



KENYA BUDGET ANALYSIS: WAJIR COUNTY

1. ARE THERE REASONS GIVEN FOR CHOICES MY LEADERS MADE IN THE BUDGET?

This question asks whether the budget contains a narrative that explains why the county made certain choices. In every budget choices must be made about how to use limited amounts of money. There is no one right way to distribute funds, but good practice is to provide some explanation of priorities and the reasons for making choices. It is not good practice to simply provide tables with data without a good explanation. While the budget speech or statement that accompanies the budget may provide some information about county priorities, it is not a substitute for a detailed narrative within the budget documents that explains key tables and charts.

The Wajir County budget does not have a narrative to explain the choices made in the budget.

2. WHAT ARE THE PRIORITY AREAS IN MY BUDGET?

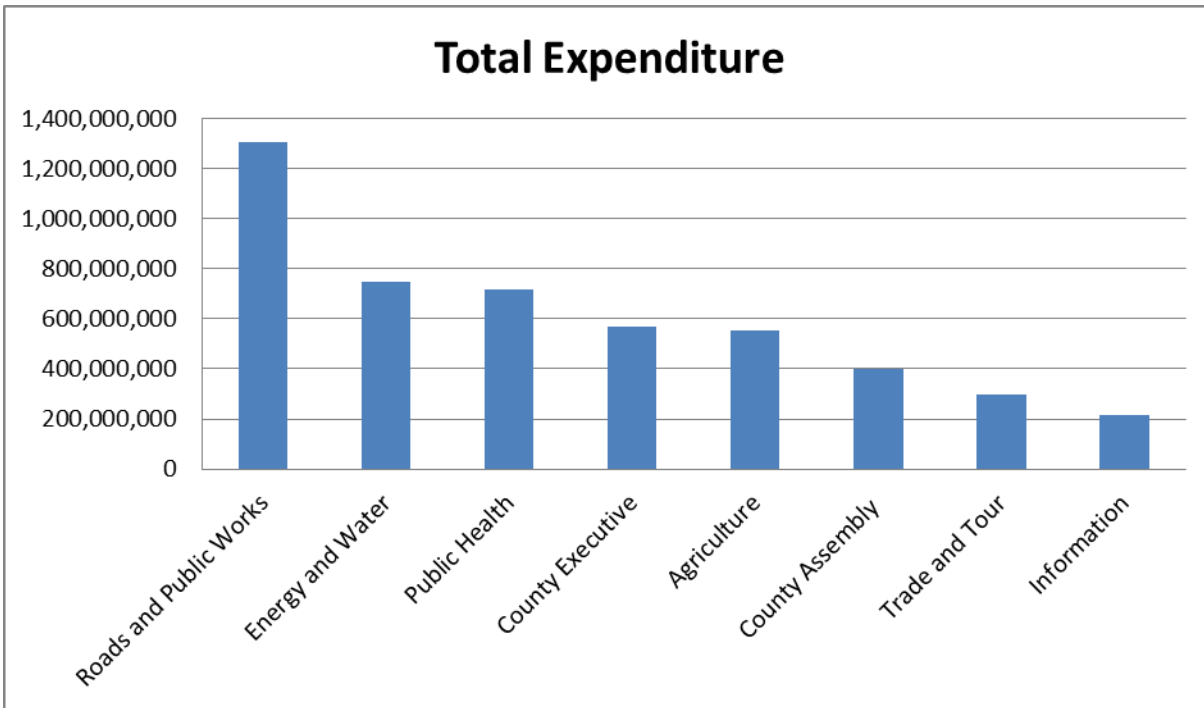
When we talk about priority areas, we generally mean the sectors that have received the highest allocations (most money). This is one way of understanding choices and relative priorities.

However, not all areas are equally expensive. For example, if one considers international benchmarking for different sectors, education is usually more expensive than health, health more expensive than agriculture, and agriculture more expensive than water. It does not follow that spending more on health than water means health is more of a priority than water.

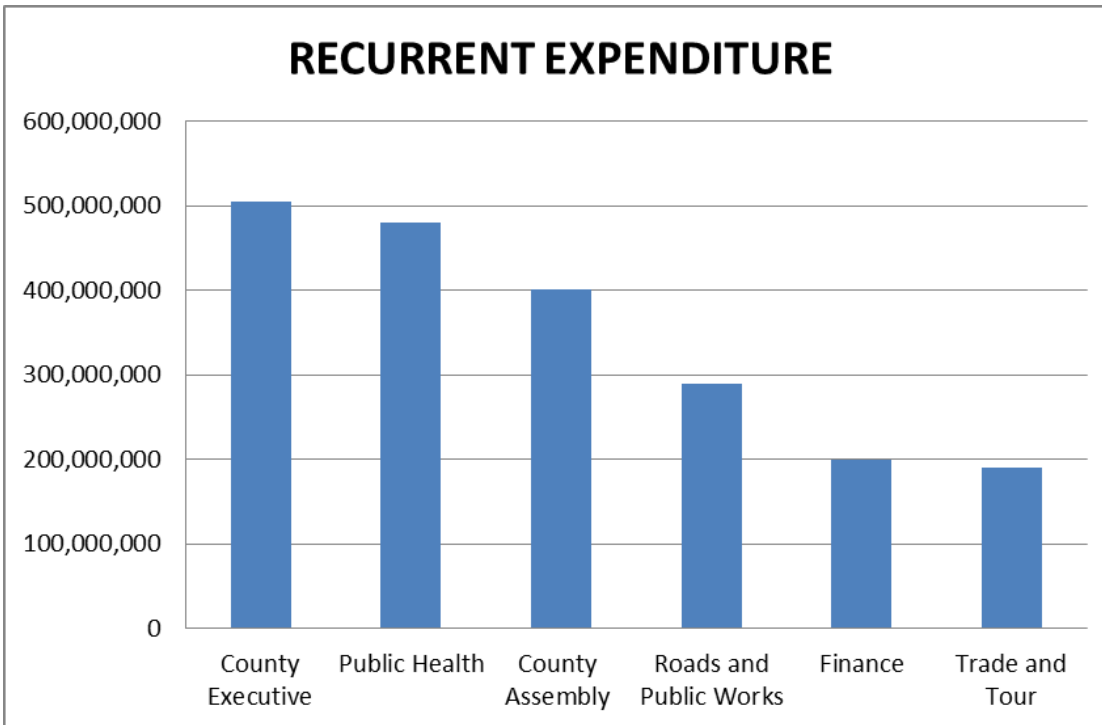
Priorities are also about changes over time in allocations. If a county receives an extra Ksh 100 between 2013/14 and 2014/15, how is that money used? Is that extra funding used for health or water? Is it used for other areas? This is also a measure of priority. A priority area can be identified by comparing the current budget to last year or to the budgets of similar counties.

The total budget for Wajir County is Ksh 5.4 billion for the year 2013/14. Roads and public works sector has the highest allocation of Ksh 1.3 billion; followed by energy and water sector with Ksh 749 million; and lastly the public health sector with Ksh 720 million. The

three units take up Ksh 2.7 billion, or 51 percent of the total county budget for the year.

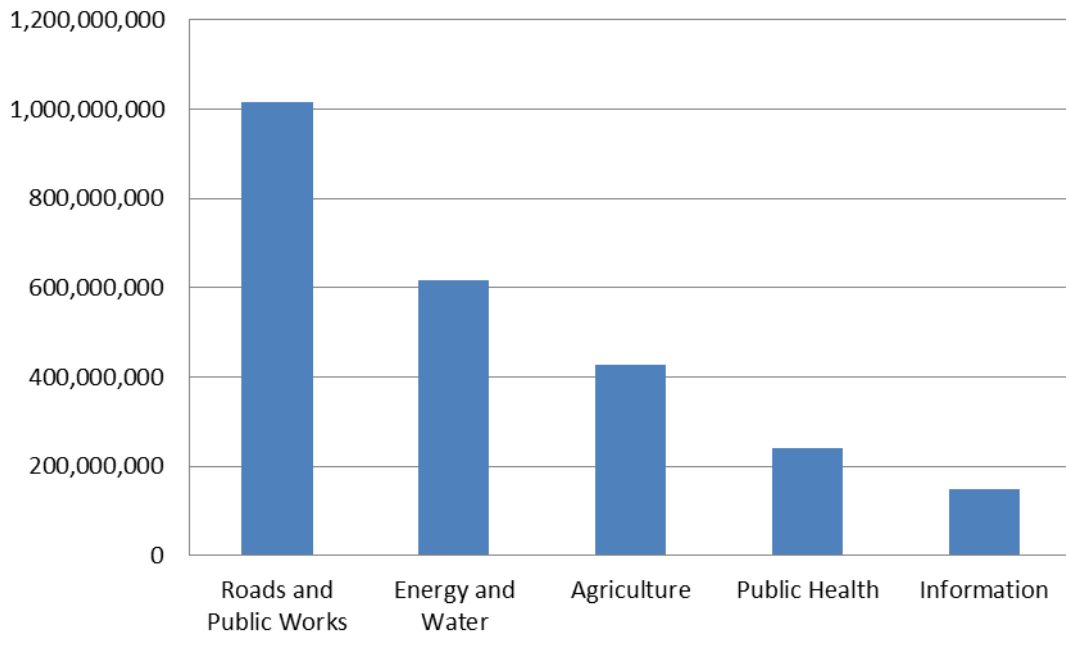


The total recurrent expenditure is Ksh 2.7 billion and the County Executive has the highest expenditure with roughly Ksh 505 million, followed by the public health sector and the County Assembly with Ksh 480 million and 400 million respectively. The three units consume roughly Ksh 1.4 billion of the total expenditure.



The roads and public works sector has the highest priority in terms of development spending of Ksh 1 billion. Energy and water sector has the second largest allocation of Ksh 618 million followed by agriculture sector with 428 million.

Development Expenditure



3. DOES THE BUDGET HAVE THE SAME PRIORITIES AS MY COUNTY'S DEVELOPMENT PLAN?

This is a difficult question to answer in the first year, because not all counties have a plan yet. But they will be approving plans this financial year (and many have done so already), and these must be an input into the budget for next year. The law requires that the budget be based on the plan, and therefore, the priorities in the plan should be the same as the priorities in the budget. This means that if the plan focuses spending on health, agriculture and water, the budget should do the same.

Even if the sequence of plan and budget is improper in this year, there is still no reason why the priorities should not be similar between the two documents.

Wajir County Integrated Development Plan (CIDP) is available and there is some relation between the items mentioned in the plan and what is contained in the 2013/14 budget. For example, let's examine the health section of the budget as shown in the figure below.

Wajir MTC					20,000,000
Upgrading of Health facilities					50,000,000
Construction of 1000 pit latrines					60,000,000
Ambulances & Mobile lab					50,000,000
Establishment of a dump-site in Wajir for biodegradable waste					10,000,000
Medical Equipments					50,000,000

A look at the health section of the CIDP shows us some projects which are also in the budget. For instance, in the CIDP there is a project on completion of Wajir Medical Training College which is also in the budget. One is able to see that in the budget, this has been allocated Ksh 20 million for the year 2013/14 while in the CIDP it is allocated Ksh 100 million for the year 2013-2017.

Another example is purchase of mobile health facilities in the CIDP which is also in the budget. However, it is not easy to relate the projects in the CIDP to the budget since the projects in the budgets are not broken down as they are in the CIDP.

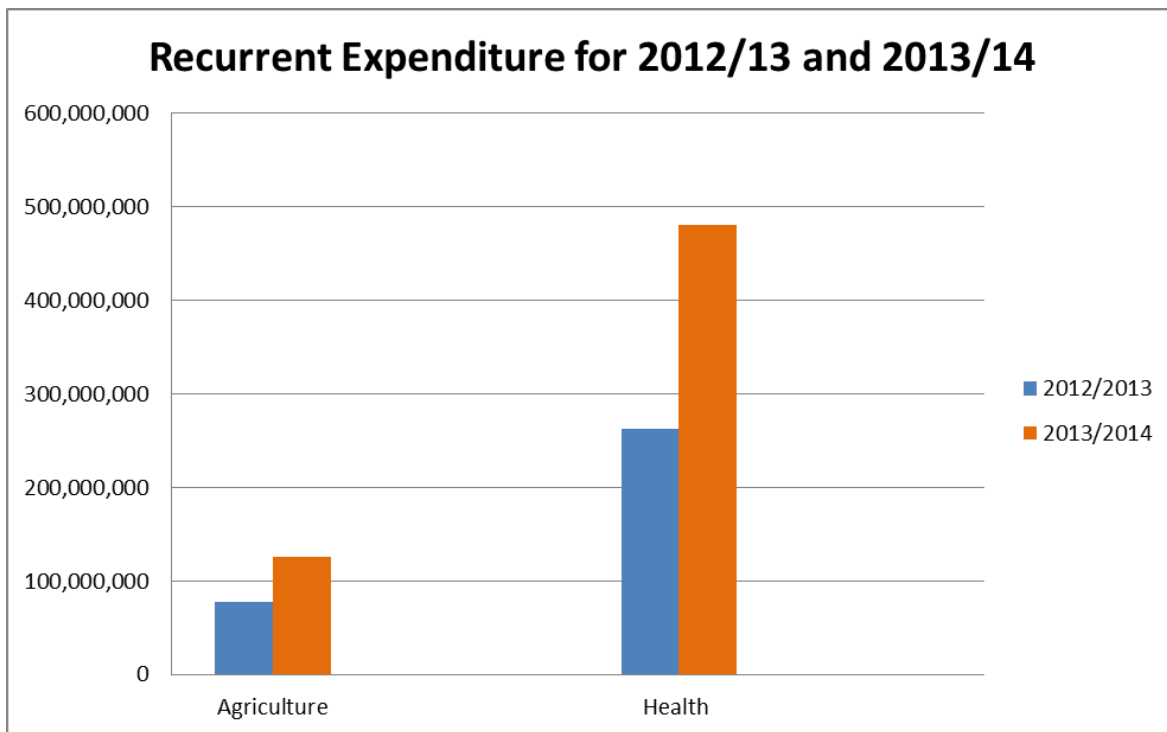
A look at the project construction of latrines which appears in both the budget and the CIDP gives a different picture. In the budget, the target is construction of 1000 pit latrines and has been allocated Ksh 60 million for the year. However, a look at the CIDP shows 2000 pit latrines will be constructed and has been allocated Ksh 600 million over 5 years. It is not clear why there is this difference. There are a number of things mentioned in the CIDP for 2013-2015 but that are not in the budget, such as construction of new health facilities. It is also not possible to find things that are in the CIDP and might be recurrent, like immunization programs, in the budget.

4. IS THERE ENOUGH MONEY IN MY BUDGET TO MAINTAIN THE CURRENT LEVEL OF BASIC SERVICES LIKE HEALTH?

In order to know the answer to this question, one has to look at how much it cost to deliver services last year. Since counties did not exist, this requires one to look at estimates of how much was spent by national government on devolved services last year. This is the baseline for what should be spent this year to maintain services. To view some of this Treasury data, refer to Budget Brief 19, “County Budgets: How do we know if there is enough to maintain key services,” on the IBP website, <http://internationalbudget.org/wp-content/uploads/brief19.pdf>. The full underlying data is also available at www.internationalbudget.org/kenya below the link for Budget Brief 19.

We look at recurrent spending primarily. For example the treasury indicated that the county spent Ksh 262 million in 2012/13 on health, Wajir county allocated Ksh 480 million in its revised budget for 2013/14. This is a substantial increase (83 percent), which means the county can at least keep health services running, and possibly expand them (this increase is above inflation).

In agriculture, Treasury numbers were roughly Ksh 77 million while the county allocated Ksh 125 million in its’ revised budget for 2013/14. This shows an increase of about 62 percent.



5. DOES MY BUDGET TELL ME WHERE (THAT IS, IN WHICH WARD OR CONSTITUENCY) DEVELOPMENT PROJECTS WILL BE LOCATED?

In order to assess the degree to which the budget is allocating resources equitably, we want to know where buildings and infrastructure will be located. This requires that spending information be broken down below the county level (to sub-county or ward). Generally, this information should be included in the part of the budget that details development (capital) expenditure.

The county budget makes an attempt to give the location of development projects in the county but only in very few cases. For instance, the highlighted sections in the table below show an attempt of mentioning some areas within the county where market upgrading will be done, but still does not tell us where exactly they are being implemented. Some parts of the budget mention construction of 60 ECD classrooms and toilets, as well as construction of 1000 pit latrines but do not show us where exactly these projects will be implemented.

Construction of 60 ECD classrooms and toilets-			
ICT infrastructure/ Citizen service Center			
Construction of sub-county offices			
Water works			
Tarmacking of Wajir town			
Completion of Abattoir			
Establishment of irrigation scheme			
Wajir sewerage			
Wajir physical plan			
Wajir hospital upgrading	1,000,000		
Wajir MTC			
Ewaso Nyiro water project	1,000,000		
National polytechnic	1,000,000		
Construction of hay stores			
Purchase of hydro form			
Hay harvesting			
Construction of child protection units			
Upgrading of Health facilities			
Purchase of Solar lamps			
Construction of 1000 pit latrines			
Fencing of Wajir Baraza park			
ADC market Upgrade (ADC, Griftu,			
Ambulances & Mobile lab			
Construction of bridges			

6. DOES MY BUDGET HAVE A DEFICIT AND HOW WILL IT BE PAID FOR?

Many counties have deficits. A deficit has to be financed somehow, and this almost always means taking a loan. But loans are not permitted without national sign-off, which is unlikely at this time. Given this, it is also important to know what will be cut from the budget if the deficit cannot be financed.

In the first year, the Controller of Budget has been clear that deficits are not allowed. In subsequent years, counties will need to seek permission to borrow. There should be evidence in the budget that borrowing has been allowed if a county is presenting a deficit.

Wajir county does not show the amount it intends to receive from the national government and its local sources in the budget. However, from the County Allocation Revenue Report, it receives Ksh 5.3 billion from the equitable share and Ksh 357 million as conditional grant bringing a total of about 5.6 billion. Wajir's total budget is Ksh 5.4 billion and therefore could have a surplus of about 234 million.

7. HOW MUCH MONEY DOES MY COUNTY SAY IT WILL RAISE FROM ITS OWN TAXES AND FEES AND IS THAT REASONABLE?

Counties mostly receive money from national transfers and from their own taxes and fees. Many counties have estimated very high revenues from their own sources. To know if these are reasonable, one could compare them to what local authorities were able to raise from similar sources. The Parliamentary Budget Office (PBO) has estimated this for 2010/11. You can compare your county estimates to these to get a sense of what is reasonable. This data is contained in the 2012/13 PBO report. We now also have some data from the Controller of Budget that tells us how much counties have actually been able to raise during their first four months. By multiplying these figures by three, you can estimate how much a county would raise in a year. We carried out this analysis and compared the PBO and COB figures in the table below.

The county estimates do not have information about how much they intend to collect in the budget. However, a look at the controller of budget report shows that Wajir collected Ksh 21.3 million in the first half of the year. If this trend continues then Wajir county would only collect Ksh 42.6 million which falls short of the targeted revenue to be collected of Ksh 119 million for that year.

8. HOW MUCH MONEY DOES MY COUNTY EXPECT TO GET FROM NATIONAL GOVERNMENT?

The correct number for the national transfer to each county is in the County Allocation of Revenue Act (CARA) 2013 and can be compared to what a county has proposed. The CARA 2013, Annex 3, contains information on the equitable share (the amount that

goes through the formula as an unconditional grant) and additional conditional grants that counties received for regional hospitals (provincial and high volume hospitals), donor-financed projects, and the Equalisation Fund. This information is available at <http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/CountyAllocationofRevenueActNo34of2013.pdf>.

There is no information in the budget that shows how much the county expects to get from the national government. However, the County Allocation of Revenue Act, 2013 (below) indicates that the county will receive a total of Ksh 5.6 billion that includes both the equitable share and conditional grant.

2013

No. 34 *County Allocation of Revenue* **2013**

		A	B	C = A+B
			TOTAL	
NO.	COUNTY	TOTAL EQUITABLE SHARE OF REVENUE (SHILLINGS) (31%)	CONDITIONAL ALLOCATION (SHILLINGS)	GRAND TOTAL (SHILLINGS)
36	Nyeri	3,254,175,229	817,147,697	4,071,322,926
37	Samburu	2,598,153,222	206,938,875	2,805,092,097
38	Siaya	3,653,579,335	318,012,871	3,971,592,206
39	Taita	2,420,630,003	205,852,212	2,626,482,215
40	Tana River	2,914,328,551	204,478,573	3,118,807,124
41	Tharaka Nithi	2,294,827,947	139,762,124	2,434,590,071
42	Tranzoia	3,729,874,627	193,134,230	3,923,008,857
43	Turkana	7,664,402,594	229,995,474	7,894,398,068
44	Uasin Gishu	3,796,628,687	270,261,206	4,066,889,893
45	Vihiga	2,831,564,442	196,974,298	3,028,538,740
46	Wajir	5,290,052,180	357,469,372	5,647,521,552
47	West Pokot	3,155,049,726	437,777,043	3,592,826,769

9. DOES MY BUDGET SPEND MONEY ON THINGS THAT COUNTIES ARE RESPONSIBLE FOR RATHER THAN THINGS THE NATIONAL GOVERNMENT IS RESPONSIBLE FOR?

Citizens can consult the Fourth Schedule of the Constitution to determine which functions counties are responsible for, and which national government is responsible for, then see if the county budget is aligned with county functions. Further detail on the functions described in the Fourth Schedule are available in a Gazette Notice issued by the Transition Authority on 9 August 2013.

Generally, the budget seems to contain items that are under the county functions as captured in Schedule four of the constitution. For example, a look at the education sector shows two projects which are construction of ECD classrooms and hiring of ECD teachers which is still being disputed if it is a responsibility of the county or Teachers Service Commission. Wajir is one of the few counties who actually put a budget for hiring ECD teachers.

However, there are two development expenditure items that might be considered national functions. Namely, tarmacking of Wajir town would likely to fall under KURA while the construction of national polytechnic seems like a national function. The water and irrigation projects also might impinge on functions not transferred, or that require coordination

Water works				550,000,000		
Tarmacking of Wajir town						365,000,000
Completion of Abattoir			100,000,000			
Establishment of irrigation scheme			170,000,000			
Wajir sewerage						5,000,000
Wajir physical plan						
Wajir hospital upgrading	1,000,000					
Wajir MTC					20,000,000	
Ewaso Nyiro water project	1,000,000					
National polytechnic	1,000,000					
Construction of hay stores			24,000,000			
Purchase of hydro form						20,000,000

10. DOES IT SPEND MONEY ON ALL OF THE THINGS THAT COUNTIES ARE RESPONSIBLE FOR, OR ARE THERE KEY AREAS MISSING?

In reviewing some budgets, we find that things like housing are completely missing. This is a core county function, so it is surprising to find it missing. This question can be answered by looking at the Fourth Schedule, but also by looking within each sector and comparing the activities to those that a sector specialist (in health, housing, etc.) would identify as key areas of spending. This can be supplemented by looking at activities contained in the sector report (MTEF) and the 2012/13 budget at national level. In many cases, however, the lack of program budgeting and the use of only line items in the county budgets makes it very difficult to tell what functions are being taken up under each county department/ministry.

Wajir budget does not have a breakdown by program and sub program making it difficult to know whether most important sectors are covered. Information on housing is missing from the budget. For instance, one cannot know exactly what kind of development the county is planning to do in terms of housing.

Also, energy has been put together with water sector making it difficult to identify what exactly is being done in the water sector.

11. DOES MY BUDGET HAVE AN EMERGENCY FUND IN CASE OF ANY DISASTER?

All counties can (and should) have a County Emergency Fund in their budget to provide for disasters. As per the Public Finance Management Act, this can spend up to 2 percent of the county revenues in a single year.

Wajir county has an Emergency Fund with an allocation of Ksh 90 million, which is about 1.5 percent of total estimated revenue.

Maintenance of cemetery	
Maintenance of public toilets	
Enterprise incubation and development	
Emergency fund	90,000,000
Equipping of village polytechnics	
Livestock Marketing	

12. DOES THE BUDGET PROPERLY DISTINGUISH BETWEEN RECURRENT AND DEVELOPMENT EXPENDITURE?

In some budgets, we find that these expenditures are misclassified, which also leads to an incorrect assessment of the share of the budget that is for development. The PFM Act 2012 requires at least 30 percent of development spending over the medium term (3 to 5 years). Some budgets classify medicines as development spending (when they should be recurrent) and assets like equipment as

recurrent spending (when they are capital/development). We also noticed variations of classification within a single budget, but across departments (e.g., equipment classified as recurrent in some departments, and development in other departments).

Wajir county has separated spending categories clearly and one is able to differentiate the two. In addition, the budget has separated recurrent into two categories (goods and services, and compensation) making it clear to identify what money goes into compensation of employees. However, some purchases seem to fall under development that should be in recurrent expenditure. For instance, promotion of tourism and cooperative development may well be recurrent and not development. Also, there is no explanation why there are two line items that describe the same thing. There are also issues with “forestry & conservation”. What is it and why is it development? Tools and equipment is listed as recurrent, but if it is specialized and long term, it could be an asset and therefore development.

13. DOES THE BUDGET CONTAIN UNIT COSTS FOR VARIOUS PURCHASES (SUCH AS VEHICLES, GENERATORS AND OTHER ASSETS) AND ARE THESE CONSISTENT ACROSS DEPARTMENTS?

Not all of the budgets contain unit costs. Good practice is to give an indication of the number of units (say, vehicles) and the total cost, along with a unit cost to know how much each asset is estimated to cost. This allows comparison with market rates and with other parts of the budget. In our review of some budgets, unit costs are missing and there is some evidence that they differ across departments within a single budget.

Generally the budget does not provide the units and unit costs for purchases. However, there are several exceptions such as in the development budget for public health and education, one is only able to identify the units and the total cost allocated. Information on the unit costs is not made available.

DEVELOPMENT EXPENDITURE	
Construction of 60 ECD classrooms and toilets-	
ICT infrastructure/ Citizen service Center	
Construction of sub-county offices	
Water works	
Tarmacking of Wajir town	
Completion of Abattoir	
Establishment of irrigation scheme	
Wajir sewerage	
Wajir physical plan	
Wajir hospital upgrading	1,000,000
Wajir MTC	
Ewaso Nyiro water project	1,000,000
National polytechnic	1,000,000
Construction of hay stores	
Purchase of hydro form	
Hay harvesting	
Construction of child protection units	
Upgrading of Health facilities	
Purchase of Solar lamps	
Construction of 1000 pit latrines	
Fencing of Wajir Baraza park	
ADC market Upgrade (ADC, Griftu,	
Ambulances & Mobile lab	
Construction of bridges	
Orahey park	
Construction of 2 bus parks	
Establishment of a dump-site in Wajir for biodegradable waste	
Establishment of market areas-(9 markets)	

14. ARE THE BUDGET LINES SUFFICIENTLY CLEAR TO KNOW WHAT EACH OF THEM REFERS TO, AND ARE THEY CONSISTENT ACROSS DEPARTMENTS?

Proper budgeting requires a consistent set of codes and budget lines that are easy to interpret. Where they are not, narrative explanation should be provided. One can look at this issue broadly but also within specific sectors.

Wajir county budget does not give a good level of detail for either recurrent or development expenditures, and it does not make use of the national COA codes for various items. This makes it difficult to know what each item refers to. In addition, there are ambiguous terms used for line items which do not allow us to know what the item means or refers to. For instance, “National celebrations”, “Honorarium”, “enforcement and compliance” and many others which without breakdown, one cannot tell what these items refer to. One question would be why does the county executive need an allocation for enforcement and compliance? To what and for what purposes? The “Bursary” line is also unclear – for what level of schooling?

15. DOES THE BUDGET CONTAIN ESTIMATES FOR THE COMING THREE YEARS OR ONLY FOR THIS YEAR?

Some budgets seem to contain only a single year of estimates, whereas the PFM Act 2012 encourages budgeting in a medium term framework (the coming year, plus at least two additional years). The PFM Act requires three years of revenue estimates at least, but good practice is to provide three years of expenditure estimates as well, for both recurrent and development spending. Development spending is particularly important because it generally commits the budget for future years and reduces choices in those years. Multi-year projects should be discussed as multi-year projects, not single year budget items, if they will constrain budget choices in future years.

Wajir county budget does not have expenditure estimates for three years; it only shows estimates for the year 2013/14. Information about revenue estimates is also missing from the budget.

16. DOES THE BUDGET CONTAIN ANY FUNDS FOR CIVIC EDUCATION, OR TO FACILITATE PUBLIC PARTICIPATION IN COUNTY DECISION-MAKING?

The Fourth Schedule of the Constitution assigns to counties the role of ensuring community participation in governance. The County Governments Act requires counties to encourage public participation in a number of ways. These include, among other things: Meetings where plans, budgets and government performance can be discussed, opportunities to give inputs on development projects, citizen commissions in various sectors, and a variety of information dissemination platforms (e.g., through notice boards). Since these activities are not free, the county should budget for them in some way and this should be clearly indicated.

The budget does appear to have an allocation for public participation or civic engagement in the county. There is a line item “community participation programmes” under the information ministry that has an allocation of Ksh 20 million. In addition, some ministries do have budgets for “publication and advertisements” which may just be public relations funding.