aim of answering this question, the technical note is divided into six sections. After this introduction, Section 2 provides a basic overview of childcare and identifies ways in which county governments can support the provision of childcare in Kenya. Section 3 evaluates the funding sources available for county-level spending on childcare in Kenya. Section 4 provides an overview of the equitable sharing of revenue in Kenya between the national government and county governments. Section 5 walks step-by-step through the equitable sharing mechanism and how it provides each county with an indicative funding allocation for childcare facilities. Section 6 provides concluding insights and remarks.

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[1] Fiscal space refers to the room in a government's budget to increase public spending or reduce taxes without compromising fiscal sustainability or macroeconomic stability.

2. What is 'childcare' and how should county governments support it?

What do we mean by childcare?

Childcare is the provision of supervision and care of infants and young children, up to age four, during the daytime or nighttime, particularly so that their parents can hold jobs, or go to school, or engage in any other activity.

Childcare services may be provided by childcare facilities, which may go by different names in Kenya (and around the world), including daycare centres, creches, or nursery schools. Childcare services may also be provided in a home-based setting, for instance, by home-based childcare providers.

Care for children up to age four—including a child's "first 1000 days"—is a critical element in a child's overall social, emotional, intellectual, and physical development. As such, promoting affordable, safe, quality childcare services for infants and toddlers under four is an important part of the public sector's role in ensuring comprehensive care for children and social protection. Ensuring access to childcare services for children under four should be seen as a distinct priority, separate from the benefits of ECDE services that are provided by county governments and private sector establishments for children aged 4-5.

The provision of childcare services also has a major impact on gender equity in Kenya, as the unpaid care provided by mothers with children aged 0-3 forms a major share of the unpaid work provided by women and is an important obstacle to women's economic empowerment.

The constitutional mandate for childcare

The 2010 Constitution of Kenya (Article 53) recognizes the right of all children in Kenya to be protected from abuse, neglect, harmful cultural practices, all forms of violence, inhumane treatment and punishment, and hazardous or exploitative labor. Furthermore, the Fourth Schedule to the Constitution assigns the functions of "[p]re-primary education, village polytechnics, homecraft centres and childcare facilities" to county governments.

Some county governments have understood this constitutional mandate to mean that they are responsible for the construction of childcare facilities and the public provision of childcare services, much in the same way that counties establish and operate county-owned Early Childhood Development and Education (ECDE) centres. Instead of (or in addition to) public provision of childcare services, the more important role of county governments can play in the realm of childcare is to provide for the registration and licensing of all (public and private) childcare facilities and home-based childcare providers and the enforcement of the national norms and standards through announced and unannounced inspection visits.

In line with the Constitution and the Intergovernmental Relations Act (Rev. 2022), the Intergovernmental Relations Technical Committee (IGRTC) has recently clarified the responsibility for specific functions relating to childcare facilities between the national government and county governments. In doing so, IGRTC has assigned the responsibility to "develop national policy, norms and standards on childcare facilities" to the National Government (The Kenya Gazette, 16th December 2024).

Under IGRTC's delineation of constitutional functions, county governments are assigned the responsibilities to: (a) implement national framework for norms and standards for childcare facilities; (b) formulate and implement policies and legislation to regulate childcare facilities; (c) establish and manage childcare facilities; (d) register and regulate childcare facilities; and (e) enforce norms and standards and quality assurance and standards in childcare facilities (The Kenya Gazette 16th December 2024).

The Children Act (2022, Section 61) states that "in the discharge of the functions specified in Part II of the Fourth Schedule to the Constitution, every county government shall— ... (1)(b) provide or facilitate the provision of childcare facilities. (2) Every county government shall, in consultation with the Cabinet Secretary, develop policies and guidelines for the better carrying out of the functions specified in subsection (1)."

How is childcare currently provided in Kenya?

Childcare services in Kenya are largely provided by small home-based childcare providers, privately-run childcare facilities (i.e., nurseries or day care centres), and childcare programs run by religious institutions, childcare networks, and social enterprises. The vast majority of childcare providers in Kenya operate as part of the informal sector, in the sense that they are neither registered with the national government (e.g., registered as a company under the Companies Act, 2015), nor have been issued a license (or single business permit) by their county government.

Given the largely unregulated environment in which childcare providers in Kenya operate, there is no readily available comprehensive count of childcare providers across the whole country. An analysis of childcare providers in Nairobi City by Uthabiti suggests that there are around 7,000 childcare providers in Nairobi alone. However, the accuracy of this number is hard to confirm. A significant portion of childcare provision happens in private homes, with women running small daycares as microenterprises, typically without proper training or regulation.

Four factors have simultaneously contributed to a weak and underdeveloped childcare sector in Kenya. First, many childcare providers are hesitant to register with county governments due to administrative obstacles and high license fees. Second, as a result, most childcare providers are informal. This makes it hard for parents and caregivers to find appropriate childcare providers and determine the safety and quality of available childcare services. Third, county governments lack experience and resources to develop regulations and provide oversight over childcare providers. And fourth, in the absence of quality ratings and accreditation mechanisms, the overall quality of childcare services provided remains weak, without a mechanism to incentivize quality improvements in the childcare sector.

What mechanisms are available to county governments to support or promote childcare?

Unlike many of the other county governments functions—which were previously implemented by the central government (or the erstwhile local authorities) and then transferred to the county government—there was no clear public sector role in childcare prior to the introduction of the devolved constitution.

Unfortunately, the national government in Kenya does not provide an effective multilevel governance policy framework for childcare provision. As a result, it is unclear what or how county governments are expected to do in support of childcare services in their respective counties.

A review of the county governments' role in childcare in Kenya initiated by the Technical Working Group reveals that while many county governments would like to promote more affordable, safe, quality childcare, the actual role that country governments play is currently limited (LPSA/CREAW 2025). There are some instances of county governments providing funding from their own budget for the construction of childcare facilities (for instance, at markets); making space available within ECDE facilities for under-four childcare; or providing childcare services for selected recipients (e.g., teen parents attending secondary education). These, however, are the exception. Progress on the childcare agenda within counties is largely driven by development partners and civil society organizations in partnership with county governments. Although county governments are often recognized for such partnership efforts, such interventions are generally neither initiated nor funded by the county government.

Based on a review of current practices in Kenya, along with a review of experiences in other countries, there are numerous ways in which county governments could more actively support childcare facilities, including the following interventions:

1. ***County provision of childcare services to the public or selected groups***. County governments could establish and operate free or fee-based childcare facilities, much like they establish and operate public ECDE centres. Alternatively, county governments could rely on contracting-out to provide free or fee-based childcare services to specific groups, including county employees, vulnerable women, or young mothers pursuing an education.

2. ***County regulation (registration and licensing) of private childcare facilities***. Childcare regulation and licensing is a process whereby county governments set minimum health, safety, and operational requirements that childcare programs must meet to legally operate. These requirements help ensure that childcare is provided in a manner that prioritizes the health and safety of the children receiving care. Childcare licensing enables parents and caregivers to make informed childcare choices, as licensed childcare programs must meet minimum health and safety requirements to operate legally. It is important to recognise that a punitive approach or sanctions are unlikely to incentivise informal childcare providers to register with the county government. A more effective approach, instead, would be for county governments to lower registration and/or licensing fees and provide informal childcare providers with guidance, support, or other benefits to encourage them to register and/or obtain a licensed.

3. ***Capacity development support for the county's childcare sector***. An inexpensive way for county governments to support the childcare sector would be to lower the barriers to entry and by providing outreach and capacity development support for the county's childcare sector. For instance, a simple way in which county governments can promote childcare services is by providing a single point-of-contact within the county government for childcare providers and by organising regular (e.g., quarterly) training workshops for women and men aspiring to provide childcare services. County governments can also make all necessary forms to be used by

childcare providers available on the county website, making it easier for providers to understand their role and comply with regulations. Similarly, counties can promote a supportive environment for childcare by ensuring that the county's regulatory enforcement processes focus on preventative and corrective actions, rather than on punitive enforcement of regulations, and only escalate to intermediate sanctions or terminal sanctions (closures and suspension) when absolutely necessary.[2]

4. ***Direct (in-kind or monetary) support for childcare infrastructure***. County governments could provide direct (either in-kind or monetary) support for the construction or establishment of childcare facilities. This could include funding the construction of dedicated public childcare facilities, or the construction or rehabilitation of spaces to be used for childcare services as part of other county projects (e.g., the construction of a childcare space as part of a public market). Similarly, county governments could set concessionary business licensing fees or provide tax incentives—for instance, a rebate on county property taxes—to private sector businesses that make part of their facilities available for (free or fee-based) childcare services to their employees.

5. ***Direct (in-kind or monetary) support for recurrent childcare provision***. Finally, county government could take a direct approach in subsidizing the provision of childcare services to the public, or to specific groups of constituents. This may involve providing subsidies or in-kind support to childcare facilities themselves (e.g., the equivalent of school meals) or may be accomplished by providing support to families or caregivers who wish to access childcare (possibly in the form of vouchers).

[2] Intermediate sanctions are meant to allow providers to resolve problems and avoid more serious enforcement actions, for instance, by imposing (reasonable) civil fines, limiting the number of children served, probationary status, or consent agreements

3. What funding sources are available to county governments for spending on childcare?

A common argument made for why county-level spending on childcare in Kenya is limited is that "there is no money". While it is true that county government funding—like all economic resources—is scarce, county governments in Kenya are not devoid of financial resources.

Instead, the challenge for county government leaders is to identify the available fiscal space and to allocate the available resources to the programs that offer the highest value-for-money for their constituents—or at least, to allocate the available resources to the programs in a way that secures them a chance at re-election. The challenge for champions of childcare in Kenya, then, is to ensure that childcare programs rise to the top of that list.

What funding sources are available at the county level for spending on childcare?

In principle, county governments in Kenya have three potential public sector funding streams that could be leveraged to fund the promotion of childcare services.

First, the national government provides county governments with resources to pursue their constitutional functions—including, in principle, childcare services—through the equitable sharing of national revenue with county governments.[3] This funding stream is provided for in Articles 202 and 203 of the Kenyan Constitution.[4] Equitable sharing is currently the main funding source for county expenditures in Kenya.

Second, Kenya's system of intergovernmental finance provides for the possibility of conditional grants to fund sectoral services at the county level. For instance, the Ministry of Health provides county governments with a range of conditional grants to support the delivery of county health services. However, the national government currently does not provide any conditional grants in support of childcare services.

Third, county governments could fund childcare programs from own-source revenue instruments, meaning, revenues collected by the county government itself. However, county tax revenues—including property rates—represent around 9 percent of county funding. An additional 3 percent of county funding is provided by earmarked county own source revenues, in the form of Facility Improvement Financing (FIF) and facility-level receipts of Appropriations-in-Aid (AiA).

A final mechanism that county government might pursue to finance childcare infrastructure is county borrowing. However, borrowing should not be considered a funding source in itself, as any loan will have to be repaid in the future, using either transfer funding or own source revenues.

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[3] In theory, national government funding for county childcare program could also be provided through conditional grants. For instance, conditional grants are widely used as a mechanism in the health sector in Kenya to improve county health services. Currently, there is no conditional grant funding for childcare program in Kenya.

[4] The exact way in which equitable sharing takes place is described further in Section 4. The application of the equitable sharing formula to childcare funding is discussed in greater detail in Section 5.

What explains the current minimum levels of county governments spending on childcare?

Given that Kenya has adopted a devolved constitution, and that childcare is assigned as a county function, a simple—but most likely, unsatisfactory—answer to how much county governments in Kenya should spend on childcare is “as much as their constituents tell them to”.

Currently, county government spending on childcare services is limited. In fact, in most counties, it is impossible to determine whether the county government spends *any* money on childcare services, as childcare is not defined as a separate spending program.

Numerous factors may explain this *status quo*. Some of following factors and potential explanations may influence how much or how little county governments in Kenya spend on childcare facilities:

- ***Variable demand by constituents for childcare services***. The overall demand for childcare service in Kenya may be different from countries in Europe or North America based on differences in societal and cultural norms as well as based on economic differences. In fact, the demand for childcare services may differ across and within counties. It is possible, for instance, that more urbanized counties have greater demand for formalized childcare services.
- ***Emerging political responsiveness***. In determining county government priorities, it is quite possible that county leaders are only gradually learning how to become responsive to constituent demands. For instance, local politicians may have a preference for physical infrastructure projects, whereas constituents may care more about high-quality services.
- ***Uneven political voice and representation***. Similarly, it is possible that the voice of some constituents is heard more clearly than of others. In particular, women are significantly unrepresented in county government decision-making, making it quite possible that the mix of county services being offered is not gender-responsive.
- ***Public sector inertia***. As already noted, there may be inertia in the provision of childcare services as counties may be waiting for clear guidance from national government on how to best support childcare services. Given that lack of intergovernmental coordination is prevalent in poorly functioning devolved governance systems around the world, however, it may be necessary to find sector solutions that do not depend on national-level action.

4. Equitable Sharing of Revenue in Kenya

Each year, the annual Division of Revenue Act (DORA) determines the size of the national fiscal "pie" that is allocated to the county government level and shared among county governments. The main mechanism for funding county governments in Kenya is the equitable sharing of national revenue among county governments. The constitution requires that at least 15 percent of national revenue is "equitably shared" with county governments, on the basis of a formula recommended by the constitutional Commission of Revenue Allocation (CRA) and adopted by parliament. The basis (or formula) for equitable sharing is reviewed and revised every five years.

In April 2019, the CRA submitted its recommendation for the Third Basis of equitable sharing to the National Assembly. After a lengthy review, the Senate proposed a revised Third Basis for revenue sharing among the counties on 17th September 2020 which was unanimously approved by the National Assembly on September 24, 2020.

The current analysis uses the Third Basis for equitable sharing of revenue among county governments to explore the fiscal space provided to county governments to fund childcare services.[5]

The size of the equitable sharing pool

The implementation of the Third Basis commenced in the financial year 2021/22 when the equitable share allocation to counties was determined to equal Kshs. 370 billion. By 2024/25, the county governments' equitable revenue share had grown to KShs. 412.95 billion.

The Third Base Allocation Formula

In order to ensure a stable allocation of resources over time, the allocation of public resources under the third basis takes place in two parts: 50 percent of the equitable share is shared among the counties based on the 2019/2020 allocation ratios, while the remaining 50 percent is shared based on the formula as approved by Parliament.

The formula-based portion of the Third Basis Equitable Sharing is based on a formula that intends to capture the expenditure needs or expenditure requirements of county governments in Kenya. The formula consists of 8 parameters that—as shown below, and further detailed in Table 1—specifically relate the allocation of resources to the constitutional mandates of county governments:

$$\text{Formula} = 0.17 * \text{Health Index}_i + 0.10 * \text{Agriculture Index}_i + 0.18 * \text{Population index}_i + 0.20 * \text{Basic share index}_i + 0.05 * \text{Urban services index}_i + 0.08 * \text{Land Area Index}_i + 0.08 * \text{Roads Index}_i + 0.14 * \text{Poverty Head Count Index}_i$$

[5] This report was drafted in May 2025. It should be noted that on July 1, 2025, the National Assembly adopted a fourth-generation revenue sharing formula for counties for the Financial Years 2025/2026 to 2029/2030. Whereas the new formula is less granular than the Third Basis, and while the new formula introduces special allocation to 12 counties, the new formula does not take away from the exposition set forth in this analytical note.

Table 1: Framework of the Third Revenue Sharing basis			
Public Sector Function	**Constitutional Functions & Powers**	**Indicator of Expenditure**	**Weight**
Objective 1. Enhance services delivery			
1.1 Health	· *County health services*	Health index	17%
1.2 Agriculture, livestock & fisheries	· *Agriculture, livestock and fisheries* · *Animal control and welfare*	Agricultural index	10 %
1.3 Other county services	· *Pre-primary education, village polytechnics, homecraft centres and childcare facilities.* · *Cultural activities, public entertainment and public amenities*	County population	18 %
1.4 Public Administration	· *County planning and development* · *Implementation of specific national government policies on natural resources and environmental conservation* · *Ensuring and coordinating the participation of communities in governance at the local level*	Basic share index	20%
1.5 Urban Services	· *Urban services and environment* · *Control of air pollution, noise pollution, other public nuisances and outdoor advertising.* · *Fire-fighting services and disaster management.* · *Control of drugs and pornography.* · *County public works and services for storm water management, water and sanitation services*	Urban households	*5 %*
Objective 2. Promote balanced development			
2.1 Infrastructure	· *County transport* · *Trade development and regulation*	Land area Rural access index Poverty	8 % 8 % 14%

Given that the respective populations of the county governments are the main recipients of county government services and infrastructure, the expenditure needs or expenditure requirements (i.e., the amount of funding needed for counties to fulfill their constitutional mandates) is heavily population-based.[6]

Whereas the allocation of resources is aligned to the different constitutional mandates of county governments, it should be noted that nothing requires county governments to use the resources distributed by different allocation factors for their associated purpose. After summing up the allocations distributed in proportion to the various allocation factors, the total equitable share allocation is provided to the county governments as a single unconditional grant.

[6] The exact details of the Third Basis are provided by CRA (2020;2021). Note that the weights add up to exactly 1. In most cases, the "indices" used in the formula simply reflect the share of the total indicator. For instance, the "population index" simply reflects the share of the total Kenyan population that resides in each county.

An example: the expenditure requirement for urban infrastructure and services. The allocation of resources under each window of the allocation formula is quite simple. Nonetheless, a computation example may be illustrative.

For instance, in the case of urban infrastructure and services, five percent of the total Equitable Share pool is notionally dedicated to urban infrastructure and services (i.e., the relative weight on urban services is 5 percent). Based on a total Equitable Share grant pool of KShs. 412.95 billion for FY 2024/25, the indicative expenditure allocation for urban infrastructure and services amounts to KShs. 20.65 billion (5% of 412.95 billion).

It should be noted that this does not mean that county governments in Kenya jointly *must* spend KShs. 20.65 billion on urban infrastructure and services. If county governments choose to spend more or less than their share of these resources on this function (based on the priorities of their constituents), this is a policy choice that they are free to make. After all, county governments have autonomy from the national governments and are supposed to prioritize county-level spending in response to the priorities and preferences of their constituents. However, the Third Basis formula *does* suggest that this is the aggregate level of resources (or fiscal space) made available to county governments by the national government for this function based on national policy priorities.

As a next step, the grant window providing resources for urban services is divided among counties in proportion to the number of urban households in each county, where urban households are seen as the “clients” of urban services to be provided by the county governments.[7] For instance, out of Kenya’s 4,711,664 urban households, 112,718 urban households are located in Kilifi County. This is 2.4 percent of all urban households in Kenya. As a result, under the formula-based approach, Kilifi County ought to receive 2.4 percent of all equitable share resources for urban services (i.e., 2.4 percent of KShs. 20.65 billion), which equates to KShs. 494 million.

An alternative (mathematically equivalent) way to express the allocation of resources for urban services is that each county, through the third basis equitable shares formula, receives KShs. 4,383 per urban households in funding for urban infrastructure and services (i.e., KShs. 20.65 billion divided by 4,711,664 urban households).[8] Using this computation approach, Kilifi County would be allocated exactly the same KShs. 494 million as above, but now computed as KShs. 4,383 per household multiplied by its 112,718 urban households.

It bears repeating that each county government is free to decide on whether—or what share of—their urban service allocation (i.e., of the KShs. 4,383 per urban household) to spend on urban services. Some counties may decide that this is too little, while other counties may decide to allocate some of these resources to other county priorities. But in the end, given the public sector’s resource constraints, this is the (indicative) resource allocation that the national government has provided to county governments for the purpose of providing urban services.

[7] According to the Census 2019, Kenya has 12.1 million households, of which 7,432,249 (7.4 million) are deemed rural, and 4,711,664 (or 4.7 million) urban households. See KNBS (2019) for further detail.

[8] Note that, in practice, the formula-based portion only determines 50 percent of the allocation of equitable shares, with the rest being distributed based on historical allocation levels. Nonetheless, this computation shows the indicative expenditure need—as per the third basis formula—for urban services.

Practical concerns about equitable share disbursements

Before moving on to exploring the relationship between the equitable sharing formula and county childcare services, it is important to note an important caveat regarding the equitable sharing of resources in Kenya: the timeliness of disbursements.

An important concern raised by county governments about equitable sharing is the fact that county governments often do not receive their equitable share allocations in a consistent and timely manner. The lack of timeliness of the disbursements makes it more difficult for county governments to execute their service delivery responsibilities. Despite frequent challenges with timeliness, it is almost always the case that county governments receive their full allocation by the end of the fiscal year.

5. Equitable Sharing: An indicative funding allocation for childcare facilities

As noted above, the equitable sharing mechanism in Kenya does not determine a specific amount that county governments are required to spend on different county functions.[9] Nonetheless, the equitable share for each county is based on the computation of a series of "indicative funding allocations" associated with different functional mandates assigned to county governments, calculated on a "per-client" basis for each county function.

This same conceptual approach could be applied to compute the fiscal space provided to county governments for childcare facilities, which falls under "other county services" in the third basis formula. In other words, the third basis allocation formula can be used to compute an indicative funding allocation for childcare in each county.

Step 1. An indicative equitable share funding allocation for 'Other county services'

As per the Division of Revenue Act for FY 2024/25, the County Governments' equitable revenue share for FY 2024/25 is KShs. 412.95 billion.

As per the third basis formula, resources are set aside on an indicative basis for "Other county services", which includes two broad county-level constitutional mandates: "Pre-primary education, village polytechnics, homecraft centres and childcare facilities" and "Cultural activities, public entertainment and public amenities".

The Equitable Share window for "Other county services" is 18 percent of the total county equitable share pool. This equals KShs. 74.33 billion for the current financial year (FY 2024/25).

Step 2. An indicative total allocation for childcare services

Out of the available KShs. 74.33 billion available for "Other county services", how much should be set aside for childcare facilities? This is a question beyond the direct guidance provided by the CRA. Nonetheless, the general methodology used by the CRA for the third basis can be extended to childcare services, as the resources for "Other county services" are allocated on the basis of the total population of each county (as enumerated by the census).

It is therefore not unreasonable to apportion—at the very minimum—a share of resources available for "Other county services" based on the client base for other county services. This approach especially makes sense for childcare services, where the service is tied closely to a very specific age group: from 0-3 years.[10]

[9] As discussed further below, if the national government wants to earmarked resources for a specific county-level function, such as the promotion of childcare, the national government is able to use conditional grants as a funding mechanism to provide such resources in a ring-fenced manner.

[10] According to the ECDE Act (Rev. 2022), a "child who has attained the age of four years and who is not more than six years of age is eligible for admission in an [early childhood] education centre." Pre-primary education is listed as a county (sub-)function in the constitution separate from the county's constitutional responsibility for childcare facilities.

Using population census data, we are able to determine that out of Kenya's total population of 47,562,772 inhabitants, there are 4,726,452 inhabitants aged 0, 1, 2 or 3. In other words, the segment of Kenya's population below four years of age reflects 9.94 percent of the country's total population.

If we were to take 9.94 percent of the KShs. 74.33 billion available for "Other county services", this would yield a total amount of KShs. 7.39 billion as an indicative sum available to all 47 county governments for the support of childcare facilities and services.[11]

Step 3. An indicative per-child allocation for childcare

As part of equitable sharing of national revenue, the national government allocates a total sum of KShs. 7.39 billion as an indicative amount of resources available to all 47 county governments for childcare facilities. In turn, how are these resources (indicatively) distributed among the 47 counties?

Although this allocation is grouped in the third basis formula together with other county services, we could separate the resources for childcare facilities from the other county services and distribute them separately. In that case, they would be distributed—in line with the larger category—on the basis of the population aged 0-3.

In fact, there are two ways of computing the indicative per-child allocation for childcare, resulting in exactly the same allocation (both approaches are included in Table 1, which shows the details of the allocation process for all counties).

As a first approach, we could distribute KShs. 7.39 billion in proportion to the number of under-four children in each county. For instance, Baringo County has 73,710 inhabitants under the age of four, which represents 1.56 per cent of the total number of inhabitants under the age of four in Kenya. Allocating 1.56 per cent of the indicative amount available for childcare facilities (KShs. 7.39 billion) to Baringo County would result in an allocation of KShs. 115.19 million.

Alternatively, the allocation for each county could be determined in a mathematically equivalent manner by determining the allocation on a per-client basis. This approach first divides the indicative amount available for childcare facilities (KShs. 7.39 billion) by the total number of inhabitants under age four in Kenya (i.e., 4,726,578 residents under age four) in order to arrive at an indicative per client allocation for childcare services of KSh. 1,562.76 per child (under age four). Finally, this amount is then multiplied by the number of children (under age four) in each county to arrive at the county's total allocation. For instance, once again using the example of Baringo County, if we multiply Baringo's number of under-four children (73,710) by the per-client amount (KShs. 1,562.76), we arrive at exactly the same county allocation as before (KShs. 115.19 million).

The result: How much funding is available in each county for childcare facilities?

Table 1 shows the indicative funding that has been made available to each county by the equitable sharing process for childcare facilities in each county. It is important to emphasize that this money is not provided in a tied or conditional manner to county governments for childcare services by the national government. Nonetheless, the third basis has allocated equitably-shared resources with the

[11] To be precise, without intermediate rounding, this amount is KShs. 7,386,291,921.

intent to provide funding to all counties for each of their constitutionally mandated functions, including support of childcare facilities.

Table 1. Indicative County Childcare Allocation (as per Third Base Equitable Share), 2024-25

	County population (by age)							Indicative	childcare
	Total (All Ages)	Age 0	Age 1	Age 2	Age 3	Total (Ages 0-3)	Share Pop. Age 0-3	per-client alloc. (Ksh.)	budget (KSh mil)
Baringo	666,750	16,285	17,086	19,988	20,351	73,710	0.0156	1,562.76	115.19
Bomet	875,666	19,768	20,955	22,373	23,399	86,495	0.0183	1,562.76	135.17
Bungoma	1,670,535	40,193	42,002	43,257	46,696	172,148	0.0364	1,562.76	269.03
Busia	893,653	21,194	22,616	22,485	23,743	90,038	0.0190	1,562.76	140.71
Elgeyo-Marakwet	454,468	11,399	11,522	11,745	12,786	47,452	0.0100	1,562.76	74.16
Embu	608,575	11,658	12,840	12,210	12,591	49,299	0.0104	1,562.76	77.04
Garissa	841,319	12,427	16,829	28,248	24,953	82,457	0.0174	1,562.76	128.86
Homa Bay	1,131,927	28,132	29,482	30,900	33,563	122,077	0.0258	1,562.76	190.78
Isiolo	267,993	6,531	6,786	9,218	8,779	31,314	0.0066	1,562.76	48.94
Kajiado	1,117,802	27,807	32,248	31,542	32,940	124,537	0.0263	1,562.76	194.62
Kakamega	1,867,539	42,128	43,252	44,112	47,273	176,765	0.0374	1,562.76	276.24
Kericho	901,749	19,934	21,194	21,846	23,277	86,251	0.0182	1,562.76	134.79
Kiambu	2,417,600	59,053	57,486	55,215	54,788	226,542	0.0479	1,562.76	354.03
Kilifi	1,453,762	37,882	39,510	40,278	41,008	158,678	0.0336	1,562.76	247.98
Kirinyaga	610,380	11,973	11,277	11,259	11,733	46,242	0.0098	1,562.76	72.26
Kisii	1,266,822	27,062	26,922	27,717	30,334	112,035	0.0237	1,562.76	175.08
Kisumu	1,155,551	27,602	28,199	28,023	28,952	112,776	0.0239	1,562.76	176.24
Kitui	1,136,154	22,900	24,994	25,474	26,309	99,677	0.0211	1,562.76	155.77
Kwale	866,802	24,630	25,050	26,066	26,623	102,369	0.0217	1,562.76	159.98
Laikipia	518,542	13,064	12,290	12,937	13,786	52,077	0.0110	1,562.76	81.38
Lamu	143,916	3,589	3,558	3,816	3,837	14,800	0.0031	1,562.76	23.13
Machakos	1,421,898	28,627	29,512	29,010	30,006	117,155	0.0248	1,562.76	183.08
Makueni	987,633	17,716	19,288	19,095	19,872	75,971	0.0161	1,562.76	118.72
Mandera	867,420	18,327	25,647	43,159	30,836	117,969	0.0250	1,562.76	184.36
Marsabit	459,767	10,552	12,014	15,090	15,269	52,925	0.0112	1,562.76	82.71
Meru	1,545,673	31,218	34,159	34,242	35,887	135,506	0.0287	1,562.76	211.76
Migori	1,116,401	29,693	31,336	31,863	34,291	127,183	0.0269	1,562.76	198.76
Mombasa	1,208,303	30,120	31,113	29,925	28,691	119,849	0.0254	1,562.76	187.29
Murang'A	1,056,609	21,451	21,620	21,931	22,538	87,540	0.0185	1,562.76	136.80
Nairobi	4,396,828	113,788	110,620	104,366	102,142	430,916	0.0912	1,562.76	673.42
Nakuru	2,162,107	54,082	53,450	54,190	56,216	217,938	0.0461	1,562.76	340.58
Nandi	885,689	19,690	20,658	21,223	21,961	83,532	0.0177	1,562.76	130.54
Narok	1,157,847	32,529	34,437	37,572	40,839	145,377	0.0308	1,562.76	227.19
Nyamira	605,563	11,634	12,186	12,586	13,690	50,096	0.0106	1,562.76	78.29
Nyandarua	638,269	13,828	13,639	13,982	14,229	55,678	0.0118	1,562.76	87.01
Nyeri	759,133	14,765	14,516	14,404	14,796	58,481	0.0124	1,562.76	91.39
Samburu	310,320	8,913	8,473	10,751	11,172	39,309	0.0083	1,562.76	61.43
Siaya	993,165	23,443	23,238	23,728	25,547	95,956	0.0203	1,562.76	149.96
Taita/ Taveta	340,664	7,748	7,876	7,627	7,789	31,040	0.0066	1,562.76	48.51
Tana River	315,941	9,642	9,534	10,956	11,236	41,368	0.0088	1,562.76	64.65
Tharaka-Nithi	393,170	7,791	7,925	8,108	8,400	32,224	0.0068	1,562.76	50.36
Trans Nzoia	990,313	23,707	25,247	25,309	27,633	101,896	0.0216	1,562.76	159.24
Turkana	926,955	19,828	21,819	28,904	30,090	100,641	0.0213	1,562.76	157.28
Uasin Gishu	1,163,158	27,473	27,623	27,591	28,800	111,487	0.0236	1,562.76	174.23
Vihiga	590,001	12,142	12,372	12,682	13,582	50,778	0.0107	1,562.76	79.35
Wajir	781,214	11,106	18,853	33,836	24,625	88,420	0.0187	1,562.76	138.18
West Pokot	621,226	20,012	21,523	23,871	24,072	89,478	0.0189	1,562.76	139.83
Total	**47,562,772**	**1,105,036**	**1,154,776**	**1,224,710**	**1,241,930**	**4,726,452**	**1.0000**	**1,562.76**	**7,386.29**

How to interpret this amount?

The computations above show that KShs. 7.39 billion of public sector funding is made available each year—on an indicative basis—to the 47 counties as funding for childcare facilities. This amount is equivalent to an indicative allocation for childcare services of KSh. 1,562.76 per child under the age of four.

The adequacy of the amount that is indicatively available for childcare services depends on the overall demand for childcare services, and the interventions that the county aims to support.

For instance, based on this indicative norm, if the available resources were targeted at supporting one in ten children in the county to gain access to safe and affordable county-supported childcare services, a county government would be able to spend KSh. 15,627 per supported child. This level of funding would be sufficient to subsidize childcare services for ten percent of the 0-3 population to the tune of 100 Kenyan Shillings per day for 150-160 days per year per child.

Given that some childcare centers, particularly those operating within low-income communities, may charge as little as 100 Shillings per day, the indicated resources would be able to bring about a major improvement in the ability of Kenyan families to access regular childcare.

6. Concluding thoughts

This short note has computed the level of resources that is made available on indicative basis through the equitable sharing process to county governments for the purpose of regulating and supporting childcare facilities.

So what?

This analysis is relevant because it dispels the common misconception that county governments lack adequate financial resources to provide childcare services.

Although the actual amount spent by county governments on childcare falls well short of this amount, the reason for this shortfall is not the unavailability of county funds. Instead, it appears that resources are diverted to other county services, where the resources are (correctly or incorrectly) believed to result in greater value-for-money for county constituents and leaders.

As such, the most immediate challenge isn't to mobilize more money in support of childcare in Kenya, but rather, to identify county-level interventions that advance the childcare agenda in Kenya in a way that provides value-for-money for local stakeholders, including for families and children, childcare providers, and the county government itself.

Greater clarity and structure are needed on what counties should be doing

Most fundamentally, what is needed is systems-change, by which stakeholders at all levels of government and society play a constructive role in an inclusive and effective multilevel childcare ecosystem. In the long-term, this system would involve national government agencies working together to provide an overarching and consistent legal framework and policy guidance (and possibly providing earmarked funding); county governments regulating, nurturing and supporting their childcare sector; childcare networks supporting the process of enhancing childcare services; and, at the basis of the pyramid, formalized childcare providers providing increasingly high-quality childcare services.

Achieving the vision of a well-regulated and well-funded formalized childcare sector in Kenya is most likely (at least) 5-10 years away. On one hand, especially when acting in isolation, county governments lack the experience and resources to develop appropriate regulations and provide oversight over childcare providers within their respective jurisdictions. On the other hand, most informal childcare providers are currently hesitant to register with county governments due to administrative obstacles and high license fees, making it hard for parents and caregivers to find appropriate childcare providers and determine the safety and quality of available childcare services. Achieving a system in which county governments regulate childcare providers in a constructive and developmental manner and childcare providers see value in being regulated will require a carefully balanced process of collaboration and trust-building among stakeholders at different levels of government and within civil society.

One size doesn't fit all

Kenya's devolved constitution recognizes that there is no one-size-fits all solution to Kenya's challenges. While counties might learn from each other to provide better services (something that is known as 'yardstick federalism'), ultimately, each county needs to customize its childcare funding and childcare solutions to its specific situation.

Although one might expect or hope that national government stakeholders would be the catalyst to bring about systems-change by developing national norms and standards for childcare provision and by supporting counties as champions of childcare in their respective counties, the current multilevel governance context in Kenya does not give much reason for optimism. Fiscal constraints, lack of coordination, and centralized thinking continue to prevail at the national government level. In fact, the shift towards a devolved constitution happened exactly because the erstwhile central government was inefficient and too far away from the people to be responsive. There is no indication to suggest that this situation has changed in the intermittent years.

At the same time, systems-change is unlikely to come about when childcare champions within civil society—funded by disparate foundations and development agencies—act in a disjointed manner in their own narrow institutional interest, resulting in competition and duplication among childcare advocates. As such, there is an urgent need for a platform to enable effective collective action among development partners, international foundations, civil society actors and county governments in support of effective childcare ecosystem in Kenya.

Other sources of county-level funding for childcare

Finally, recognition should be given that the childcare funding explored in the current note—the fiscal space made available to counties through equitable sharing—is only one public sector funding source to be mobilized in support of childcare services.

Once county governments in Kenya start implementing childcare programs (including the registration and oversight of private childcare providers) that are seen as high-impact or high-value, it is likely that counties and childcare providers will be able to tap additional funding sources. Childcare providers, for instance, might be able to charge higher user fees when the quality of their services increases as a result of county support of the childcare sector. County governments might be able to rely more on county-level funding sources—such as local taxes—once the positive role of childcare providers is seen in the community.

Similarly, additional intergovernmental funding streams, such as conditional grants, might become available once childcare providers are properly registered and supported by their respective county governments. In many countries, national governments fund local governments to support childcare services because early childhood care is a foundational public good—one that directly influences health, education, labor force participation, and long-term economic productivity. But delivering these services effectively requires local knowledge, community trust, and administrative proximity—which local governments are best positioned to provide. Once county governments in Kenya start to position themselves as reliable and innovative champions of childcare, performance-based grants and other intergovernmental funding instruments offer consider potential to help structure and fund an efficient and inclusive multilevel governance ecosystem for childcare in Kenya.

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