KENYA COUNTY BUDGET TRAINING WORKSHOP

Facilitator Manual
October 2014
INTRODUCTION

This is the Facilitator Manual for use in the IBP’s Kenya County Budget Training. It is meant to be used along with the Participant Manual and the Annex of Key Documents. Both can be found on the IBP Kenya website at http://internationalbudget.org/guides-and-training-materials/. In addition, you will find an Annex of Key Documents with additional materials that are needed for the various exercises throughout the training. These documents should be printed in advance, or soft copies made available to participants where that is possible. (An additional Annex of Background Materials is also available for more depth in particular areas).

It is important to emphasize that the training is designed to use all of these materials, so potential users should be advised that if they try to use only one of the manuals, or only some of the documents in the Annex, they may find themselves unable to conduct certain exercises.

These materials have been used with CSOs and journalists around the country since February 2013, and have been tested and modified many times over the past 18 months. They have also been used in tandem with partners, such as Media Council of Kenya, Twaweza Communications, Media Focus on Africa, and many CSOs around the country.

The materials are designed to increase the capacity of key oversight actors at local level—particularly civil society and media—to play their part in the new governance structure in Kenya, with a focus on the county budget process. This version of the materials has been modified and expanded to make it easier for people who have never worked directly with IBP to simply pick up and use the materials. To this end, we have added more detailed facilitator notes, explanations of objectives of various activities, and tailored questions/notes for civil society versus journalist audiences.

With proper acknowledgement, these materials are for free use by anyone who is committed to improving the capacity of ordinary Kenyans and oversight bodies to engage with county budgets. For questions or clarifications, please contact Dr. Jason Lakin at jason.lakin@gmail.com.

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IBP Kenya
Nairobi, Kenya
October 2014
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STRUCTURE OF MODULES

MODULE 1

Session 1: Review of the Fourth Schedule of the Constitution (2 hours 30min)
1. Task 1.1: Responsibilities of National Government and Counties 1 hour
2. Task 1.2: A Closer Look at Functions According to the Fourth Schedule 45 minutes
3. Task 1.3: The August 2013 Gazette Notice On Transfer Of Functions 30 minutes
4. Task 1.4: Interlude: An Application to Nyeri 15 minutes

Session 2: County Priorities (2 hours, 45 min)
1. Facilitator Input & Small Group Discussions: County Priorities – The Basics 15 minutes
2. Task 1.5: County Data Tables 45 minutes
3. Task 1.6: Looking at Existing Services 15 minutes
4. Task 1.7: Review of COB Implementation Report 30 minutes
5. Task 1.8: Examining An Example County Plan & Reflecting On Your County’s Plan 45 minutes
6. Task 1.9: Interlude: An Application: Embu Story 15 minutes

Session 3: County Revenues (1 hour)
1. Task 1.10: Reviewing county revenue sources: Charts and Tables 30 minutes
2. Task 1.11 Sources of revenues Infographic 30 minutes

MODULE 2

Session 1: Overview of the Planning & Budgeting Process (1 hour 40min)
1. Plenary Discussion: The Budget Process 30 minutes
   Task 2.1: Mapping the Budget Process and Budget Documents 25 minutes
2. Plenary Discussion: The Budget Timeline 45 minutes

Session 2: Overview of Kenya’s National and County Budget Process and Documents (3 hours 45 min)
1. Task 2.2: Reading a National Program Based Budget 2014/15 30 minutes
2. Task 2.3: Understanding Programme-Based Budgeting at National and County Level 30 minutes
3. Task 2.4: Twenty Questions About Your County’s Budget (Taita Taveta) 2 hours
4. Task 2.5: County Fiscal Strategy Paper Exercise (Taita Taveta County) 45 minutes

Session 3: Responsibilities of Citizens Under the New Constitution & PFM Act (2 hours 30 min)
1. Plenary Discussion + Facilitator Input: Constitutional & CGA Provisions on Public Participation in Decision Making 30 minutes
2. Task 2.6: Recommendations for an Effective CBEF and County Participation Process 2 hours

MODULE 3
1. Commission on Revenue Allocation (CRA) Formula 2012
2. Discussing Fairness
3. Toward a new formula
**INTRODUCTION & GOALS OF THE WORKSHOP**

1. **OVERVIEW & GOALS OF THE WORKSHOP**  
   **10 MINUTES**
   - Distribute copies of the Participant Manuals to everyone in the group. Explain that it contains almost all of the information participants will need during the course of the training.
   - Ask participants to turn to the **Goals of the Workshop** in their Participant Manual. The goals are for participants to:
     1. Review and comment on the role of counties and national government in managing public funds under the 2010 Constitution and the Public Finance Management Act 2012;
     2. Understand and engage in debate about the division of service responsibilities between the national government and county governments, and the financing of these responsibilities;
     3. Learn and be able to explain the role of the public in financial management at the county and national levels;
     4. Build knowledge to be able to demand from government the information that they need to participate in the budget process, consistent with national law and international standards;
     5. Understand basic concepts in budgeting, such as the different types of expenditure, e.g., recurrent and development expenditure
     6. Read, comprehend and analyze basic budget documents (county and national); and
     7. Understand and be able to engage in planning and budgeting processes at the county level, keeping in mind the legal responsibilities of counties and available funds.
   - Briefly discuss with participants why these goals are relevant and important.
   - Briefly present the **Structure/Agenda of the Workshop**, which appears in the introductory section of the Participant Manual.
   - Field any questions of clarification. Explain that the workshop is highly participatory but also contains a lot of new content. The training approach that will be used throughout the course emphasizes active and equal participation, open discussion and debate, mutual respect, and learning by asking and doing.

2. **GETTING TO KNOW YOU**  
   **5 MINUTES**
   - Ask the participants to pair up with the person next to them and share the following pieces of information: 1) their name, 2) the work that they do in their organization, 3) their favorite interest, activity, or hobby (outside of work), and 4) why they are attending this workshop and what they hope to learn.
   - After a few minutes, draw participants’ attention back to the larger plenary gathering. Invite each participant to introduce his or her partner and to name their partner’s expectation for the workshop.
   - Write up each participant’s expectation for the workshop on a piece of flipchart paper, so that there is a full list of expectations. Hang this on the wall in the workshop venue.

3. **GROUND RULES**  
   **5 MINUTES**
   - Before starting the workshop, ask participants to name some ground rules for the workshop (e.g., regarding cell phone and laptop use, punctuality, participation, respect for others’ ideas, etc.) and write these up on a sheet of flipchart paper.
   - This list should also be posted on the wall of the workshop venue as a reminder throughout the workshop.
MODULE 1 ■ WHAT ARE COUNTIES RESPONSIBLE FOR?

Duration of the module: 5 hours, 30 minutes

LEARNING OUTCOMES TO BE ACHIEVED

By the end of this module, participants will have:

- identified the functions assigned to the national government and county governments, according to the Fourth Schedule of the Constitution;
- examined the division of functions between national and county government, especially for the education, health, and agriculture sectors;
- pointed out gaps in the functions assigned to national and county government, especially for the education, health, and agriculture sectors;
- reviewed the August 2013 Gazette notice issued by the Transition Authority on the transfer of functions;
- learned about county revenue sources (national and own revenues) and reviewed the revenue sharing formula;
- studied data at county and ward level from the CRA’s County Fact Sheets and KNBS/SID Data, as a starting point for identifying county priorities;
- examined an existing county development plan in order to consider how to move from a plan to a budget;

Resources needed:

- Flipchart paper, markers, and tape
- Paul Wafula’s article from The Standard
- Hard copies of August 2013 Gazette notices on the transfer of functions
- Hard copies of Taita Taveta CRA’s 2011 County Fact Sheets (for Session 2, County Priorities – The Basics). For the counties that will be represented by participants in the workshop, the County Fact Sheets are available in the Annex of Background Documents and also online: https://www.opendata.go.ke/api/file_data/4LevhCRuhQYHFiIqrs0noYpfGqRYJeeV7pArufhvTcFU?filename=Kenya_County_Fact_Sheets_Dec2011.pdf
- Hard copies of relevant sections of the Taita Taveta County Integrated Development Plan (Health Services and Education Sections); if you are working in another county and have their CIDP, you could use that. This is available in the Annex of Key Documents.
- Hard copies of Taita Taveta KNBS/SID county data sheets or for the specific county (available in the Annex of Background Documents)

Note: All these resources are included in the participant’s manual.
INTRODUCTION: COUNTIES SLASH HEALTH CARE BUDGETS?
PAUL WAFULA’S ARTICLE 45 MINUTES

Have participants look at these articles from Paul Wafula of The Standard from November 2013:
http://www.standardmedia.co.ke/lifestyle/article/2000097475/alarm-as-30-counties-slash-health-budgets


(This is included in the Participant Manual)

Note for Facilitators:
Objective of exercise:

- The series in The Standard in November 2013 exemplifies both the good and the bad of budget analysis. The facilitator should emphasize both.
- The good is that the analysis tries to look at previous year spending and compare to the current year to determine whether services are expanding or contracting, and tries to compare per capita expenditure across counties.
- The bad is that the analysis is limited to development spending and therefore misses the key issues in the health sector. Health is a sector where recurrent and operational costs are the main driver of expense and to know whether services are expanding, contracting or being maintained, we really need to focus on the recurrent budget. This is the budget that pays for health workers and for medical supplies. While investing in new facilities is also important, such spending is not necessary in a given year to be able to maintain services.
- Moreover, recurrent spending and development spending have different properties. If recurrent spending falls in a given year, it is likely going to lead to firing of staff or severe contractions in medicines, etc. But the development budget can go up and down depending on project cycles for infrastructure projects. When a major project, like a hospital, is completed, we might expect a dip in development spending the next year. This wouldn’t mean that the health sector will be crippled.
- The series confuses these two things and focuses on a “crisis” in the sector that is actually only about development, not recurrent, expenditure, and is therefore not a crisis. The title is misleading.
- Why doesn’t the article look at recurrent spending? Partly because county budgets were not transparent in 2013/14 and it was very difficult to find health worker salaries in many budgets. This being the largest part of the recurrent health budget, it made it difficult to do proper analysis.

Note to lead discussion:

- Ask participants to read the story and then explain what the story is about. They should be focusing on a few key points. If these do not come out, explain them as below:

- Explain the importance of last year versus the current year and what has changed. There were no counties in 2012/13, but we have data from national government on how much was spent (roughly) in each county before devolution. That is the basis of the comparison. It is important because we are concerned about maintaining service levels during the transition.

- Important that the participants understand recurrent and development expenditure and what this means in the health sector. Give an example of the differences between building hospitals and paying for
Increasing development from year to year does not necessarily relate directly to quality of services in that year.

- **Recurrent expenditure**: Expenditure that does not result in the acquisition of long-term assets. It consists mainly of expenditure on salaries, goods and services (like medicines), etc.

- **Capital expenditure**: Funds spent for the acquisition of a long-term asset; the total spending on such assets would be divided over several years. This includes expenditure on equipment, land, buildings, etc.

  - **Note**: in Kenya, traditionally “development” expenditure has included both capital and recurrent expenditure (especially if the latter was funded by “development partners”), but most capital expenditure is supposed to be in development expenditure. The new PFM Act actually finally defines development expenditure as “capital” expenditure, so eventually the two should mean the same thing in Kenyan budget documents. Nevertheless, some recurrent expenditure associated with capital projects is considered capital/development. This is easy enough to see if you think about road construction: part of the cost of constructing a road is wages paid to construction workers. While wages are normally recurrent, the wages used to build a road would normally be development.

- Emphasize to participants that it is essential to know their county well and the fact that every county is different with its own needs. A common assumption is that more development budget is better but this is not always the case. Some counties have enough infrastructure and really need more staff. Others really have an infrastructure deficit and need more capital spending. Per capita development expenditure is not as meaningful as per capita recurrent spending.

### Notes for CSOs versus journalists:

For journalists, the focus of the discussion should be:

- Is the story framed properly? Is there really a “crisis”?
- What contextual information is included and what is missing?
- What are the sources for the story and how could these have been used better?
- How would you write the story differently?

For CSOs, the focus of the discussion should be:

- Is this type of analysis useful for advocacy? How would you use it in your own county?
- What other information would you need for a successful advocacy campaign on this issue?
- How would you structure an advocacy piece or short policy brief to achieve your goals?

After completing the discussion, if there is time, you can have participants look at the rejoinder article below which is also in their manuals and discuss whether anything was left out of the previous discussion: This article can be found here or by following this link: [http://www.the-star.co.ke/news/article-144691/paper-was-wrong-health-budgets](http://www.the-star.co.ke/news/article-144691/paper-was-wrong-health-budgets)

**WHY THE PAPER WAS WRONG ON HEALTH BUDGETS**

**THE STAR**

By JASON LAKIN  FRIDAY, MARCH 28 2014
Last week, the Standard generated considerable heat with a series on county health budgets. One article was titled “Alarm as 30 Counties Slash Health Budgets.”

Another lauded Kisii county for high spending and skewers Tharaka Nithi, Nyeri and Homa Bay for stinginess in their health allocations.

The Standard deserves commendation for actually writing any story at all comparing county budgets.

This story is several months overdue and no other major news outlet has done the hard work of collecting and analyzing the available budget information and comparing to estimates of how much was spent last year in each county. That, unfortunately, is where the praise for this series must end.

The journalists involved in this effort did not analyze the entire health budgets of the counties they are looking at. Rather, they analyzed only the development (or capital) budget.

They proceeded to write a headline (and story) that implies that counties are cutting their total health budgets. This is misleading.

Quite a substantial share of health spending goes to pay health workers and is captured under the recurrent part of the budget, along with money spent on drugs and supplies.

By my estimates (using Treasury data), this was about 70 percent of total health spending in 2012/13. Development spending was less than 1/3 of total health spending. Ignoring the majority of health spending and then claiming that counties have “slashed” their health budgets is poor journalism.

The analysis goes on to justify the focus on development spending in terms that are at odds with basic public finance. First, the report consistently refers to money spent on “developing health.”

It is not clear what this means, but seems to be a corruption of “development” spending. Yet developing health, like developing education, depends heavily not only on investment but health care workers. For many counties, their focus will need to be on recruiting more and better workers rather than new buildings.

Second, the report seems to miss the different logics between recurrent and development spending. Recurrent spending, for wages and supplies, must happen every year in order to keep the health system running.

A substantial drop in a given year in recurrent spending suggests that health workers may be laid off, facilities closed, or drugs out of stock.

But development spending works differently. Suppose that a county decides that it needs 5 new health facilities. It builds these facilities over three years.

For three years, we will see a large development budget, but in the fourth year, this budget should fall, because the facilities are completed.

Now the focus shifts to operations and maintenance (recurrent spending). So for development spending, the budget can rise and fall each year without endangering the health system, if it is linked to the start and completion of projects.

The problem with many county budgets is that it is not easy to tell if this is happening, because they do not offer multi-year projections for their development expenditures and there is insufficient detail to know what projects are really being proposed or how much they cost.
That is what needs to be questioned. A drop from last year in development spending is not in and of itself a cause for alarm. The problem is that it is not clear where the money is going.

Indeed, one of the reasons why it is effectively impossible to actually analyze the full health budgets for counties, using both recurrent and development expenditure, is because most counties made a major blunder in compiling their budgets this year.

The majority put all staff costs for each sector under a single budget line, such as “executive services,” or “public service.” Thus, all wages for health workers, extension officers, ECD teachers, and so on are under a single budget line.

This is bad budget practice and makes it impossible to know how much each county is spending on each sector. This is the major story this year: not that counties slashed health budgets, but that we cannot even know if they slashed health budgets.

A good investigative story would be to ask county finance officers how they came up with the figures that are contained in that single budget line for staff costs.

There is a good chance that some counties did not budget enough for health workers. Nairobi, for example, one of few counties which has provided sector figures, seems to have cut its recurrent health budget to less than half of last year’s allocations. But more digging is required to determine how widespread this problem really is.
Alarm as 30 counties slash health budgets

Updated Tuesday, November 12th 2013 at 00:00 GMT +3
By Paul Wafula

Kenya: Thirty counties will spend less on health this year, compared to what the national government spent on citizens in 2012. In their rush to beat the June 30, 2013, deadline set by the Public Finance Management Act, many counties ended up under-budgeting on health, a move that could drastically affect service delivery and create a national health crisis.

Tharaka Nithi, Nyeri, Homa Bay, Kitui and Kericho top the list of counties that slashed their budgets by more than half, compared to what the Ministry of Health previously spent in each of the areas before the advent of devolution. But there are also counties that before the advent of devolution. But there are also counties that doubled their health development expenditure, a move that could improve health services in these areas. These include Kisii, Bomet, Laikipia, Kakamega and Turkana. However, only 17 counties increased their development expenditure, money which goes directly into improving infrastructure to boost service delivery. The revelation will hurt the expectations of many Kenyans who had hoped that devolution would solve their most pressing problems that the central government had ignored for decades. More than six months on the devolution road, an examination of the county health budgets and priorities reveals that most county governments may be failing the test of investing innovatively for the health of the people.

It is conceivable that many of the counties that were already doing badly before devolution will have slim chances of improving. Some counties have invested as little as Sh24 per person in developing health, while the best spenders are counting on donors to honour their promises to supplement funds.

Failure

Starting Tuesday November 11, The Standard will provide comprehensive coverage of devolution of health services to help Kenyans visualise the state of health in their counties and know what the local governments are doing to improve healthcare.

Our two-month investigation reveals that the race by most of the 47 new county governments to prepare budgets to beat the deadline by the central Government may inadvertently have set them up for failure.

Our investigation reviews how much each county is spending on your healthcare and the challenges faced in service delivery to deal with neglected diseases such as trachoma in West Pokot and elephantiasis in and Kilifi. Finally we will look at the challenges of politics and priorities in Tharaka Nithi.
NEW REPORT REVEALS TOP AND BOTTOM COUNTIES IN HEALTH SPENDING

Last updated on 13 Nov 2013 00:00
By Paul Wafula

**Kenya:** Kisii is the top spending county on health per person in the ranking that saw Tharaka Nithi become the least spender among the 47 counties. A breakdown of the development budgets by the Commission on Revenue Allocation (CRA), County Budgets: 2013-2014 report, shows that Kisii County will spend Sh2,555 on each of its residents to improve their health infrastructure. This is 10 times more than what the bottom five counties combined plan to spend per person in developing health services in what has seen most counties miss their first opportunity to fix the ailing healthcare system.

**Invest less**
It comes at a time when it is becoming clearer that most counties will invest less in healthcare than what the National Government did the previous years before the onset of devolution.
Before devolution, the National Government spending saw Nairobi, Kiambu and Nakuru counties take the lion’s share of the development budget, spending that explains the better health infrastructure in these regions.

To earn the top spot, Kisii will spend Sh3.2 billion, which is about 10 per cent of its entire budget, on its 1.2 million citizens as projected in June 2013. But CRA notes that Kisii is among a host of other counties, including Mombasa, that are relying on huge unexplained external sources to boost their budgets, a pointer that its generous spending is influenced largely by its muscle in sourcing for health development partners.

**Second and third**
Lamu County came in second having set aside Sh1,659 to develop health for each of its citizens, while Isiolo was third with Sh1,484 per person. The calculations are limited to what counts intend to spend on development expenditure. Also in the list of the top five spenders are Laikipia and Marsabit counties which plan to spend Sh1,159 and Sh734 per person, taking the fourth and fifth positions respectively. Three counties from the Western region followed closely in the top 10 big spenders on health per person. Busia County was sixth after it set aside Sh734 per person, while Kakamega and Bungoma Counties set aside Sh689 and Sh671 on each of its citizens. Kakamega was seventh followed closely by Bungoma County. Kakamega and Bungoma counties are also in the top five of the populous counties in Kenya. Busia County is also the only county whose health development expenditure is over 15 per cent of its overall budget. To complete the list of the top 10 spenders on health are Bomet and Mombasa counties, at position nine and 10 respectively. Bomet County will spend about Sh654 per person while a resident in Mombasa County will have Sh498 set aside to improve his or her health this financial year. Some counties that are the least spenders ironically have bigger disease burdens and more pressing health issues.

It was expected that after devolution, county governments would be best placed to address local challenges, but it appears most counties are yet to fill this given that their spending priorities may not give them the financial headroom to start fixing the healthcare system. At the bottom, Tharaka Nithi, Nyeri, Homa Bay, Narok and Siaya counties which spend Sh24, Sh32, Sh57, Sh85 and Sh93 respectively. Also in the list of the bottom 10 counties are Siaya (Sh102), Kericho (Sh109), Kajiado (Sh118), Mandera (Sh140) and Nandi (Sh150). Tharaka Nithi’s total development budget is at Sh1.3 billion. Agriculture, livestock and water services had Sh312 million, roads, public works, transport and legal affairs took the lion share of Tharaka Nithi’s development budget, receiving Sh911 million.

**Public hospital**
This has made it the least spenders on health despite having only one major public hospital at Chuka, the other being a church-sponsored institution. An analysis of the data shows disconnect between what counties plan to spend against their manifestos and strategic plans. A look at the various county strategic plans and manifestos show that though most counties seem to have appreciated their health challenges, they have begun on a the wrong footing in terms of using hard data and facts to support their expenditure. Nairobi County, the heart of
Kenya’s healthcare system, had huge plans to build more health facilities and pharmacies, create ambulance services, promote primary health care, license and control outlets that sell food to the public, create and improve cemeteries, funeral parlours and cremations and show great leadership in liquor licensing. But it is not among the top 10 health spenders in the country. It is at position 33, after it allocated only Sh249 to be spent on developing health for each of its 3.4 million people. This is just about 3.5 per cent of its overall budget. Mombasa County had bigger plans for its health sector. According to its governor’s website, there were plans to have every wards to have a modern health centre that is well equipped and staffed.

**Total budget**

But the county has allocated Sh498 to be spent on developing health for each of its citizens, bringing its total health development budget to Sh520 million. This is less than 3 per cent of its total budget. Mombasa is ranked position 16 in terms of spending per person in out of the 47 devolved units.

Machakos County, which is emerging as a model county due to its speed in implementing its strategic plans, however, has not allocated money that would roll out its ambitious plan of converting every dispensary in every sub-location to a community hospital to meet World Health Organisation (WHO) standards of a hospital every 5 kilometres. It also plans to add a few rooms in every health centre for bed wards, maternity, mini-theatre, laboratory and x-ray. Information on the Machakos County website also gives an insight of their plans to build doctors and nurses quarters to attract health care personnel and give an allocation of Sh300 million to purchase and equip ambulances for every location to ensure that no patient will ever be carried on wheelbarrows to hospitals. According to the CRA report, Alfred Mutua’s administration allocated Sh420 million was to health development. This is about 5 per cent of its overall budget. This puts the county at position 24.

Counties are counting on donors to support health services, a factor that partly explains the little allocation to health services despite being ranked as one of the top three priorities in most counties.

The spending per person was calculated using data is contained in a CRA booklet presented to the Inter-Governmental Budget and Economic Council Meeting of August 12, 2013. The CRA booklet also contains a breakdown of intergovernmental transfers by county, revenue generated at county-level, and expenditure estimates. “An aggregation of county budgets shows that 69 per cent of revenues will come from National Government transfers while 31 per cent will be generated from own revenue sources,” CRA chairman Micah Cheserem notes in the report.

The article was retrieved from the Standard Digital News.

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**SESSION 1: REVIEW OF THE FOURTH SCHEDULE OF THE CONSTITUTION**

**1. TASK 1.1 ■ RESPONSIBILITIES OF NATIONAL GOVERNMENT AND COUNTIES**

**45 MINUTES**

- Begin this task by explaining that the 2010 Constitution’s Fourth Schedule assigns functions to national and county government. Participants must understand which functions are assigned to which level of government, and where there are concurrent or unclear roles and responsibilities.

- The basic objective of this task is to test participant awareness of which functions belong to which level of government WITHOUT checking the constitution. The language used in the exercise is lifted directly from the Fourth Schedule, so if participants are wondering about the language, tell them that it is not your language, but the official legal language. It is good to remember that official legal language can also have gaps.

- Have participants break up into small groups of four to five people, or into pairs if the group is smaller, for this task. Refer them to Task 1.1: Responsibilities of National Government and Counties.

- Explain the task and give the participants 10 minutes to work on it.
- Once the participants are done, have them gather back in plenary and review the answers by asking the participants for their responses.
- Emphasize to participants that the answers are “provisional,” in the sense that this is the language in the 2010 Constitution but in many if not most cases, it needs to be further defined. This usually comes up in discussion as participants will question some of the functions and whether they are actually national or county functions. The process of defining it was given to the Transition Authority.

### Answers:

- Primary Education – National
- Housing Policy – National
- Ambulance Services – County
- Courts – National
- Pre-Primary Education – County
- Housing – County
- Wildlife Protection – National
- Markets – County
- Water and Sanitation – County
- Agricultural Policy – National
- Energy Policy – National
- Control of Drugs – County
- Health Policy – National
- Public Road Transport – County
- Police – National
- Veterinary Services – County

### Note for Facilitators:

The initial intention of this exercise was that the questions could be answered using only participant knowledge of the Fourth Schedule, but it is no longer possible to do that because experience on the ground has changed and participants will have ideas and experiences that challenge simple constitutional knowledge. The notes below try to address some of the most common issues arising in discussing the functions of government. While we believe these notes are fairly comprehensive, the situation on the ground is always changing and facilitators should investigate the degree to which the situation has changed in particular sectors as they prepare for trainings using these materials.

Note that, in general, if a particular area is not mentioned in the Fourth Schedule, and cannot be reasonably thought to be included in an area that is mentioned, the national government has the “residual” responsibility for it. However, much of the debate is about whether an area can be “reasonably” thought to be included in another area. For example, does the responsibility for preprimary education at county level reasonably include hiring of preprimary teachers or not? Generally, there are no easy answers to these questions.
**Task 1.2 ■ A Closer Look at Functions According to the Fourth Schedule**

**30 Minutes**

*Notes on Functions:*

For this task, ask participants to look at the Fourth Schedule of the constitution in their manuals in appendix I. The Fourth Schedule can also be found in Appendix I of the Facilitator Manual.

This section highlights challenges in assigning functions across most of the sectors discussed above and provides background and guidance for **Task 1.2** in the Participant Manual.

**Education:**

- The Fourth Schedule says COUNTY governments are responsible for:
  
  9. Pre-primary education, village polytechnics, home craft centres and childcare facilities

- **National** government is responsible for:

  15. Education policy, standards, curricula, examinations and the granting of university charters
  
  16. Universities, tertiary educational institutions and other institutions of research and higher learning and primary schools, special education, secondary schools and special education institutions

- **Who is responsible for hiring ECD teachers?** This matter has gone to court as TSC and unions want this to be centrally controlled, while counties believe they are in charge of ECD teachers and all other ECD functions. See for example: [http://www.businessdailyafrica.com/Court-stops-counties-from-hiring-ECD-teachers/-/539546/2290776/-/cwu7e8z/-/index.html](http://www.businessdailyafrica.com/Court-stops-counties-from-hiring-ECD-teachers/-/539546/2290776/-/cwu7e8z/-/index.html)

- **Who is responsible for setting the curricula of village polytechnics?** Curriculum development is a national function, but polytechnics are a county function

- **Who is responsible for training teachers?** This seems likely to be a national function, but is it? And who trains ECD, village polytechnic teachers?

**Approved and Pending Legislation in Education Sector**

### Basic Education Act 2013

The approved Basic Education Act 2013 addresses some issues related to the division of functions, but also creates further confusion. The Act establishes a National Education Board, and County Education Boards. In spite of the name, the County Boards are “agents” of the National Education Board. There shall be on this Board a County Director of Education who, despite the title, is also an agent of the national government. The county has one seat on the County Education Board, which is given to the CEC Member for Education or their representative. By and large, the County Education Board is a national body with national representation.

Section 26 of the Act describes the role of the County as providing funds for infrastructure for ECD, childcare facilities, polytechnics, and so on. However, Section 28 mentions that the Cabinet Secretary, in consultation with the NEB and the CEB, will provide for establishment of preprimary schools. This introduces confusion.

No mention is made of the teachers or staff who will work in these institutions. Section 26 indicates that national government may transfer the function of infrastructure for primary and secondary schools to counties,
and may provide conditional grants for the same, but human resources are not mentioned. One reading is that human resources are with national government and they cannot be transferred.

Another area where confusion is created is in the appointment of Boards of Management (Sections 55 and 56). The Act says that these shall be appointed by the County Education Board (which as we saw, is a national agent) at every school, including preprimary schools. These Boards will also (Section 63) be paid according to national government regulations. Why should the national government appoint the Boards at preprimary level if this is a county function?

HEALTH: (Also refer to Budget Brief #16 http://internationalbudget.org/wp-content/uploads/brief16.pdf)

- NATIONAL government is responsible for:

  23. National referral health facilities
  28. Health Policy

- COUNTY governments are responsible for:

  2. County health services, including, in particular—
     (a) county health facilities and pharmacies;
     (b) ambulance services;
     (c) promotion of primary health care;
     (d) licensing and control of undertakings that sell food to the public;
     (e) veterinary services (excluding regulation of the profession);
     (f) cemeteries, funeral parlours and crematoria; and
     (g) refuse removal, refuse dumps and solid waste disposal.

- In addition, COUNTY governments are responsible for:

  11b. water and sanitation services

The box below highlights some areas of confusion. It is based on IBP Budget Brief #16.

Provincial hospitals were eventually devolved. However, it is an area of ongoing controversy how they will be funded (e.g., they currently receive conditional grants through the annual Division of Revenue, but these are not sufficient to fully fund them), given that they are actually regional institutions, rather than county specific. Some of the other issues we will touch on in the gazette notice (next task). But issues around drugs, immunizations, HIV, etc. remain controversial.

**Box 1: Examples of Gaps in Fourth Schedule of Constitution**

<table>
<thead>
<tr>
<th>Sector</th>
<th>National Responsibility</th>
<th>County Responsibility</th>
<th>Missing Areas/overlaps</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>Health policy</td>
<td>County health services, inc.</td>
<td>Provincial hospitals, Immunizations, Drug procurement</td>
<td>Are provincial hospitals to come under county health services or become national? Are immunizations a part of promotion of primary care or?</td>
</tr>
<tr>
<td></td>
<td>National referral health facilities</td>
<td>Ambulance, Promotion of</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Ambulance services: are a county function, but may be a need for ambulances for national referral hospitals.

Approved and Pending Legislation in Health Sector

There are at least two bills that touch on the issue of functions in the health sector. The Health Bill 2014 and the Reproductive Health Bill 2014.

The Health Bill 2014 has a number of clauses touching on functions. In Section 15(1) c, the national government is given responsibility to ensure access to emergency services and reproductive health care, though these are devolved functions. It is not clear if this means that the national government must provide counties with funding to implement these functions (which are county functions, as per the TA gazette notice from 2013 August). This is implied by 15(1)p, which mentions ensuring adequate finances through “intergovernmental” mechanisms. However, Section 49 suggests that national government will “implement” a “comprehensive programme” to address reproductive and maternal health (among other things). Similarly, implementation of environmental health programmes is mentioned, yet this was also devolved to counties via the Gazette Notice from August 2013.

Section 20(g) gives the county the responsibility for procurement, which is potentially at odds with the continuing role of KEMSA in the Kenyan health system. Moreover, the Transition Authority in 2013 instructed counties to procure only from KEMSA unless drugs were not available there. At a minimum, there is a need for clarity about any restrictions on county procurement. Indeed, Section 37(f) attempts to reserve procurement for communicable diseases to the national government, which substantially curtails county procurement. Section 48 introduces confusing language about KEMSA at county level, suggesting it “may be the first port of call,” which suggests it need not be used.

37(c) also appears to reserve certain specialized areas of health to the national government (“expertise that is a shared resource” is unclear, but any expertise that is not available countrywide could be considered a shared resource at national level; for example, if there were only 5 orthopedic surgeons these would not be enough for every county).

The Act also creates an advisory state corporation to be known as the Health Services Commission. The role of this body is to advise the Public Service Commission and the County Service Boards on issues related to human resources in the health sector. Although the body is purely advisory, it is not clear that advising County Service Boards on their human resource policies is an appropriate role for this corporation. The law requires that counties that ignore the advice of the Commission explain in writing the reasons why they have done so, giving the Commission the kind of agenda-setting power that the CRA has at national level for the division of revenue.

The Reproductive Health Bill touches on the issue of health facilities. It guarantees that all health workers providing maternal and child health services shall operate in adequate facilities. Section 23 suggests that this means every county should have a Level 5 hospital (these are regional hospitals currently, and would not exist in every county; there are 10 recognized facilities currently). Since L5 hospitals are a county function, and the existing conditional grant for them does not cover their full costs, the implication is that counties will be forced to build and maintain such facilities from their own resources. While the Bill leaves
the health worker numbers to the discretion of the county, each facility is required under Section 24 to have 5 ambulances, another unfunded mandate for counties (which are responsible for ambulance services).

AGRICULTURE:

a. NATIONAL government is responsible for:

29. Agricultural policy

It also has some responsibilities for:

21. Land planning
22. Protection of the environment and natural resources

b. COUNTY governments are responsible for:

1. Agriculture, including—
   a) Crop and animal husbandry
   b) Livestock sale yards
   c) County abattoirs
   d) Plant and animal disease control; and
   e) Fisheries

c. COUNTY governments are also responsible for implementing:

10. National government policies on natural resources and environmental conservation

As we already saw under health, COUNTIES are also responsible for water and sanitation.

Discussion questions:

- Does this cover all services in agriculture?
- Who is responsible for extension services?
- Marketing of agricultural products?
- Agricultural research?
- Coordination of agricultural services where land crosses the border between multiple counties?

Approved and Pending legislation in Agriculture Sector:

The Agriculture, Fisheries and Food Act of 2013 is the main piece of potentially relevant legislation. The Act establishes an Authority to take over the functions of a number of state corporations in the sector, listed below.

(i) the Coconut Development Authority;
(ii) the Kenya Sugar Board;
(iii) the Tea Board of Kenya;
(iv) the Coffee Board of Kenya;
(v) the Horticultural Crops Development Authority;
(vi) the Pyrethrum Board of Kenya;
(vii) the Cotton Development Authority;
(viii) the Sisal Board of Kenya;
(ix) the Pests Control Products Board;
(x) the Kenya Plant Health Inspectorate Service;
It is assumed that these bodies do not perform any county functions as per the Constitution. But that is not entirely clear, given that these Boards deal with crops whose husbandry is a county function. The Act does not clarify the roles of counties in the sector beyond what is in the Constitution, and gives them no role in the new Authority, which is entirely national in terms of its focus, the members of the Board, and the financing.

WATER AND SANITATION:

Water and sanitation: the Constitution refers to services, so it is a county function, but clearly water protection and other related issues are national functions. Also, water is a shared resource across county boundaries so it cannot be fully managed by counties alone. There is a need for a regional body or some way of working across county boundaries.

Approved and Pending Legislation in Water Sector

The pending Water Bill 2013 does address itself to devolution in part, though it does not resolve the main issues in the sector. Under the proposed law, Water Service Boards would continue as Water Works Development Boards. These will take over all WSB assets once the law is passed. The role of these new Boards will be similar to the WSBs. They will be national agencies funded nationally. They will continue to develop assets for the sector that will be passed on to others for use. The draft law does recognize that WWDBs will have to coordinate with counties, and therefore states that asset development should be based on county development plans. What is not clear is how these will be aggregated (a WWDB will represent multiple counties, and asset development will have to deal with complex tradeoffs between the plans in one county and the plans in another county). It is not clear that a WWDB can actually make choices about asset development without consulting with counties. There is probably a need for deeper restructuring of these Boards to involve counties in decision-making. It is also unclear how WWDBs will build on county plans if the counties have not yet developed water sector plans and the County Integrated Development Plans they do have lack sufficient details or have not been approved by the Assembly in a particular county.

Beyond education, health, agriculture, and water there are a number of other issues that are unresolved by the Fourth Schedule:

- Wildlife protection: national function, but national parks are in counties and will require coordination
- Control of Drugs: County function, but given that it involves security, it must be shared and involve police and other national functions
- Public Road Transport: People often get confused about what this refers to. It should be understood to refer to things like buses, rather than roads or road traffic (separately mentioned as national, except for county roads).
- County versus National roads. As of today, national roads are those in Class A and B. County roads are those in Class D and below. But there is no clarity about Class C roads, though it has been recommended by the Senate that they be taken up by national government.
- Veterinary services: excludes training of veterinary professionals

Note on state corporations: the 2010 Constitution implies that state corporations will be restructured like all other national bodies to be consistent with the Fourth Schedule, but this has not happened yet. So some state corporations will have to be restructured but may continue for some time. At this time, we don’t know if they will be dissolved, or if counties will be brought into them (for example, to sit on their boards), but they have to be reformed somehow to include counties. Examples include: agricultural corporations, Water Service Boards, the National Housing Corporation, and the Regional Development Authorities.
Notes on additional pending and approved legislation.

Some of the issues discussed in this section may be resolved by pending legislation. We have discussed pending legislation in some sectors above. In this section, we review additional draft legislation and laws and comment on whether they address these issues or not:

### COURTS: The Constitution mentions Subordinate courts as Magistrate Courts and Kadhi courts and any other that may be established by an Act of Parliament. The Judicial Service Act does not establish any other Court. There is no clear legal basis for counties taking up functions of the former local authorities (which did run some local courts under the Local Authorities Act) with regards to courts.

### FOREST. In the pending Forest Conservation and Management Bill 2014, forests are classified into three: Public (National govt), Community forest (County) and private forests (individuals). The National government is responsible for most functions through an established body; the Kenya Forest Service. Overall, the Cabinet Secretary is responsible for developing national forest management guidelines for sustainable use of forests and forest resources in the Country.

The Kenya Forest Service remains at the national level and is managed by a board that is responsible for most functions, in particular management of the public forests, and will be funded by the National government. Among its functions, the service will also, in collaboration with the County governments, assist the county governments to build capacity for forestry development on community and private land, and help produce the Forest Status Report and Resource Assessment Report which are to be released every two years and five years. Kenya Forestry College is to be established whose aim will be to provide forestry education, vocational and technical training courses in conservation, management, sustainable utilization and protection of forests and allied natural resources. The College is in charge of developing training programmes from certificate to diploma level in forest management and utilization. However, there is no mention of where the teachers and staff will come from who will be in charge of this college, though the Kenya Forest Service Board can appoint a standing committee to supervise functioning of the college (Sec 17.4). Section 15 also allows the Board to appoint other officers of the Service as needed, which could potentially include those of the College. The legislation also mentions (Section 21) that there shall be County Forest Conservation Committees for each county who shall monitor implementation of the Forest Act, including management of community forests in the county. These are genuine county bodies, with mainly county representation. The County Executive Committee for Forest is required to set some funds aside for the functioning of the aforementioned committee.

On the role of county government in relation to forest management and creation, Section 33 (1) and (2) stipulates that all community forests are managed by the County government. Counties can also declare new community forests. Arboretas and recreational parks shall also be created and managed by counties (Section 38).

On forest protection, the bill does not go into further details to say exactly who is responsible for protection of the county forests. The bill does mention the option of creating forest association groups which are approved by the director general and county chief officer in charge of forestry. The function of the groups is to protect and manage the forests under their jurisdiction.

At the National level, the public forests are to be protected by Forest Service Officers, who are also responsible for training prosecutors from among the officers who will help with prosecuting criminal cases related to forestry.

### SECURITY. The police and military are national functions, but counties are responsible for “control of drugs” and “pornography” according to the constitution (4th Schedule). Moreover, it is evident that national and county governments must work together in some way on security issues. The National Police Service Act 2011 tries to address this.
The County Policing Authority is detailed in Part 6 of the Act. The Authority is a combination of county government officials, national officers and citizen representatives. The membership includes the Governor, who shall be the chairperson, two members representing the County Assembly, six members from interest groups (business, women, etc.), and representatives from national security agencies. The role of the Authority includes oversight of the county police, including performance against standards as well as the budget for the county forces. The Authority prepares quarterly reports on its oversight that are sent to both national and county officials (including the IG, CS, and the Governor and Assembly). The Authority is also responsible for implementation of community policing in each county, per Section 97.

The matter of budget oversight is unclear, since the budget for the county forces will be set at national level and oversight of the national budget should be provided by the National Assembly. It is not entirely clear that the budget for the National Police Service will even be organized by county. Finances of the Service are discussed in Section 116, but the main units of the Service mentioned are posts, outposts, stations and units, not counties (though the budget of the County Authority itself is mentioned).

The costs of the Authority’s activities are to be met by the National Police Service, and not the county.

*** End of notes on pending and approved legislation ***

In SUMMARY, the purpose of this discussion is to make the participants aware of the fact that there are many gaps and ambiguities in the constitution, and that this is one of the reasons there must be a process of “unbundling functions” in the Fourth Schedule and assigning these functions to a level of government, even though the Fourth Schedule gives broad direction on who will do what. For some additional discussion, please see the “Who’s In Charge?” brief on IBP’s website (link below)


**TASK 1.3 ■ THE AUGUST 2013 GAZETTE NOTICE ON TRANSFER OF FUNCTIONS 30 MINUTES**

Objectives of Exercise

- In this section, we move beyond the Fourth Schedule to see what has actually happened with the transfer of functions. While the Transition Authority has not completed its work, it has made some attempt to regulate the transfer of functions.
- In this exercise, we are attempting to see to what extent the TA Gazette Notice from 2013 has addressed some of the much confusion we saw in the previous section. The basic answer is that it does clarify that certain functions belong to counties, but it does not explain why, nor does it clarify a number of other functions that are not mentioned and whether they belong to counties or national level. Some of the language is vague and leaves us wondering what exactly was intended.

Facilitator Notes

- Tell participants to refer to Appendix II in their manuals (the August 2013 Transition Authority Gazette Notice on the transfer of functions). Normally, we use a single county example (because all counties are more or less the same). It is useful to use Mombasa, however, because it has a few additional pieces of information, such as Coast Provincial Hospital (Level 5 regional hospital) that other counties would not have. Any former provincial headquarters should have similar information. For this exercise, we will use Taita Taveta County TA notice for consistency with other examples in the Manual.
• Explain to participants that this notice was published in the Kenya Gazette in August 2013 by the Transition Authority, and that it is an official transfer of most functions to all counties.

• Ask participants to review the gazette notice and then discuss the following question in small groups:

  - Does this notice help you to understand better what exactly is being transferred in the education, health, and agriculture sectors?

• Provide 30 minutes for reading the notice and discussing the question in small groups. If time is short this can be done in a guided plenary.

• Facilitators can also find the TA gazette notice in the Appendix of the Facilitator Manual.

It is sometimes helpful to start with the health sector, and note that some of the key issues discussed before (immunizations, HIV) are resolved here to a certain extent. Also note, however, that the implications of the gazette notice are not clear. For example, HIV has been devolved, but what exactly does that entail? Does this include direct procurement of ARVs? Probably not, as those are likely procured through KEMSA. In that case, what are the implications for the funding of HIV services? If ARVs are a major cost of HIV services, but KEMSA is procuring the drugs (or they are being supplied by donors), where does the budget for ARV procurement sit and who “controls” HIV services? A similar question could be asked about immunization. In a sense, these are shared functions, with KEMSA doing procurement on behalf of counties, while counties do have some control over how much they purchase from KEMSA.

• Facilitate a short plenary discussion to summarize the participants’ reflections on what the new gazette notice says about the three sectors.

• One question that may arise with regard to the health sector is: Who has the mandate in the new maternal health care scheme?

In discussing this, it is relevant to point out that the national government introduced a conditional grant to pay for delivery fees at public facilities, but that this was introduced without any clear policy or consultation with counties. Since it is a policy that relates to health care responsibilities of counties, this may introduce problems. For example, if the conditional grant is not sufficient to cover the full cost of eliminating user fees, are counties required to follow the policy? This is what is known as an “unfunded mandate” if so. There are estimates that the full cost of the policy is more than the roughly Ksh 4 billion given to counties. For one such estimate, see the policy document in the Annex of Background Documents.

FOLLOW UP TO THE GAZETTE NOTICE

The Gazette Notice was to be followed up by further notices and decisions. While some of these issues have been taken up by the Senate, they have not been resolved. The Senate has taken a position on some issues, but these have not been finalized:

• Roads. Class “C” roads have been an issue of contention (are these national or county roads?). The Senate has proposed that they be treated as national roads.

• Rural electrification. This is deemed a concurrent function of the two levels and must be sorted out between them.

• Water. Further unbundling is required before the functions are assigned.

• Libraries. National Library Service Headquarters to remain; all libraries to be devolved.

The senate resolution report, the Transition Authority Legal Notice and the Task-force on Parastatal Reforms can all be found in the Annex of Background Documents.
**TASK 1.4 ■ INTERLUDE: AN APPLICATION  30 MINUTES**

**PLENARY & DISCUSSION: NYERI STORY**

This section looks at a tragedy at the Nyeri Provincial Hospital for purposes of discussing the functions of the two levels of government and the context of devolution for purposes of both reporting and advocacy.

**How to report on functions of county governments**

Refer participants to Appendix III in their Manuals. Give them 5 minutes to read through the story.

**For journalists**

Ask journalists to answer the following questions using the story:

1. What are the gaps/weaknesses they can identify in the story?
2. What possible angles could the story have taken that it didn’t?
3. How could the journalists use information from the county budget, knowledge of county functions or county priorities to make it a stronger story?

Once the journalists have answered the questions above, discuss how the story could have been written differently.

Example of an issue to raise: one of the grey areas in healthcare devolution is who is responsible for funding former Provincial General Hospitals. The story could examine who is funding the Nyeri hospital and whether the funding is adequate. If the hospital is relying on county funding, how much is going from the county? If it is relying on national funding (through the national conditional grant for regional hospitals), how much is coming? Have there been delays in this funding reaching the hospital? Is it adequate?

For more on the issue of financing for these hospitals, see:

http://www.theeastafrican.co.ke/OpEd/comment/Senate-debates-revenue--media-ignores--hospitals-lose-out-/434750/2332934/-/fd8qcjz/-/index.html

**For Civil Society Organisation**

Ask CSOs to answer the following questions:

1. What possible advocacy agenda can you identify from this story?
2. To be sure that this is a good advocacy agenda, what additional information would you need? What additional analysis would you need to do?
3. Would this agenda target national government, county government or both? Why?

Example: a CSO might raise the issue of whether there are adequate staff at the provincial hospital. More information would be needed on number of staff on the payroll at the hospital versus standards and versus other facilities. One would want to be sure that there were not ghost staff, making it appear that there are adequate staff on the books, when they are not actually there.
Then you would need to know something about how much the county has allocated, how much it costs to run the hospital, how much was covered by the conditional grant from national government, and so on. Nyeri should have received some money from national through the conditional grant. Was this received? Was it adequate? What else did the county put in? Has the county been able to recruit? And so on.

NYERI ARTICLE

Baby dies at Nyeri Provincial General Hospital after falling headlong from womb

A woman lost her baby while delivering at Nyeri Provincial Hospital due to what she terms as negligence by nurses. Charity Wanjiku, 27, said she was taken to hospital by her husband at midnight on Wednesday with severe labour pains. On admission in the labour ward, she alerted the nurses that the baby was due but they did not pay heed. “When the nurses ignored me I stood up due to the pain and that’s when the baby came out and fell head first onto the floor and later died,” she said.

Her husband, Mr Peter Ndigirigi, said after his wife was admitted he went home, but his wife later called him to inform him of the baby’s death. On arrival at the hospital, he was intercepted by security officers who almost turned violent. “But one nurse was kind enough to explain calmly to me how our son died,” he said. The 29-year-old father of two daughters, aged 10 and 6, said he was really looking forward to the birth of a son.

The distraught father remarked: “I wonder if they are mistreating patients because maternity services are free.” Nyeri hospital medical superintendent Cyrus Njoroge said the hospital had six patients that night, some of whom needed emergency operation, and only four nurses. Mr Njoroge said the nurses advised Ms Wanjiku to lie down but she could not owing to severe labour pains. He attributed the tragedy to the severe shortage of nurses. The hospital has 250 but requires 600.
SESSION 2: COUNTY PRIORITIES

1. **Facilitator Input & Small Group Discussions: County Priorities – The Basics**

   **10 minutes**

   - **Introduction:** Once participants are familiar with the role that counties will play, they can begin to think about the priorities they have in the county and which of these are the responsibility of the county government. First, we will have a discussion around priorities for the county that is linked to what counties can actually do – this is a first input into the budget process. During this discussion, participants should consider what brings the county together, but also its diversity and the diverse needs of different constituents, including the poorest residents and poorest wards.

   - **Note:** During this exercise, it is critical for the facilitator to reinforce the issue of **functional assignment** to ensure that issues related to functional assignment are coming through, especially when participants choose priority areas where the assignment of functions has not been clarified (water, health, education, etc.).

COUNTY DATA TABLES

Facilitator Notes:

We will look at Taita Taveta County for this exercise.

- In planning for our counties, we are really starting something very new. This is not just because we may never have developed our own integrated development plans, but because even the counties themselves are new. This means we don’t know as much as we probably should about our own counties in order to begin the planning process.

- Fortunately, there is some information available. We can start with the 2011 County Fact Sheets produced by the Commission on Revenue Allocation. Although the CRA produced Fact Sheets in 2013 as well, we have questions about the data in those sheets, and therefore prefer to use the older ones.

- The CRA’s 2011 report with the County Fact Sheets is found in the link below and also in the Annex of Background Documents:

- Data tables specific to the counties present on Education, Water, Sanitation, Housing, and Cooking Fuel are provided as separate handouts. These come from *Exploring Kenya’s Inequality: Pulling Apart or Pooling Together? – County Report*, by the Kenya National Bureau of Statistics (KNBS) and Society for International Development (SID), 2013. Primary data source: 2009 Census. County-specific reports are available here for each county: [http://inequalities.sidint.net/kenya/county/](http://inequalities.sidint.net/kenya/county/). We have included Taita Taveta report in both the participants and facilitators manual or can also be found here: [http://inequalities.sidint.net/kenya/county/taita-taveta/](http://inequalities.sidint.net/kenya/county/taita-taveta/)

- Participants may have additional information sources to draw on, such as the county’s CIDP, former District Development Plans, county profiles or other unique documentation. This should be encouraged as well.
2. **TASK 1.5 ▪ A LOOK AT YOUR COUNTY’S FACT SHEET  ▪ 30 MINUTES**

- For this task, have participants break up into groups according to which county they are from (but limit each group to a maximum of four people). If all of the participants are from the same county, then have them break up into groups of four.

- Provide copies of the relevant CRA County Fact Sheets and the KNBS & SID County Report to the participants, based on where they’re from. In our example, you would use Taita Taveta for everyone, but some regional trainings may involve people from multiple counties.

- Ask them to work in groups of 3-4 and use these documents to identify county priorities. One good way to do this is to ask them to identify 3 major priorities for the county.

- Then ask them to rank these in order of importance, giving reasons for the choices made. If there is time, it is possible to first ask them to identify 5 priorities and then choose the top 3. The point is to get participants to start making hard choices about what is most important, given many competing priorities.

- Generally, the least important section in the CRA Fact Sheet is the one on funding, since this is historical and doesn’t really tell us much. Make sure participants focus more on education, health, infrastructure, etc.

- Also ask them to think about which wards in the county have the highest needs, and what those needs are (based on the KNBS/SID data). **In the case of wards, ask them specifically to think about whether the ward data raises different issues than when they look at the county data alone.** For example, the county may have an average water access rate that is pretty high, so water may not seem like a priority. But when they see inequality across wards, they may realize that there are a few wards with extremely low access to water, so water may now emerge as an important priority at ward level.

- Note that there are some data challenges, since the data in the county tables (from the KNBS & SID County Report) do not totally match the data in the CRA Fact Sheet. Also, in using the CRA Fact Sheets, note that the data is not all organized in the same way. Footnote “a” in the CRA Fact Sheets makes this clear. For most variables, being ranked #1 means you are highest on that indicator. For some variables though, such as poverty, the reverse is true. In other words, #1 for poverty is the county with the least poor people. #47 has the most poor (Turkana, in this case).

- Allow participants 15-20 minutes to complete the task, and then have participants come back to plenary to discuss their answers.

- **Note:** If there are different counties represented in the workshop, each group should have a copy of the sheets from each county under discussion, so that they can follow what others are saying during the plenary discussion.

- When reporting back, ask participants to clarify whether the priorities they have identified correspond to national or county functions. This is an opportunity to ensure that they have understood the discussion of functions and to realize that certain priority areas (such as secondary education) are not going to be solved by counties.

- Point out that this discussion is meant as one step to informing what county priorities should be and that this should then inform the County Integrated Development Plan, the sector plans, and basically any other county plan.
# Taita Taveta County

## General Information (2009)

<table>
<thead>
<tr>
<th></th>
<th>Taita Taveta</th>
<th>Rank*</th>
<th>Kenya¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>284,657</td>
<td>43</td>
<td>821,491</td>
</tr>
<tr>
<td>Surface area (km²)</td>
<td>17,084</td>
<td>12</td>
<td>12,368</td>
</tr>
<tr>
<td>Density (people per km²)</td>
<td>17</td>
<td>39</td>
<td>66</td>
</tr>
<tr>
<td>Poverty rate, based on KHBS (%)</td>
<td>54.8</td>
<td>30</td>
<td>47.2</td>
</tr>
<tr>
<td>Share of urban population (%)</td>
<td>22.6</td>
<td>17</td>
<td>29.9</td>
</tr>
<tr>
<td>Urban population in largest towns</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Wundanyi</td>
<td>62,404</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>- Taveta</td>
<td>19,865</td>
<td>87</td>
<td></td>
</tr>
<tr>
<td>- Voi</td>
<td>17,152</td>
<td>97</td>
<td></td>
</tr>
<tr>
<td>- Mwatate</td>
<td>5,573</td>
<td>163</td>
<td></td>
</tr>
</tbody>
</table>

## Health and Education Outcomes

<table>
<thead>
<tr>
<th></th>
<th>Taita Taveta</th>
<th>Rank*</th>
<th>Kenya¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully-immunized pop &lt;1yr (% 2010/11)</td>
<td>51.2</td>
<td>36</td>
<td>64.0</td>
</tr>
<tr>
<td>Malaria (as % of all 1st outpatient visits)</td>
<td>13.7</td>
<td>12</td>
<td>27.7</td>
</tr>
<tr>
<td>TB in every 10,000 people (2009/10)</td>
<td>12</td>
<td>7</td>
<td>39.0</td>
</tr>
<tr>
<td>HIV+ ante-natal care clients (% 2010)</td>
<td>6.6</td>
<td>37</td>
<td>5.9</td>
</tr>
<tr>
<td>Population with primary education (%)</td>
<td>68.7</td>
<td>22</td>
<td>66.6</td>
</tr>
<tr>
<td>Population with secondary education (%)</td>
<td>12.1</td>
<td>20</td>
<td>12.7</td>
</tr>
</tbody>
</table>

## Funding Per Capita in Kshs. (2008/09)

<table>
<thead>
<tr>
<th></th>
<th>Taita Taveta</th>
<th>Rank*</th>
<th>Kenya¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constituency Development Fund (CDF)</td>
<td>586</td>
<td>2</td>
<td>300</td>
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<tr>
<td>Local Authority Transfer Fund (LATF)</td>
<td>262</td>
<td>10</td>
<td>218</td>
</tr>
<tr>
<td>Single Business Permit revenues by LAs</td>
<td>60</td>
<td>13</td>
<td>48</td>
</tr>
<tr>
<td>Property tax revenues by LAs</td>
<td>9</td>
<td>28</td>
<td>70</td>
</tr>
<tr>
<td>Rural Electrification Programme Fund</td>
<td>214</td>
<td>2</td>
<td>88</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,131</strong></td>
<td><strong>4</strong></td>
<td><strong>725</strong></td>
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</table>

## Access to Infrastructure

<table>
<thead>
<tr>
<th></th>
<th>Taita Taveta</th>
<th>Rank*</th>
<th>Kenya¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved water (% households 2009)</td>
<td>70.0</td>
<td>18</td>
<td>66.5</td>
</tr>
<tr>
<td>Improved sanitation (% households 2009)</td>
<td>94.3</td>
<td>21</td>
<td>87.8</td>
</tr>
<tr>
<td>Electricity (% households 2009)</td>
<td>15.0</td>
<td>15</td>
<td>22.7</td>
</tr>
<tr>
<td>Paved roads (as % of total roads)</td>
<td>5.1</td>
<td>29</td>
<td>9.4</td>
</tr>
<tr>
<td>Good/fair roads (as % of total roads)</td>
<td>49.6</td>
<td>19</td>
<td>43.5</td>
</tr>
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</table>

## Service Coverage

<table>
<thead>
<tr>
<th></th>
<th>Taita Taveta</th>
<th>Rank*</th>
<th>Kenya¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivered in a health centre</td>
<td>40.5</td>
<td>16</td>
<td>37.5</td>
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<tr>
<td>Qualified medical assistant during birth</td>
<td>43.2</td>
<td>17</td>
<td>37.6</td>
</tr>
<tr>
<td>Had all vaccinations</td>
<td>76.6</td>
<td>23</td>
<td>75.0</td>
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<tr>
<td>Adequate height for age</td>
<td>49.6</td>
<td>38</td>
<td>59.8</td>
</tr>
<tr>
<td>Can read &amp; write</td>
<td>45.3</td>
<td>41</td>
<td>66.4</td>
</tr>
<tr>
<td>Attending School, 15-18 years</td>
<td>74.7</td>
<td>23</td>
<td>70.9</td>
</tr>
</tbody>
</table>

## Rural Electrification Allocations, Kshs Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taita Taveta</td>
<td>10</td>
<td>22</td>
<td>66</td>
<td>92</td>
<td>61</td>
<td>81</td>
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</tbody>
</table>

## CDF Allocations, Kshs Millions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>616</td>
<td>117</td>
<td>93</td>
<td>24</td>
<td>167</td>
<td>167</td>
<td>201</td>
</tr>
<tr>
<td>Population</td>
<td>849</td>
<td>72</td>
<td>68</td>
<td>56</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Population Per Nurse

<table>
<thead>
<tr>
<th>Year</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taita Taveta</td>
<td>2,837</td>
</tr>
<tr>
<td>Kenya Counties Average</td>
<td>2,654</td>
</tr>
</tbody>
</table>

## Population Per Doctor (in 000's)

<table>
<thead>
<tr>
<th>Year</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taita Taveta</td>
<td>71</td>
</tr>
<tr>
<td>Kenya Counties Average</td>
<td>25</td>
</tr>
</tbody>
</table>

### Footnotes

* Except poverty rates, malaria TB & HIV, all rankings are in descending order i.e. highest to lowest.

¹ All entries in the ‘Rank’ column show County average.

Source: KNBS.
A total of 21% of Taita-Taveta County residents have secondary level of education or above. Wundanyi constituency has the highest share of residents with a secondary level of education or above at 27%. This is almost twice Taveta constituency, which has the lowest share of residents with secondary level of education or above. Wundanyi is 6 percentage points above the county average. Mbololo ward has the highest share of residents with a secondary level of education or above at 33%. This is almost four times Kasigau ward, which has the lowest share of residents with secondary level of education or above. Mbololo is 12 percentage points above the county average.

Taita-Taveta County has 60% of its residents having only a primary level of education. Taveta constituency has the highest share of residents with a primary level of education only at 64%. This is 8 percentage points above Voi constituency, which has the lowest share of residents with a primary level of education only. This places Taveta 4 percentage points above the county average. Mbogholi ward has the highest share of residents with a primary level of education only at 68%. This is 15 percentage points above Mbololo ward, which has the lowest share of residents with a primary level of education only. Mbogholi is therefore 8 percentage points above the county average.

A total of 18% of Taita-Taveta County residents have no formal education. Taveta constituency has the highest share of residents with no formal education at 21%. This is 6 percentage points above Wundanyi constituency, which has the lowest share of residents with no formal education. Taveta constituency is 3 percentage points above the county average. Kasigau ward has the highest percentage of residents with no formal education at 32%. This is almost three times the ward with the lowest percentage of residents in Wundanyi/ Mbale ward with no formal education. Kasigau is 14 percentage points above the county average.
Improved sources of water comprise protected spring, protected well, borehole, piped into dwelling, piped and rainwater collection while unimproved sources include pond, dam, lake, stream/river, unprotected spring, unprotected well, jabia, water vendor and others.

Taita-Taveta County has 64% of residents using improved sources of water, while the rest rely on unimproved sources. There is no significant gender differential in use of improved sources as the share of male headed households is at 64% compared with female headed households at 62%.

Voi constituency has the highest share of residents using improved sources of water at 77%. This is almost twice the Wundanyi constituency, which has the lowest share of using improved sources of water. Voi is 13 percentage points above the county average of residents using improved sources of water. Maungu ward has the highest share of residents using improved sources of water at 93%. This is almost four times the Mwanda/Mgabe ward, which has the lowest share of households using improved sources of water. Maungu is 29 percentage points above the county average.
SANITATION

In Taita-Taveta County, 67% of residents use improved sanitation, while the rest use unimproved sanitation. There is no significant gender differential in the use of improved sanitation as male headed households are at 67% compared with 69% for female headed households.

Mwatate constituency has the highest share of residents using improved sanitation at 87%. This is twice Taveta constituency, which has the lowest share using improved sanitation. Mwatate is 20 percentage points above the county average of residents using improved sanitation. Wusi/Kishamba ward has the highest share of residents using improved sanitation facilities at 93%. This is almost three times Chala ward, which has the lowest share of households using improved sanitation. Wusi/Kishamba is 28 percentage points above the county average of residents using improved sanitation.
HOUSING

Percentage Distribution of Households by Floor Material in Taita Taveta County

- Cement: 42.8%
- Tiles: 0.6%
- Wood: 0.3%
- Earth: 54.6%
- Other: 1.6%

Percentage Distribution of Households by Roof Materials in Taita Taveta County

- Corrugated Iron Sheets: 84.8%
- Tiles: 1.2%
- Concrete: 0.4%
- Asbestos sheets: 2.9%
- Grass: 6.6%
- Makuti: 1.5%
- Tin: 0.7%
- Mud/Dung: 0.1%
- Other: 1.7%

Percentage Distribution of Households by Wall Materials in Taita Taveta County

- Stone: 4.4%
- Brick/Block: 42.9%
- Mud/Wood: 39.3%
- Mud/Cement: 8.7%
- Wood only: 1.3%
- Corrugated Iron Sheets: 0.9%
- Grass/Reeds: 0.5%
- Tin: 0.1%
- Other: 2.0%
COOKING FUEL

| Percentage Distribution of Households by Cooking Fuel Source in Taita Taveta County |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Electricity | Paraffin | LPG | Biogas | Firewood | Charcoal | Solar | Other |
| 0.6 | 5.0 | 1.5 | 0.4 | 68.7 | 23.5 | 0.0 | 0.3 |

**TASK 1.6 ■ LOOKING AT EXISTING SERVICES**

- Have participants look at Table 1 in the Budget Brief #19 (handout). Budget Brief #19 is in the Annex of Key Documents and is also available here: [http://internationalbudget.org/wp-content/uploads/brief19.pdf](http://internationalbudget.org/wp-content/uploads/brief19.pdf). Underlying data from the brief is also on the IBP Kenya website under “Understanding County Budgets.”

- Ask the participants how much money the county has been spending on key sectors and based on their general understanding of the level and quality of services in their county, would they argue that spending should go down, remain the same or go up for those services?

- The key point here is to get participants to think about whether they believe that services should be retained at their current level or not. If not, this is either because the service is not needed at that level, or because it should be increased further.

- While it is not always true that increasing a service requires more money or decreasing it will save money, there is generally a relationship and it is likely that cutting below the figures in Brief #19 will affect services. This may not be true where there are a lot of ghost workers or inefficiencies that have been identified. But recall that these must be identified specifically and eliminated, not just discussed in general. Otherwise, there is no guarantee that the county can actually tackle them and reduce costs.
TASK 1.7 REVIEW OF COB IMPLEMENTATION REPORT

30 MINUTES

Relating services to the budget

Facilitator notes:

- This exercise is supposed to help people start relating services they receive, or see being delivered, and budget execution. This complements the previous task which focused on allocations.

- The intention is to encourage participants to develop an interest in using and understanding implementation reports produced quarterly by the Controller of Budget as well as by the CEC Finance at the county level.

- Participants may or may not see any relationship between their experience of services and the budget execution information. This should help to lead to a discussion. If people feel that the numbers do reflect services, that is useful for relating the two. If they do not see any relationship, that should tell us that we may not be getting sufficient information about what this money is being spent on to know how it is affecting services. In the first year, some services, like health, were being paid by national government and then counties were to reimburse. If they hadn’t reimbursed yet, it might appear they were able to keep hospitals running with much less money than in fact was being spent. On the other hand, the quality of services may have been so poor that people do not notice that they are declining due to lack of money. These are some of the angles one might take on this issue.

- The tables below from the County Fiscal Strategy Paper, show the budget allocations for each department in Taita Taveta County in 2013/14 and the actual spending per department for the first six months of the financial year (July-December).

- Tell Participants to look at the tables in their manuals and use them to assess the state of service delivery under the four sectors captured in the second table. You will want to point out that in the bottom table, there are some important differences between what the county says it spent and what the COB reports. You will have to explain that we don’t know exactly why these differences exist and it raises concerns about their accuracy. You may also want to ask which of the figures seems more likely to the participants to be accurate.

1. What is your perception of Agricultural, Health, Education and Infrastructure services as provided by the county?
2. From the second table the agriculture sector has the highest spending rate among the four sectors. In your view, does this reflect actual services delivered?
3. Health has a lower spending rate, but the highest overall spending. Does this seem logical to you based on your understanding of the health sector or your experience with it?
4. The infrastructure sector has spent the least proportion of the money allocated. Does this reflect the state of affairs in the county?
### Budg2012/13 | ACTUAL EXP | REVISED REC | REVISED DEV | TOTAL | Recurrent Actual exp | Dev. Actual Exp | TOTAL EXP
---|---|---|---|---|---|---|---
1 COUNTY ASSEMBLY | 33,854,718.00 | 317,430,935.55 | 108,444,475.00 | 425,875,410.55 | 67,529,855.00 | - | 67,529,855.00
2 COUNTY EXECUTIVE | 50,315,311.30 | 284,726,496.86 | 41,254,440.79 | 325,980,937.65 | 307,853,453.00 | 720,000.00 | 308,573,453.00
3 CPSB | 20,949,162.50 | 20,949,162.50 | - | - | - | - | -
4 COUNTY TREASURY | 31,407,278.19 | 31,407,278.19 | - | - | - | - | -
5 PLANNING | 73,111,873.40 | 46,703,422.03 | 119,815,295.43 | 33,372,003.97 | 36,678,268.97 | - | -
6 AGRICULTURE | 20,949,162.50 | 20,949,162.50 | - | - | - | - | -
7 WATER SERVICES | 31,407,278.19 | 31,407,278.19 | - | - | - | - | -
8 YOUTH TRAINING | 32,721,724.93 | 12,443,640.00 | 45,165,364.93 | - | - | - | -
9 YOUTH DEVELOPMENT | 6,673,204.00 | 6,673,204.00 | - | - | - | - | -
10 COOPERATIVE DEVELOPMENT | 7,043,960.00 | 7,043,960.00 | - | - | - | - | -
11 LANDS & PHYSICAL PLANNING | 2,076,076.68 | 2,076,076.68 | - | - | - | - | -
12 HOUSING | 22,651,059.57 | 22,651,059.57 | - | - | - | - | -
13 PUBLIC WORKS | 5,528,321.80 | 5,332,550.00 | 10,860,871.80 | - | - | - | -
14 INFORMATION | 801,744.55 | 801,744.55 | - | - | - | - | -
15 GENDER | 17,098,052.00 | 64,357,762.00 | 81,455,814.00 | - | - | - | -
16 CULTURE SERVICES | 2,930,000.00 | 2,930,000.00 | - | - | - | - | -
17 EDUCATION | 104,550,025.00 | 67,446,560.00 | 171,996,585.00 | - | - | - | -
18 FISHERIES | 7,883,301.00 | 3,904,410.10 | 11,787,711.10 | - | - | - | -
19 HEALTH | 539,990,588.62 | 46,703,422.03 | 647,991,254.37 | - | - | - | -
20 PUBLIC HEALTH | 3,101,442.54 | 3,101,442.54 | - | - | - | - | -
21 LIVESTOCK PRODUCTION | 7,043,960.00 | 7,043,960.00 | - | - | - | - | -
22 VETERINARY SERVICES | 3,877,425.00 | 3,877,425.00 | - | - | - | - | -
23 COUNTY SPORTS | 7,043,960.00 | 7,043,960.00 | - | - | - | - | -
24 TRADE DEVELOPMENT | 4,253,216.50 | 4,253,216.50 | - | - | - | - | -
25 LAND RECLAMATION & WATER STORAGE | 2,076,076.68 | 2,076,076.68 | - | - | - | - | -
26 TRADE WEIGHTS & MEASURES DEPT | 2,076,076.68 | 2,076,076.68 | - | - | - | - | -
27 FORESTRY | 2,076,076.68 | 2,076,076.68 | - | - | - | - | -
28 FORMER LOCAL AUTHORITIES | 222,965,643.20 | 89,904,066.20 | 312,869,709.40 | - | - | - | -
29 FLOOD MITIGATION (VOI & TAVETA) | 2,076,076.68 | 2,076,076.68 | - | - | - | - | -
30 SEED MONEY FOR MINING DEV | 2,076,076.68 | 2,076,076.68 | - | - | - | - | -
31 SEED MONEY FOR TOURISM DEV | 2,076,076.68 | 2,076,076.68 | - | - | - | - | -
32 ROADS | 2,076,076.68 | 2,076,076.68 | - | - | - | - | -
33 EQUILIZATION OF WARDS INFRASTRUCTURE | 2,076,076.68 | 2,076,076.68 | - | - | - | - | -
TOTAL | 115,577,307.49 | 1,829,076,310.82 | 2,920,380,772.92 | 702,975,330.71 | 32,860,426.00 | 735,835,756.71

**Budget Expenditure Estimates 2013/14**

**Actual Expenditure, CFSP (Half Year) 2013/14**

### SECTOR

<table>
<thead>
<tr>
<th>Revised Rec</th>
<th>Revised Dev</th>
<th>Total</th>
<th>Recurrent Actual exp</th>
<th>Dev. Actual Exp</th>
<th>Total</th>
<th>Absorption Rate (CFSP)</th>
<th>Absorption Rate (CoB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRICULTURE</td>
<td>118,831,808</td>
<td>91,765,520</td>
<td>250,661,327</td>
<td>54,436,605</td>
<td>25,105,265</td>
<td>79,542,871</td>
<td>34.48%</td>
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<tr>
<td>HEALTH</td>
<td>543,092,031</td>
<td>108,000,066</td>
<td>651,092,097</td>
<td>132,953,096</td>
<td>-</td>
<td>132,953,096</td>
<td>29.64%</td>
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<td>EDUCATION</td>
<td>104,550,025</td>
<td>67,446,560</td>
<td>171,996,585</td>
<td>456,840</td>
<td>-</td>
<td>456,840</td>
<td>0.27%</td>
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<td>INFRASTRUCTURE</td>
<td>25,528,881</td>
<td>117,000,000</td>
<td>142,528,881</td>
<td>1,165,598</td>
<td>-</td>
<td>1,165,598</td>
<td>6.82%</td>
</tr>
</tbody>
</table>

**Taita Taveta CFSP, 2014**

*Agriculture-Agriculture, Fisheries and Livestock Development*  
*Health - Public Health and Health*  
*Infrastructure - Housing, Public Works, Roads and ICT*
Note to Facilitator:

- The objective of this exercise is to look at a county plan, understand how to read it, and begin to think about how we would move from a plan to a budget. The PFM Act requires that counties develop an Annual Development Plan, which is in turn based on the 5-Year CIDP. In a sense, the Annual Plan is the single year extract from the CIDP. This then becomes the basis for the annual budget. So if we want to know what to look for in the budget, we should be starting ideally with the CIDP, then the Annual Plan, and then the budget.

- One challenge is that most counties didn’t even finish their CIDP on time to develop an Annual Development Plan last year. Some counties still do not have approved CIDPs. Virtually no county had an Annual Development Plan in time for the 2014/15 budget, but these are to be tabled for next year’s budget in September of 2014. We will see how many are tabled.

What to tell Participants:

- Describe briefly the fact that CIDP is a 5-year plan that must be developed to guide the county’s budgeting over 5 years. There is also an annual plan that is extracted from this and tabled in County Assembly every year. This should represent a single of the 5 years each year. We will look at this because it forms the basis of the budget.

- Distribute hard copies of the relevant sections of the Taita Taveta (or relevant county) CIDP to each group. For this exercise, we use the ORIGINAL CIDP from Taita (part 1 and part 2, which contain more detailed information than the REVISED version).

- Ask participants to answer the following four questions in their groups, which they can find in Task 1.8 Examining an Example County Plan and Reflecting on Your County’s Plan in their manuals.

- You may need to explain what recurrent expenditure and development expenditure are again, though this should have been covered in the Wafula story. (Also remind participants that these terms are in the Glossary at the back of their Participant Manual.)
  
  - **Recurrent expenditure**: Expenditure that does not result in the acquisition of long-term assets. It consists mainly of expenditure on salaries, goods and services, maintenance, etc.
  
  - **Development (capital) expenditure**: Funds spent for the acquisition of a long-term asset; the total spending on such asset would be divided over several years. This includes expenditure on equipment, land, buildings, legal expenses, and other transfer costs associated with property.
  
  - Note that in Kenya, “development expenditure” has traditionally included both capital and recurrent expenditure, but most capital expenditure is supposed to be in development expenditure. The Public Finance Management Act 2012 actually defines development expenditure as “capital expenditure,” so eventually the two should mean the same thing in Kenyan budget documents.
Exercise 1: A look at your CIDP

Have participants look at health extracts from the CIDPs of the county they’re from. In this case, we will use Taita Taveta County Integrated Development Plan.

Have the participants review sections 7.8 of the Taita Taveta CIDP, beginning on page 140. Also, have them look at section 8.2.8, beginning on page 213, and answer the questions in the Participant Manual. These questions are contained in the Participant Manual. Use the ORIGINAL CIDP for this exercise which is contained in the Annex of Key Documents.

Facilitator notes

1. Does the CIDP identify sector priorities? Technically, it does at the start of the section. However, the priorities are very broad (reduce communicable and non-communicable diseases, and provide good health services). It is not clear that these are “priorities” in the sense that anything has been left off the list. Prioritization by definition means choosing that some things are more important than others. Yet, it is not clear what is considered more important and what is considered less important. Looking at the strategies, it is also not clear what is being “prioritized.” One could argue that the strategies tend to prioritize preventive over curative health, but this is not explicit and it is hard to discern from the list of programmes or projects. Also note that in the second section with costs, the budget for curative care is much larger than preventive, whatever this may mean.

2. Does the CIDP identify programmes within the sector? The CIDP does not do this very clearly. It mixes programmes and projects, and there is no clear explanation of the structure of the sector into a set of programmes. Some of the “programmes” are also basically just capital spending “programmes,” it appears, such as the “New Dispensaries Programme.” Some programmes, like HIV and pharmaceutical services, are listed with targets and inputs, but there are no timeframes provided for these, and there is insufficient explanation of how the programme works to meet its targets. Moreover, there is lack of description of some programmes that are not fully aligned between the two tables. The second table has a large curative health programme and preventive health programme not mentioned in the first table, and the budget for malaria control is the same as for curative, but more than preventive. Yet the malaria control indicator includes bed nets, so presumably that is a preventive measure.

3. Does the CIDP provide information on significant capital developments, including:

   Cost: The second section does contain some cost estimates. However, it is not clear what these costs are for. Every project listed is to run from 2012/2013-2017. Are these costs annualized costs for each year, or total costs to be assigned sometime during this period?

   Status (Ongoing, new, etc.): The CIDP does contain information about ongoing or stalled projects. However, again, no timeframe is provided for these (when did they start and when are they supposed to finish?)

4. Does the CIDP identify a timeframe for implementation of projects or programmes? As in Q3, the plan does contain this information, but almost all programmes/projects have timeframes listed over the full 5-year period, with no information about what is happening in any given year or how long it will take.
5. Does the CIDP estimate multi-year costs of ongoing programmes? Unclear. Are costs multi-year totals, annual, etc.? Do project costs imply additional maintenance or recurrent costs?

6. Does the CIDP provide performance targets for programmes or projects and/or indicators of success or impact? Yes, but these are not entirely clear. In some cases, the performance indicator is that a particular building is constructed or equipped. However, there are some cases where the indicator is “number of houses” or similar, and it is not clear what the target is (how many houses are we proposing to build?) For example, on page 232, we have a project to build public health offices and an indicator for number of offices, but we don’t know how many we are trying to build, nor how many per year, to know how we are doing. There is a similar problem with the programmes, where there are supposed to be lab staff trained or drugs provided, but it isn’t clear what we are trying to achieve in any given year or how to know if we achieved it. This information must exist, however, if we are to take seriously the cost estimates. In some cases, the answer is in another table, but it is not easy to compare the two tables. Also, while some targets are properly defined in terms of a baseline, others are not (and there are no timelines even for those properly specified). For example, we are going to increase cure rate for lung diseases from 85.5% to 95.5% (maybe…not clear if the figure is for all lung diseases). But for micronutrient deficiency, we will reduce to below 10%, but from what level and over what time? (Some additional indicators/targets are provided at the end of the document).

After reviewing the answers to these questions, now try to answer the next question:

7. Does the CIDP provide information that can be used to inform the county development plan, the County Fiscal Strategy Paper, and the budget? What information? The CIDP does provide some useful information. It provides some information about county programmes (but insufficient and unclear), some information about the location and cost of major capital projects, and some performance indicators.

8. What additional information do you need to inform these documents that are not provided in the CIDP? You would need a genuine prioritization of projects divided into annual timeframes, rather than the 5-year timeframe that is in the CIDP, along with clarity about the cost structure over time. Performance indicators need to be enhanced, programmes clarified, and indicative budgets for these programmes are also needed.

**TASK 1.9 ■ INTERLUDE: AN APPLICATION: EMBU STORY 20 MINUTES**

The objective of this session is to apply what is being discussed in the training to a typical conflict story we see in the media. The focus is on how a journalist could tell a smarter story, or how a CSO could be more thoughtful and strategic, using the information we have about how county government works, how priorities are meant to be set, etc.

**How to report on county priorities**

Ask participant’s to refer to task 1.9 of their manuals.

Give them 5 minutes to read the Embu article. Using their newly acquired knowledge of county priorities, ask them to identify the gaps/weaknesses of the article.

**Some of the key issues that should emerge:**

- The story appears to pit MCAs against the Executive on the matter of spending priorities. Yet the county assembly approves and can change the budget. Did the MCAs who are now complaining
approve the budget? Did they raise these issues then? Or did they approve the stadium at that time and now they are trying to blame others for what they did?

- **The implication of the story is that the stadium is a “non-priority.”** How do we know what is a priority in a county? Did the journalist consult the CIDP? Is it possible that people in the county preferred a stadium when they were asked?

- **The MCAs seem to imply that money should have been set aside for a famine that probably was not predicted at the time the budget was approved.** The story should have told us whether the county has an Emergency Fund to deal with unforeseen disasters (which is recommended under the PFM Act) or whether it would be more appropriate for the MCAs to demand a supplementary budget to change what they approved earlier.

- **The water issue touches on a devolved area where, as we have seen, there is some confusion still about roles and funding, given the fact that most funding for water is nested in Water Service Boards.** It would be useful to consider this when looking at the story and how much funding counties really have for water.

**Task for journalists:**

Task them to rewrite the same story by filling in the gaps/weaknesses they had identified, working individually for 15 minutes. Have them share ideas in plenary and discuss.

**For CSOs:**

What advocacy agenda could you pursue, if any, based on a story like this?

What additional analysis or information would you need?

**Example:**

One advocacy issue would be around the formation of a County Emergency Fund to deal with emergencies. Another would be looking at whether the public was able to give its views on priorities and whether it is informed. Is the stadium a priority? How do we know? One advocacy issue would be around public participation for executive processes, and another would be for participation with the Assembly.

Another issue is whether the county has adequate funds for water, related to the overall process of devolving functions and funds as part of the Division of Revenue. The fact that a lot of water money is tied up in state corporations suggests that counties might not have enough money for water. This needs to be dealt with at national level. To deal with these issues, we need to look at the CIDP, the budget (is there an emergency fund?), and the national budget and basis for Division of Revenue (CRA, Treasury).
Members of the Embu county Assembly have faulted the area County government for investing hugely in projects that do not have instant impact to the residents.

In a debate at the County assembly on Thursday, Muminji ward representative Newton Kariuki said the county government has invested heavily on non-priority areas such as the Embu stadium leaving out others that can positively help residents.

Kariuki said the Sh50 million used to renovate the stadium should instead have been used to provide water and address food shortage in Mbeere region.

“Our mothers and wives have to travel long distances in search for water. Some wake up even before 4am and this has become a perennial problem. The County Government should have prioritized the provision of water to residents instead of the stadium,” said Kariuki.

The MCA asked the county government to move with speed to address the possible famine that is likely to hit Mbeere residents due to crop failure after the area was hit by a rain failure in last planting season.

He was supported by Kiambere ward representative Martin Mwangi who asked the county government to tour the area to establish the effect of crop failure and have measures in place to provide food to the residents.

The stadium has since attracted interest from local premier league teams who want to use its home stadium during the coming league season.

However, addressing the press at the stadium on Friday, area Chief Officer, Sports and Youth Empowerment Raymond Kinyua said the stadium will have long term benefits to residents.

Kinyua said two teams participating in the local premier league had already expressed interest to use the stadium as their home turf.

“The Kenya Commercial Bank, Talanta Africa and Thika united football teams have all expressed interest but we will settle on one when the field is ready,” said Kinyua.
SESSION 3: COUNTY REVENUES

BACKGROUND FOR FACILITATORS

Background information on the differences between Local Authorities and Counties can be found in the Annex of Background Documents. While we used to discuss this in the training in the early days of devolution, we now think most of it is no longer critical, except for some references on local authority revenue sources. Nevertheless, it is important for facilitator background knowledge.

Discussion Question: How will the counties pay for the services they provide?

- The Constitution guarantees counties several sources of revenue. First, they can raise their own taxes as per Article 209. This allows a county to charge property tax and entertainment tax. It is also possible for Parliament to permit counties to raise other taxes if it so chooses. The county (like national government) can also continue to charge fees for services provided. This means that counties may continue to impose market fees, parking, and so on, as Local Authorities did.

- By and large, this means that counties will be able to raise the money that LAs raised to pay for the services that LAs provided and that counties will be taking over. Keep in mind, however, that, as we showed earlier, the revenues LAs had traditionally been able to raise fell short of the cost of providing the services they provide, which is why most of them relied heavily on the Local Authority Transfer Fund. The main exceptions to this, as we saw, were the larger cities that could raise more of their own revenue and depended less on LATF. Even these cities, however, still relied on LATF for a quarter to a third of their revenues.1

- Clearly, if the counties are going to do more than the Local Authorities, they need more money. For this reason, the Constitution envisions the Counties receiving funding from at least three additional sources. First, counties are guaranteed at least 15 percent of all revenues raised at the national level.2 This amount may be larger, and all indications from Treasury and the Commission on Revenue Allocation (which is responsible for making a recommendation on how the national and county governments share revenue) are that it will be larger. The 2013/14 recommendations from the CRA were for over 1/3 of national revenue (or roughly 230 billion Ksh) to be given to counties.3 However, Treasury proposed a somewhat lower amount. In addition, a compromise reached between Treasury, CRA, and the government, and adopted by the National Assembly, used a figure of 210 billion Ksh. The CRA also appears to recommend continuing CDF and LATF for the next three years while these are transitioned to new types of grants.4

- The second additional source of revenue for counties will be in the form of the Equalisation Fund. This Equalisation Fund will have an additional ½ percent of national revenues as per the Constitution. The Constitution allows the national government to spend this money directly to deliver basic services in marginalized areas, or to give it to counties as a conditional grant.5 The CRA has proposed that it be given as a conditional grant, but a final decision has not been taken.

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1 World Bank, DwD, pp. 62-66; Figure 7-5 in digital (corrected) version.
2 Constitution, 203:2.
5 Ibid. The CRA report is not entirely clear, but the World Bank’s interpretation of what the CRA is calling for is an additional 50 billion KSh on top of the 203 billion Ksh, World Bank, DwD, p. 49. It is not clear that CDF should really be thought of as going to the counties under the “moratorium” that CRA is calling for, and it is also unclear whether there should or could be an additional 50 billion on top of the Treasury recommendations, because those already included CDF estimates.
6 Constitution, 204:3.
Finally, the Constitution also foresees the possibilities that counties could receive additional funding in the form of conditional or unconditional grants.\(^7\) (There are some conditional transfers in the first and second Division of Revenue Bills.)

**TASK 1.10 ■ REVIEWING COUNTY REVENUE SOURCES: CHARTS AND FIGURES**

**30 MINUTES**

- The objective of this session is for participants to better understand where county revenues come from.
- We focus on two key issues: the funding that comes from national transfers and the funding that comes from local, county own revenues.
- For most counties, the main source of funding will be national transfers. Nairobi and Mombasa may be able to collect more in own revenues than they receive.
- Counties will also access other funding sources, such as donor funds, but these are not a main focus of this session.

Ask participants the following questions.

1. What share of county budgets comes from national and what share comes from the revenues collected locally.
2. How close are our counties coming to their revenue targets?
3. What are main sources of county own revenues? (List the top 3)

Then ask them to look at the two pie charts below in pairs and compare these to what they had guessed.

- The two pie charts below show the dependence of counties on national transfers versus locally generated revenue. The share of own revenues is about 24% of total targeted revenues in the first chart. But in the second chart, we can see that counties are collecting less than targeted, so the actual share of own revenues is less than 12% of total (these charts are reproduced in the Participants Manual)

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\(^7\) Constitution, 202:2.
This aggregate picture looks a bit different when we look at individual counties. See Table below, based on data from the Controller of Budget. Ask participants to find their county’s own revenue projections and actuals. You may need to explain that column 3 (“Annualized Revenue”) projects revenue for the full year based on how much they collected in the first 3 quarters. It does this by dividing the revenues for three quarters by 3 to get a quarterly amount, and then multiplying that by 4 to get an annual amount (*4/3). Column 4 has the actual revenue collected for the full year 2013/14. Column 5 looks at the difference between our projections and actuals, which shows that the difference is pretty small and therefore using Q3 results to project is a pretty good approach. The second last column provides the target for the year, according to the COB’s annual implementation review for 2013/14 (these targets are not the initial targets that each county had). The last column shows the actual revenue collected as a percentage of the projected revenue targets.

<table>
<thead>
<tr>
<th>County name</th>
<th>Projected Revenue Collected by Local Authorities in county 2012/13 (WB)</th>
<th>Annualized Revenue Projections for 2013/14 (*4/3) IBP</th>
<th>Actual Local Revenue for FY 2013/14</th>
<th>Difference between Actual Annual Revenue and Projected Annual Revenue</th>
<th>Annual Local Revenue Target (according to COB Annual Implementation Report 2013/14)</th>
<th>Actual Local Revenue as a % of Annual Local Revenue Target</th>
</tr>
</thead>
<tbody>
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<td>Baringo</td>
<td>112,114,229</td>
<td>172,804,436</td>
<td>201,519,606</td>
<td>28,715,170</td>
<td>260,000,000</td>
<td>78%</td>
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<td>Bomet</td>
<td>77,720,504</td>
<td>182,185,653</td>
<td>200,949,332</td>
<td>18,763,679</td>
<td>235,948,424</td>
<td>85%</td>
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<tr>
<td>Bungoma</td>
<td>372,763,303</td>
<td>185,968,376</td>
<td>182,702,280</td>
<td>(3,266,096)</td>
<td>2,753,780,000</td>
<td>7%</td>
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<tr>
<td>Busia</td>
<td>222,969,331</td>
<td>265,662,884</td>
<td>328,993,569</td>
<td>63,330,685</td>
<td>366,327,150</td>
<td>90%</td>
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<tr>
<td>Elgeyo/M</td>
<td>59,082,347</td>
<td>51,023,405</td>
<td>61,001,213</td>
<td>9,977,808</td>
<td>85,000,000</td>
<td>72%</td>
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<tr>
<td></td>
<td>Population</td>
<td>Male Population</td>
<td>Female Population</td>
<td>Sex Ratio</td>
<td>Population Size</td>
<td></td>
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<td>arakwet</td>
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<td>168,486,515</td>
<td>52,337,536</td>
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<td>Garissa</td>
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<td>35,892,845</td>
<td>(708,838)</td>
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<td>125,064,066</td>
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<td>360,000,000</td>
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<td>453,371,648</td>
<td>173,979,317</td>
<td>517,000,000</td>
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<td>Kakamega</td>
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<td>87,295,069</td>
<td>3,058,567,275</td>
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<td>Kilifi</td>
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<td>459,575,703</td>
<td>18,546,150</td>
<td>735,819,493</td>
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<td>Kirinyaga</td>
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<td>194,763,155</td>
<td>200,373,963</td>
<td>5,610,808</td>
<td>437,993,243</td>
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<td>229,092,015</td>
<td>250,147,453</td>
<td>21,055,438</td>
<td>729,194,738</td>
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<td>621,861,798</td>
<td>(342,931)</td>
<td>1,739,539,231</td>
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<td>255,241,581</td>
<td>17,161,476</td>
<td>713,850,291</td>
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<td>170,353,691</td>
<td>208,454,345</td>
<td>38,100,654</td>
<td>642,361,019</td>
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<td>Laikipia</td>
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<td>238,433,449</td>
<td>347,118,457</td>
<td>108,685,008</td>
<td>557,173,528</td>
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<td>Lamu</td>
<td>16,601,523</td>
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<td>35,566,589</td>
<td>10,566,512</td>
<td>86,124,909</td>
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<td>1,175,227,171</td>
<td>20,233,208</td>
<td>2,541,819,152</td>
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<td>155,435,159</td>
<td>189,187,741</td>
<td>33,752,582</td>
<td>350,000,000</td>
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<td>83,981,671</td>
<td>90,068,630</td>
<td>6,086,959</td>
<td>437,400,000</td>
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<td>Marsabit</td>
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<td>277,399,496</td>
<td>343,805,963</td>
<td>66,406,467</td>
<td>658,000,000</td>
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<td>Migori</td>
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<td>219,480,216</td>
<td>238,630,499</td>
<td>19,150,283</td>
<td>795,374,867</td>
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<td>Mombasa</td>
<td>1,531,176,499</td>
<td>1,840,718,511</td>
<td>1,716,054,436</td>
<td>(124,664,075)</td>
<td>5,074,615,602</td>
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<td>426,465,944</td>
<td>419,989,717</td>
<td>(6,476,227)</td>
<td>800,000,000</td>
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<td>Nairobi</td>
<td>8,555,428,715</td>
<td>10,026,171,804</td>
<td>15,448,045,417</td>
<td>65%</td>
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<td>City</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
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<td>City</td>
<td>Revenue</td>
<td>Revenue</td>
<td>Revenue</td>
<td>Revenue</td>
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<td>Nakuru</td>
<td>1,001,195,939</td>
<td>1,588,569,004</td>
<td>1,816,532,538</td>
<td>227,963,534</td>
<td>3,076,738,273</td>
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<td>Nandi</td>
<td>108,777,819</td>
<td>110,231,345</td>
<td>130,536,752</td>
<td>20,305,407</td>
<td>422,472,914</td>
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<td>Narok</td>
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<td>1,668,103,493</td>
<td>1,538,560,899</td>
<td>(129,542,594)</td>
<td>3,698,917,020</td>
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<td>94,025,895</td>
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<td>27,953,435</td>
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<td>51,229,819</td>
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<td>201,001,447</td>
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<td>223,550,000</td>
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<td>95,673,137</td>
<td>99,771,315</td>
<td>4,098,178</td>
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<td>126,861,698</td>
<td>11,409,014</td>
<td>244,119,909</td>
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<td>Tana River</td>
<td>31,351,808</td>
<td>32,446,145</td>
<td>31,556,087</td>
<td>(890,058)</td>
<td>87,290,000</td>
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<td>70,293,695</td>
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<td>15,079,248</td>
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<td>Trans Nzoia</td>
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<td>174,672,120</td>
<td>201,655,713</td>
<td>26,983,593</td>
<td>501,503,926</td>
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<td>132,882,771</td>
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<td>Uasin Gishu</td>
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<td>556,135,008</td>
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<td>7,534,436</td>
<td>821,410,003</td>
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<td>Vihiga</td>
<td>54,425,235</td>
<td>103,274,348</td>
<td>123,302,433</td>
<td>20,028,085</td>
<td>204,274,739</td>
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<tr>
<td>Wajir</td>
<td>24,156,202</td>
<td>48,728,507</td>
<td>61,032,930</td>
<td>12,304,423</td>
<td>119,030,873</td>
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<tr>
<td>West Pokot</td>
<td>68,848,010</td>
<td>39,146,785</td>
<td>58,887,573</td>
<td>19,740,788</td>
<td>38,000,000</td>
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</tr>
<tr>
<td>Total</td>
<td>24,499,839,134</td>
<td>25,409,323,132</td>
<td>26,296,089,510</td>
<td>886,766,378</td>
<td>54,207,798,427</td>
<td>49%</td>
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</table>

- Ask participants what they think main sources of county own revenues are. Then ask them to look at the table below from Taita Taveta and see if it is similar:

**SUMMARY OF COUNTY REVENUE**
## COUNTY GOVERNMENT OF TAITA TAVETA LOCAL REVENUE
### BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2014-2015

<table>
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<tr>
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<tbody>
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<td>Local Revenue</td>
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<td>379,601,909</td>
<td>335,062,100</td>
<td>368,568,310</td>
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<td>APPLICATION FOR SBP/RENEWAL</td>
<td>741,379</td>
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<td>897080</td>
<td>986788</td>
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<td>IMPOUNDING CHARGES</td>
<td>524,241</td>
<td>576,665</td>
<td>634332</td>
<td>697765</td>
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<td>SALE OF TENDER DOCUMENTS</td>
<td>1,950,600</td>
<td>2,145,660</td>
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<td>2596249</td>
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<td>HIRE OF TOWN HALL CHAMBERS</td>
<td>100,000</td>
<td>110,000</td>
<td>121000</td>
<td>133100</td>
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<td>HIRE OF COUNCIL'S ASSET &amp; EQUIPMENT</td>
<td>25,721</td>
<td>28,293</td>
<td>31122</td>
<td>34235</td>
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<tr>
<td>CLAMPING &amp;DECLAMPING FEES</td>
<td>227,425</td>
<td>250,168</td>
<td>275184</td>
<td>302703</td>
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<td>HIRE OF STADIUM</td>
<td>153,450</td>
<td>168,795</td>
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<td>204242</td>
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<td>ADVERTISEMENT/PROMOTION</td>
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<td>1,353,675</td>
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<td>35,200,000</td>
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<td>SIGNBOARDS/BILL BOARDS</td>
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<td>3,495,800</td>
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<td>SISAL CESS</td>
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<td>1st Year</td>
<td>2nd Year</td>
<td>3rd Year</td>
<td>4th Year</td>
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<td></td>
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<td>FISHERIES</td>
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</table>

- Note that the two most substantial sources are property taxes and business licenses, followed by a number of other fees and cesses. This may vary from county to county, but is also true overall.

**TASK 1.11 SOURCES OF COUNTY REVENUES INFOGRAPHIC**

**20 MINUTES**

Let’s move on to the money from national. How much does each county get from national transfer?

- This is based on the CRA formula. Ask participants if they know about the formula.
- Have them look at the infographic on county revenues in the Annex of Key Documents or this can be provided as a handout separately, that shows how the current formula works.
- Have participants look at the graphic in pairs and then ask them to explain the funding that Nairobi and Turkana are receiving to the group. Help to explain anything that is unclear.

The key to understand is that counties are given funding based on 5 variables. Of these, 2 are constant (equal for all counties). The other 3 are variable. For these, a county gets roughly a percentage of the available funding that is related to its percentage share of the national variable. For example, Nairobi has about 8% of the national population, and gets about 8% of the money set aside for population in the formula. The case is similar for share of poor people (relative to national) and share of land area (relative to national area).

- Ask if there are any questions about this. Tell people that we will return to the formula at the end of the training when we look at the issue of how to revise it, and they may need to hold some of their questions until then. However, it is useful to note that the current formula is intended to provide a rough estimate of the needs of different counties for services, looking at some factors that affect need, such as population, poverty and land area.

**MODULE 2 ▪ PLANNING AND BUDGETING PROCESSES**
LEARNING OUTCOMES TO BE ACHIEVED

By the end of this module, participants will have:

- discussed the process of budget decision making in Kenya, focusing on public participation;
- outlined the four stages of the budget process, as well as additional details of the Kenyan process;
- mapped the 8 key budget documents that should be produced and published according to best practice, as well as the corresponding budget documents that are produced and published in Kenya, within the four stages of the budget process;
- developed a timeline of the new (county and national) budget processes in Kenya, indicating participation opportunities throughout the budget year;
- named additional budget-related documents and sources of budget information that are available in Kenya;
- described the state of public participation in the budget process in Kenya;
- defined some key terms used in Kenya’s budget documents;
- learned about the differences between the old line-item budget approach and the new Program Based Budget approach to both national and county budgets;
- summarized what the 2010 Constitution, County Governments Act 2012, and the Urban Areas and Cities Act say about public participation in decision making;
- discussed key principles of public participation;
- explored case studies of citizen participation in the budget process; and
- developed recommendations for an effective County Budget and Economic Forum and county participation process.

Resources needed:

- Hard/soft copies of International budget document name cards (Task 2.1) found in Appendix III
- Hard/soft copies of Kenyan budget document name cards (Task 2.1) found in Appendix III
- Soft copies of a Programme-Based County Budget (Taita Taveta example in Annex of Key Documents)

Presentations:

- Module 2 – Constitutional & CGA Provisions on Participation for Session 3

SESSION 1: OVERVIEW OF THE PLANNING & BUDGETING PROCESS
1. **Plenary Discussion: The Budget Process** 30 minutes

**Task 2.1: Mapping the Budget Process and Documents**

- **Aim:** to review the stages of the budget process and the key actors involved during each stage.

- Ask participants if they can list the four stages of the budget process as well as the different actors involved in each stage and what their roles are (e.g., the executive, legislature, auditor general).

- Allow participants to share what they know about the budget process, and then add any key points that they may have missed.

- If they can’t describe the budget process, briefly go through the stages and the actors.

  - **Formulation:** Led by Executive
  - **Approval:** Led by Parliament (with amendments possible)
  - **Implementation:** Back to Executive with Parliament oversight
  - **Audit and Evaluation:** To Auditor General with Parliament oversight

  Ask Participants to look at 8 Key Budget Document Cards, which can be found in Appendix III of this manual and guess in what stage they might come of the four stages. These can be passed out to 8 participants in the room and asked by themselves, or in pairs, to look at the document and guess what it is and in what stage it comes.

**Note:**

The Budget document name cards and the Kenyan budget document name cards are attached in Appendix III. These can be cut out in colored papers and used for this exercise.

We are focusing on the eight budget documents that should be produced and made available to the public, according to the IBP’s Open Budget Survey and international best practice.

It is useful to ask participants to define/describe each of the budget documents in their own words.

- **Note:** You can refer participants to **Reading 2.1: The 8 Key Budget Documents** in their manuals for more information on the eight key budget documents that should be produced according to international best practice as well as the corresponding Kenyan budget documents.

**Facilitator notes**

- In explaining the budget documents, you do not want to repeat everything that is in these notes, but you should use these notes to help you provide 1-2 sentence descriptions for each document. The key is for participants to have a general understanding of the logic of the stages and type of information that is needed at each stage.

**Pre-Budget Statement:** A document that is produced during the first phase of the executive’s formulation of the budget and that explains the key economic data and assumptions (such as those related to economic growth or inflation) used in the formulation of the budget for the upcoming year.

**Why important?** The PBS provides a general sense of the government’s budget priorities and policies, but without the detail that will be included in the budget itself. It reflects the government’s initial thinking about the budget for the coming year, with the understanding that the final budget will be different, taking into account new developments that emerge during the budget formulation period, as well as the feedback that the PBS itself will receive from the cabinet, the legislature, civil society, and the public.
Providing the PBS early in the formulation process facilitates discussion by legislative committees and the public, and thus allows feedback to the government as it begins the more intensive process of formulating the actual budget proposal.

The PBS can provide an important opportunity for civil society: it comes out at a point in the budget process when civil society potentially has the most leverage to influence the final budget proposal, since often there is still considerable time for discussions with ministries and the MOF on program details, broad policy directions, and overall budget priorities. Civil society can engage legislators about the PBS.

**Executive’s Budget Proposal:** Usually thought of as “the budget,” this is a proposal that is sent to Parliament and should be made available to the public before the actual budget law is passed. It should include revenue and expenditure estimates, macroeconomic and debt information, multi-year budget data, and public policy information.

**Why important?** The EBP is the primary document through which the government translates its key policy goals into action. It is critical that the EBP be transparent because it includes revenues (how much citizens pay in taxes), expenditures (how government funds are distributed among citizens), and debt (how much of the cost of government will be carried by current or future generations). In Kenya, note that the revenue collection measures are actually presented separately in the Finance Bill. However, the expenditure level is based on revenue estimates that were already presented in the PBS (the Budget Policy Statement).

The government takes these decisions (on revenues, expenditures, and debt) on behalf of all citizens. Thus, it is essential that the government provides a full explanation of its taxation, borrowing, and spending plans before the EBP is enacted to allow for informed public debate and informed legislative discussion and approval, and so citizens know how their money is collected and spent.

**Citizens Budget:** A non-technical version of the budget that is developed for the public and that is accessible to the average person who does not already have budget knowledge and expertise. It should be issued around the same time as the EBP (if the CB is for the EBP, some countries prepare a CB for the enacted budget instead).

**Why important?** The EBP is normally long and complex and accompanied by a number of detailed supporting documents. Thus, even for technical experts, understanding the budget is a difficult and time-consuming task. It is essential that governments be proactive in helping the general public to make sense of the budget. Budgets should not only be available to the public they should also be accessible to the public.

A Citizens Budget is essentially a simplified summary of the budget designed to facilitate discussion. The government, not civil society, should produce the Citizens Budget.

**Enacted Budget:** A document which is passed into law as the budget to be implemented for the upcoming fiscal year.

**Why important?** The Enacted Budget is the law of the land. It provides the baseline information for any analyses conducted during the budget year. In other words, it is the starting point for monitoring the execution phase of the budget. The EB grows in importance when it differs significantly from the budget proposal (this is one reason that the EBP cannot be used as a substitute for the EB). The EB allows one to compare what was proposed by the executive to what the legislature enacted into law.

**In-Year Report:** A document that should be produced and made available to the public on a monthly or quarterly basis and report on actual revenues and expenditures against original targets in the budget, recent economic developments (e.g., growth, inflation, etc.), financing the budget deficit, public debt, and expenditure on core poverty reduction programs.

**Why important?** In-Year Reports provide a snapshot of the budget’s implementation during the budget year. IYRs are relatively brief, periodic reports that list — but do not really assess — the major components of the
Mid-Year Review: A document that contains a comprehensive update on the implementation of the budget, including a review of the economic assumptions underlying the budget and an updated forecast of the budget outcome for the current budget year. Often the MYR accompanies a supplementary budget and provides the details and explanation that justify the supplementary.

Why important? The government should publish a Mid-Year Review for the first six months of the budget year to thoroughly assess the implementation of the budget and ongoing economic developments, such as any changes in economic conditions that affect approved revenue collection and expenditures. The MYR can also indicate whether the budget needs adjustments or corrective measures in the allocation of resources between ministries or in the level of spending overall or for a given sector.

The MYR and supplementary budget are a way of revising the entire budget based on the fact that the government’s macroeconomic assumptions when formulating the budget may not have been correct.

Year-End Report: A document produced by the executive after the end of the fiscal year that reports extensively on the government’s financial activities and its performance on implementing the budget during the entire fiscal year.

Why important? A Year-End Report presents how the budget was implemented throughout the entire budget year, compared to the Enacted Budget and any supplementary budget that may have been issued during the budget year. It covers what was actually spent and collected relative to what was budgeted. In some countries, the report may also include a discussion of how the government performed in terms of the physical output targets set in the original budget (e.g., number of classrooms built, number of teachers hired or trained, etc.).

It is important to distinguish the YER from the final audited accounts of the government (Audit Report). The AR represents a detailed statement of the government’s actual spending and revenue collection by budget category, as well as an assessment of whether budgetary and procurement rules were followed. The YER provides a substantive discussion of whether the government succeeded in terms of realizing its policy objectives through the implementation of the budget. Another important difference is that the YER is prepared by the relevant ministry or the Treasury, while the AR is prepared by the independent SAI.

Audit Report: A document produced and issued by the country’s Supreme Audit Institution (Auditor-General) on an annual basis that assesses the government’s year-end final accounts and whether public resources were utilized effectively.

Why important? The AR provides the public with an independent account of whether the government’s reporting of how it raised revenue (e.g., taxes) and spent public funds during the previous year is accurate. The AR also indicates whether the government has complied with financial management laws.

The AR is a critical element in closing the accountability loop. At the start of the year, the legislature approves a budget that sets out how the government intends to tax, borrow, and spend public money. Thus, at the end of the year, the legislature and public require a credible assurance that the government’s account of how it actually implemented the budget can be believed, and whether it remained at all times within the law.

At this point, you can share with participants the hard copies of the first few pages of the six Kenyan National and County budget documents that are available in the Annex of Key Documents.

3. PLENARY DISCUSSION: BUDGET TIMELINE 45 MINUTES
This part requires strong facilitator leadership to make sure people understand the new budget process clearly.

The facilitator should lead and take suggestions from the participants, but ensure that the timeline is followed in logical order and that it is clarified that the national and county budget processes are roughly parallel. Make sure to clarify that there are multiple budget years happening at the same time, with one year in formulation, and other in implementation, and another in evaluation all at the same time. That is why we have shown it as an overlapping spiral.

Hang up the poster of the IBP graphic of the Kenyan budget timeline – the version with dates only (no description of what happens on those dates). The graphic is shown below, with the descriptions of what happens on each date.

Using the Kenyan budget document name cards, explain correspondence between Yellow International Cards and Blue Kenyan cards, and then ask participants to tell you where each document should go on the budget timeline and then place each card near the appropriate date.

**Links between Yellow International Cards and Blue Kenyan Cards**

- **Pre-Budget Statement** – Budget Policy Statement (County Fiscal Strategy Paper)
- **Executive’s Budget Proposal** – Budget Statement and Budget Estimates (of Recurrent Expenditure, Development Expenditure, and Revenue)
- **Citizens Budget** – Budget Highlights
- **Enacted Budget** – Appropriation Act
- **In-Year Reports** – Quarterly Economic and Budgetary Review
- **Mid-Year Report** – Not publicly available
- **Year-End Report** – Not publicly available
For your reference, the following is an **outline of the key dates in the graphic:**

**FORMULATION**

**August 30:** The Cabinet Secretary and the County Executive Member for Finance at the national and county levels respectively have to issue a circular, which among other issues should highlight the public participation opportunities throughout the budget process for the next financial year.

**September 1.** Counties must prepare and table the annual development plan in the County Assembly by this date. The plan must be made public within 7 days. Possible public input after September 7 at the County Assembly level. However, the public can still participate before the plan is tabled as the County Budget and Economic Forum has to ensure there is public input on all plans and budgets.

**September 1 to February 15.** During this time, the National Treasury and the various ministries and agencies should undertake some type of consultation with the public and other stakeholders. This can include sector hearings as in the past, or visits by Treasury to counties to solicit views. Views from the public should feed into the formulation of the Budget Policy Statement. A similar process should occur at county level under the direction of the County Treasury.
Budget Policy Statement (BPS) is tabled at the national assembly by February 15 and citizens have a short period to read and influence it before the approval deadline of Feb 28.

**February 28.** Deadline for Budget Policy Statement to be approved by Parliament. This is also the deadline for the County Fiscal Strategy Paper to be tabled in each County Assembly. The CFSP has to be made public 7 days after tabling. There is a narrow window to influence it before the approval deadline on March 14th.

Many counties have been holding public forums when formulating the budget, a process similar to the sector hearings at the national level. The forums were held before the estimates were tabled at the end of April.

**AMENDMENT AND APPROVAL**

- **April 30.** National Budget Proposal submitted to Parliament. County Budget Proposals submitted to County Assemblies. (The Citizens Budget should be made available around the same time as the Budget Proposal/Estimates).

- **May.** This is likely when the national and county Budget Committees will begin to hold public hearings on the budget.

- **June 30.** End of the financial year. National Appropriation Bill approved by Parliament. Approval of County Appropriation Bills by County Assembly.

**IMPLEMENTATION**

- **October 31.** The public can review and provide inputs on quarterly implementation reports produced by the Controller of Budget and the counties with the CBEF, or assemblies. The 1st quarter county implementation report should be produced by October 31. The other reports are to be produced as below:

  - **November 15.** National government publishes 1st quarter implementation report.
  - **January 31.** Counties publish 2nd quarter implementation reports.
  - **February 15.** National government publishes 2nd quarter implementation reports.
  - **April 30.** Counties publish 3rd quarter implementation reports.
  - **May 15.** National government publishes 3rd quarter implementation reports.
  - **July 31.** Counties publish 4th quarter implementation reports.
  - **August 15.** National government publishes 4th quarter implementation reports.

**AUDIT/OVERSIGHT**

- **Throughout the year.** The Auditor General can receive complaints from the public and this offers an opportunity for public input into the auditing processes at the National and County levels.

- **December 31.** The Auditor should produce a report on the previous financial year within 6 months of its close.

Some additional sources of budget-related information in Kenya are summarized in the table in the Participant Manual under **Reading 2.2 • Other Sources of Budget-Related Information in Kenya.** You can use this as a reference for your introduction and discussion of this topic. It includes specific documents as well as websites.

- Ask participants what additional budget-related documents they are aware of and/or have used— that is, those that are not on the list in their manuals. When they give examples, ask them to explain what kind of information the documents (or websites) contain, and also what they have used the information for.
SESSION 2: OVERVIEW OF KENYA’S NATIONAL AND COUNTY BUDGET

• TASK 2.1 READING A NATIONAL PROGRAMME BASED BUDGET
  45 MINUTES

• Objective: to become familiar with the types of information contained in budget documents in Kenya; to practice reading budget documents and extracting information relevant to sectoral budget issues in Kenya.

• Description: This task involves participants looking at the 2014/15 Programme Based Budget (in the Annex of Key Documents) so that they can gain a general understanding of what it contains. We will ask participants to answer a few basic questions that require them to read through the document, pull out information, and make comparisons.

• Have the participants break up into small groups of no more than 4 people for this task.

Facilitator Input: Let’s look at the national PBB and make sure we understand how it is structured. Answer the three questions below to deepen your understanding. Use the extract from the health section of the PBB from 2014/15.

• But first let’s define some terms that you'll see in the budget, which you'll need to understand in order to read the budget. (Explain to participants that these terms are included in the Glossary in their Participants’ Manual.) This can be done at the beginning, or throughout the exercise, guided by facilitator. It is often good to get participants to offer their own understanding of these terms as you go along rather than to define them at the beginning.

• Some of these terms were already covered in previous exercises and may not need to be reviewed again.

  ➢ Recurrent expenditure: Expenditure that does not result in the acquisition of long-term assets. It consists mainly of expenditure on salaries, goods and services, etc.

  ➢ Capital expenditure: Funds spent for the acquisition of a long-term asset; the total spending on such asset would be divided over several years. This includes expenditure on equipment, land, buildings, legal expenses, and other transfer costs associated with property.

    ▪ Note: in Kenya, traditionally “development” expenditure has included both capital and recurrent expenditure, but most capital expenditure is supposed to be in development expenditure. The new PFM Act actually finally defines development expenditure as “capital” expenditure, so eventually the two should mean the same thing in Kenyan budget documents.

  ➢ Appropriations-in-Aid: These are revenues that are raised by a ministry, department, or agency (MDA) itself. They include receipts from administrative fees and charges, as well as receipts from the sale of inventories, stock, and commodities. They can also include donor funds that are disbursed directly to a MDA instead of to the Treasury.

  ➢ Personal emoluments: Compensation (wages and salaries) for civil servants.

  ➢ Administrative, economic, functional, and program-level classifications:

    ▪ Administrative: “Who spends the money?” This classification system indicates which government entity (ministry, department, or agency) will have responsibility for spending funds and ultimately be held accountable for their use.

    ▪ Economic: “What is the money spent on?” The classification of expenditures and assets according to the economic transactions involved or in ways that emphasize the economic nature of the transactions (salaries, interest, transfers, etc.).

    ▪ Functional: “For what purpose is the money spent?” A classification system that organizes government expenditure according to its various activities and policy objectives in different sectors, e.g. health,
education, agriculture. This system is independent of the administrative units (i.e., ministry, department, or agency) that carry out the transactions. More than one ministry can contribute to a sector.

- **Program-level:** “For what purpose is the money spent?” Program-level classification is a type of functional classification, but it is at a more detailed level. In budgets the term “program” refers to any level of detail below an administrative unit, such as a ministry, department, or agency. For example, the Ministry of Health’s budget could be broken down into a number of programs, such as “primary health care,” “hospitals,” etc. Budget line items for such programs show program-level expenditure.

- Remind participants that they can use the Glossary at the back of the Participants’ Manual while they work on the exercise, if they find other terms that they’re not familiar with. Or they can ask the facilitators, if the terms are not found in the Glossary.

- For this task, refer participants to the worksheet labeled Task 2.2: Reading a National Programme Based Budget. This worksheet has a list of the questions that participants will answer.

- Give participants about 20 minutes to work through the 3 questions. If they are finished earlier, then you can conclude the session earlier and move on to the next task.

- During the time that participants are working in their groups on the task, facilitators should regularly circulate among them to respond to questions and provide assistance if needed.

- Note that answers to the questions for this task are found in the Task 2.2 worksheet in the facilitator notes below.

- Once participants are finished answering the questions, review the answers in plenary.

---

**TASK 2.2 ■ READING A NATIONAL PROGRAM BASED BUDGET**

**Answers to Questions on Task 2.2**

**Q1. Identify the programs in the health budget for 2014/15.**

<table>
<thead>
<tr>
<th>Programme</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>040100 P.1 Preventive &amp; Promotive Health Services</td>
<td>To reduce incidence of Preventable Diseases and Ill Health.</td>
</tr>
<tr>
<td>040200 P.2 Curative Health Services</td>
<td>To improve health status of the individual, family and community</td>
</tr>
<tr>
<td>040300 P.3 Health Research and Development</td>
<td>To increase knowledge through research findings and capacity building</td>
</tr>
<tr>
<td>040400 P.4 General Administration, Planning &amp; Support Services</td>
<td>To improve service delivery and provide supportive function to government agencies under the health sector.</td>
</tr>
<tr>
<td>040500 P.5 Maternal and Child Health</td>
<td>To reduce maternal and child mortality</td>
</tr>
</tbody>
</table>
Q2. Using the information on indicators, sub-programs and the narrative, try to determine the activities that P1 and P2 will carry out to meet its objectives.

P1. The first program seems to be a preventive/community health oriented program, but it doesn’t deal with maternal and child health, captured by P5. If we look at the sub-programs and indicators, we can see that there is a sub-program for Health Promotion, Communicable Disease Control, Non-Communicable Disease Control, Government Chemist, and Radiation Protection.

P2. The second program seems to focus on the national referral facilities (KNH, Moi) and specialized facilities: Spinal, Mental. There is also some overlap with county functions, such as in the case of the Rural Health Centres and Dispensaries Sub-Program.

If we look at the budget, we can see that of the Ksh 9.6 billion that goes into P1, 6.1 billion goes to an ill-defined area called “Other Development.” This raises more questions than answers and suggests something about the limits of the government’s classification system. Likewise, under P2, if we look at the total budget of 19 billion, 14 billion is for “Current Transfers” and another 3.8 billion is for “Other Development.” It is not clearly stated, but it is possible to deduce that the 14 billion is going to the national referral hospitals, and that there is no further breakdown of their budgets because these are state corporations.

Q3. Looking at the Program 2 objectives and the Program 2 budget, is it possible to make any link between them?

P2 objectives are to improve health status of the individual, family and community. But most of the money goes to L6 facilities that are not used by the majority of Kenyans on a regular basis. The rest of the money goes mainly to “Other Development.” When we look further, we see that this money is for the Forensics and Diagnostics sub-program. There is no further detail, but if we look at the indicators and targets for this sub-program, we can make some guesses about where the money could be going. A number of the indicators relate to policy. But there are also a few related to infrastructure and blood transfusion. However, it is unlikely that this money is going to build clinics under the District Health Services indicator, because it would then be classified as “acquisition of non-financial assets.” It remains unclear, therefore, how the budget for this Program really links to the objectives.

**TASK 2.3 UNDERSTANDING PROGRAMME-BASED BUDGETING: NATIONAL AND COUNTY LEVEL**

- The aim of this section is to familiarize participants with the new budget format (programme-based budgeting, PBB) that is being used at national and county level.
- Participants should understand both the logic of the new format, and how to read it in practice.
- They should also understand some of the deficiencies of the national approach to PBB so that they can recognize similar deficiencies at county level and, where appropriate, work to improve them.
- The core of this session is a presentation called “Toward PBB in Kenya,” which contains examples from the old national budget format in Kenya, and the new one.

Note: Prezi presentation available for this task at [http://prezi.com/qu8y-9vg5mi5/towards-pbb/](http://prezi.com/qu8y-9vg5mi5/towards-pbb/) and also as a PowerPoint presentation attached in the Annex of Background Documents.
TASK 2.4 ■ TWENTY QUESTIONS ABOUT YOUR COUNTY BUDGET – TAITA TAVETA COUNTY

2 HOURS

Notes for facilitator:

- In this exercise, we will look at the Taita Taveta County Budget for 2014/15 and start thinking about how to analyze it. We will then answer some important questions about it.

- It is usually helpful for the facilitator to choose a ministry, such as health, to focus on and use as an example for a number of questions. There is not time to review the entire budget to answer some of the questions, so settling on an example will expedite the review and bring to life some of the key issues.

- After this task, we will look at budget proposals or enacted budgets from our own counties and start thinking about how to analyze them in a similar way. This is just an introduction. Full analysis of the budget requires more time and skills than we can cover here, but that is for future trainings.

Have participants turn to Task 2.2: Reading County Budgets – Taita Taveta County Budget Analysis in the Participant Manual. This task involves reading and answering some or all of our 20 key questions about the Taita Taveta County Budget.

Taita-Taveta County Budget Analysis for FY 2014/15

1. Are there reasons given for choices my leaders made in the budget?

   This question asks whether the budget contains a narrative explanation that explains why the county made certain choices. Every budget must make choices 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.

   In addition, the PFM Act 2012 requires county governments to use a programme budget structure in 2014/15. Programme-based budgeting demands that each ministry or department have a clear mission, and that it be organized around a set of programmes with clear objectives and indicators. It is not possible to prepare a programme-based budget without a narrative explaining ministerial and programme-level policy objectives. The key question is whether there is a close link between the narrative and the tables.

   The new PBB has narrative information for the first time, and there is some connection between the narrative and the proposed allocations. For example, Vote 02 for Administration and Devolution notes in the narrative that decentralized units were challenged in FY 2013/14 because there was inadequate funding for operations. Money is now being allocated for that under the first programme on Administration.

   At the same time, the links between the narrative and the budget numbers are incomplete. No mention is made in the narrative of the County Policing Authority or what it is meant to do, but it is a separate sub-programme in the budget with its own budget line (page 18). And the expenses of the CPA are to be covered by national government anyway. Narrative information is also not always clear; for example, in Vote 10 for health services, one of the challenges listed for 2013/14 budget implementation is “Alteration of budgets without consultation”. What does this mean? Altered by who without consulting who?

2. Does the budget contain a summary table allowing easy comparison of total proposed spending for all ministries/departments?

   Because a programme-based budget is often produced in a word processing programme rather than a spreadsheet to allow for more narrative, governments sometimes do not include a summary table at the beginning with basic information. Good practice would be to
include a summary table with the total budget for all ministries for the current year, plus two years of projections. Additionally, separate tables could show the breakdown of total expenditure into recurrent and development, and show the ministries broken down to programme level. This is particularly useful because the Appropriations Bill that will be approved by the Assembly must be at the programme level. Thus, a summary table showing all ministries and programmes by recurrent and capital spending would mirror what should be in the final Appropriations Bill approved by the County Assembly.

Taita Taveta budget has a summary table that allows easy comparison of total proposed spending for all ministries.

**COUNTY BUDGET - CURRENT AND CAPITAL**

Summary of Expenditures by Vote - 2014/2015

<table>
<thead>
<tr>
<th>VOTE</th>
<th>VOTE AND PROGRAMME TITLE</th>
<th>GROSS CURRENT EXPENDITURE</th>
<th>GROSS CAPITAL EXPENDITURE</th>
<th>GROSS TOTAL EXPENDITURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>County Assembly</td>
<td>456,017,080.00</td>
<td>57,058,500.00</td>
<td>513,075,580</td>
</tr>
<tr>
<td>2</td>
<td>Administration &amp; Devolution</td>
<td>329,493,323.00</td>
<td>29,600,000.00</td>
<td>359,093,323</td>
</tr>
<tr>
<td>3</td>
<td>Governors Office</td>
<td>89,769,288.00</td>
<td>55,500,000.00</td>
<td>145,269,288</td>
</tr>
<tr>
<td>4</td>
<td>County Public Service Board</td>
<td>51,314,590.00</td>
<td>-</td>
<td>51,314,590</td>
</tr>
<tr>
<td>5</td>
<td>Finance &amp; Economic Planning</td>
<td>134,355,044.00</td>
<td>46,541,601.00</td>
<td>180,896,645</td>
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<tr>
<td>6</td>
<td>Agriculture</td>
<td>78,794,800.00</td>
<td>28,334,211.00</td>
<td>107,129,011</td>
</tr>
<tr>
<td>7</td>
<td>Livestock, Fisheries&amp; Veterinary</td>
<td>68,366,446.00</td>
<td>42,210,000.00</td>
<td>110,576,446</td>
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<tr>
<td>8</td>
<td>Water And Irrigation</td>
<td>23,588,194.00</td>
<td>190,985,166.00</td>
<td>214,573,360</td>
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<tr>
<td>9</td>
<td>Education</td>
<td>197,374,000.00</td>
<td>92,964,655.00</td>
<td>290,338,655</td>
</tr>
<tr>
<td>10</td>
<td>Health Services</td>
<td>733,634,923.00</td>
<td>169,851,646.00</td>
<td>903,486,570</td>
</tr>
<tr>
<td>11</td>
<td>Community Affairs, Trade and Industry</td>
<td>63,957,428.00</td>
<td>47,844,059.00</td>
<td>111,801,486</td>
</tr>
<tr>
<td>12</td>
<td>Land and Physical Planning</td>
<td>6,127,756.00</td>
<td>19,370,000.00</td>
<td>25,497,756</td>
</tr>
<tr>
<td>13</td>
<td>Public Works and Infrastructure</td>
<td>71,897,764.00</td>
<td>263,156,304.00</td>
<td>335,054,068</td>
</tr>
<tr>
<td>14</td>
<td>Mining and Environment</td>
<td>20,563,280.00</td>
<td>46,000,000.00</td>
<td>66,563,280</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL VOTED EXPENDITURE</strong></td>
<td><strong>2,325,253,916.00</strong></td>
<td><strong>1,089,416,142.00</strong></td>
<td><strong>3,414,670,058</strong></td>
</tr>
</tbody>
</table>

3. 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.

A summary table at the beginning of a programme-based budget, as suggested in question 2 above, makes it easier to answer this question.

The total budget for Taita Taveta County is Ksh 3.4 billion for the year 2014/15. The health sector has the highest allocation with Ksh 903 million, second is the County Assembly with Ksh 513 million while administration and devolution has the third highest allocation Ksh 329 million.
The health sector has the highest recurrent expenditure, at 734 million followed by the county assembly and administration and devolution with 456 million and 329 million, respectively (which now includes the sub county offices which were listed separately in the line item budget). So roughly 1.5 billion of the 2.3 billion in recurrent costs is consumed by these three units.

Public works has the highest priority in terms of development spending of just 263 million. The water sector has the second highest allocation with Ksh 191 million and health sector the third highest with 169 million. In thinking about priorities, one has to consider at what level to look. The ministry level may be too aggregate and may include things we do not want to include. For example, we may want to separate the budgets for public works and roads. Or we may want to separate the budgets for water and irrigation (not actually possible in TT).
4. Does the budget have programmes, sub-programmes and further disaggregation of government spending below the sub-programme level?

As noted above, the PFM Act requires counties to use programme-based budgeting in 2014/15. In order for a budget to meet the standard of a programme-based budget, each programme must have clear objectives so that the reader knows what the programme does. A programme is a way of bringing together activities of government that all aim to achieve a common purpose, such as reducing crime or improving population health.

The number of programmes and sub-programmes in a programme-based budget really determines the level of detail that a reader has about how the government is using money and for what purpose. Because programmes are often themselves too broad to really identify the focus of spending, it is usually important to have further breakdown to the sub-programme level. Each sub-programme should have its own objectives as well. Below the subprogrammes, there should be an economic classification of spending with information on wages, capital projects, and different goods and services to be purchased.

While ministries need a number of programmes and sub-programmes to provide sufficient explanation of government spending, it is also possible to have too many programmes with overlapping objectives that can become confusing. Moreover, while programmes and sub-programmes should be clear and distinct, they should also be sufficiently broad to prevent the need to reorganize ministries every year to accommodate new government initiatives.

The new budget does have programmes and sub-programmes. However, in several cases, the objectives of the programmes are very broad, and there are no objectives for sub-programmes.

**Part D: Programmes and their Objectives**

<table>
<thead>
<tr>
<th>Program</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration, planning &amp; support Services</td>
<td>To reduce incidence of Preventable Diseases and ill Health and To improve health status of the individual, family and community</td>
</tr>
<tr>
<td>Health Development Programmes</td>
<td>To improve health Care Facilities and Quality of the services provided by Constructing and Equipping Health Facilities.</td>
</tr>
</tbody>
</table>

In some ministries, such as health and water, there are only two programmes, and the programmes basically correspond to “recurrent” and “capital.” They do not add any value beyond a straight economic classification.
of the budget (see pages 53 for water, and 64-65 for health). Sub-programmes appear to be delivery units or departments in some cases: for example, the Public Works vote has the following sub-programmes:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme 1: Infrastructure Development programme</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SP 1.1: Housing Development and Human Settlement</td>
<td>0</td>
<td>14,800,500</td>
<td>15,984,540</td>
<td>17,263,303</td>
</tr>
<tr>
<td>SP 1.2 Public Works</td>
<td>120,030,000</td>
<td>133,000,000</td>
<td>143,640,000</td>
<td>155,131,200</td>
</tr>
<tr>
<td>SP 1.3: Roads</td>
<td>154,000,000</td>
<td>108,655,804</td>
<td>117,348,268</td>
<td>126,736,130</td>
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<tr>
<td>SP 1.4: ICT Infrastructure Development</td>
<td>0</td>
<td>6,700,000</td>
<td>7,236,000</td>
<td>7,814,880</td>
</tr>
</tbody>
</table>

The budget is broken down further by economic classification at sub-programme level. However, it is not always very clear what the breakdown refers to. In Public Works, we have:

<table>
<thead>
<tr>
<th>Sub-Programme 1.2: Public Works</th>
<th>Current Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Compensation to Employees</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>120,030,000</td>
</tr>
<tr>
<td>Acquisition of Non-Financial Assets</td>
<td>120,030,000</td>
</tr>
<tr>
<td>Capital Transfers to Government Agencies</td>
<td></td>
</tr>
<tr>
<td>Other Development</td>
<td>Total Expenditure</td>
</tr>
</tbody>
</table>

Basically, this tells us that PW is constructing or buying assets. What kind of assets? The indicators section does not provide any information about this (page 93):

<table>
<thead>
<tr>
<th>Programmes</th>
<th>Stalled ABT centre in Taveta Completed</th>
<th>No of Stalled ABT centre in Taveta Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT Unit</td>
<td>Concrete equipment purchased</td>
<td>No of Concrete equipment purchased</td>
</tr>
<tr>
<td>Public Works Unit</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Some information can be found in the spreadsheet on development projects for PW:

Note, however, that this does not match the total for Public works…133 million as per table above.
5. Are there indicators and targets for all the programmes and sub-programmes?

There should be clear indicators and targets for each ministry in a programme-based budget. These indicators and targets should be linked to specific programmes and sub-programmes within the ministry. The indicators should be logical, have a clear baseline and clear timeframes to achieve the targets. The targets should be measurable and should be easy to relate back to the programme and sub-programme objectives.

The choice of indicators and targets should be linked to the most important objectives of the ministry, but should also be designed keeping in mind what kind of information is available and can be regularly collected. Some indicators may be ideal for tracking objectives, but may require expensive surveys that can only be conducted every five years. These types of indicators cannot be realistically tracked during a single year, or even three years. Some administrative targets may be less important, but easier to track (were certain workshops or studies conducted?). Counties must find a balance between what is important and what can actually be measured. There should be a clear link between the indicators and targets in the budget and those in the County Integrated Development Plan.

Most programmes appear to have indicators, but not all have targets. For example, look at Public Works (page 92):

<table>
<thead>
<tr>
<th>Programme</th>
<th>Programme Objective</th>
<th>Delivery Unit</th>
<th>Key Outputs (KO)</th>
<th>Key Performance Indicators (KPIs)</th>
<th>Target (2014/15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
<td>To deliver quality infrastructure for socio economic development</td>
<td>Roads Unit</td>
<td>New roads and bridges constructed</td>
<td>Number of KMs of new roads constructed</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No. of bridges constructed</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Roads rehabilitated</td>
<td>Number of KMs of roads rehabilitated</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Roads and bridges designed</td>
<td>No. of roads designed</td>
<td></td>
</tr>
<tr>
<td>Housing Unit</td>
<td>ABT Centres established</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Or see health (page 68):

<table>
<thead>
<tr>
<th>Health Development Programmes</th>
<th>MOH TTCG</th>
<th>health Facilities Equipped.</th>
<th>Number of health Facilities Equipped</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH-TTCG</td>
<td>Construction of Health Facilities. Taveta Medical Training College. Equipment and supplies.</td>
<td>Number of Health Facilities Constructed. Taveta Medical Training College established.</td>
<td>One Medical Training College Established</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Equipment and supplies delivered.</td>
<td>2</td>
</tr>
</tbody>
</table>

Another challenge is that there are no baselines or timelines for these projects. Is Taveta Medical Training College going to be established in a single year? How will we know if “equipment and supplies” were delivered unless we know how much we started with, how much is to be delivered, and by when? Indicators at the SP level are basically for administrative units, and are not properly related to SP objectives, which are undefined.
6. Does the budget contain detailed information about staff costs, including the salaries and benefits of workers by ministry, and ideally, by job class, group, or individual positions?

A key concern when reviewing the budget is to understand what share of each ministry’s spending goes to wages versus other costs. Moreover, it is useful to know what kind of workers each ministry is employing to understand how much of public spending is going to service delivery, how much to administration, and how much to other types of support services. Good practice is to present the total share of ministry spending going to compensation, and then to break this down further to provide information on the types of workers and their costs. This also applies to the county assembly budget, which should distinguish between wages and benefits of MCAs and other employees of the assembly.

The budget contains information on “compensation to employees” down to the SP level, but ministries do not contain detailed information on type of staff (by job class, etc.) or any useful division of staff into administrative or direct service delivery staff. The Public Works ministry does have SP’s under the administration programme that give compensation by department.

7. Does the budget have the same priorities as my county's development plan?

Technically, counties should base their budgets on an Annual Development Plan tabled in September every year. Most counties opted to produce a 5-year County Integrated Development Plan first, so few produced Annual Plans up to now. While all counties should have finalized their CIDPs, not all counties have plans that have been approved by the Assembly yet. But all counties have draft plans that can be used to answer this question.

There have been challenges in producing these plans, and a weakness is that many County Integrated Development Plans are not closely linked to county sector plans as they should be. Nevertheless, the law requires that the budget be based on county plans, and the priorities in the CIDP (or whatever plans are currently available) should be the same as the priorities in the budget. This means that if the plans focus on health, agriculture and water, the budget should do the same. This should be apparent at the level of programmes and projects.

The new (REVISED) CIDP has eliminated projects from the final section of the document (Chapter 8), so there is only one place to check for project information (which is section 7.8). Here, projects are listed but without cost estimates.

The line item budget has the following line:

**3110202 Completion of dispensary blocks( malkiloriti,)** 8,433,501.30  9,108,181.40  9,836,835.92

The CIDP has this:

| Malakiloriti Dispensary Mahoo ward | To provide comprehensive health services that are close to the community | 1 No Dispensary completed and in use | Construction and Completion of a dispensary maternity block |

So there appears to be alignment of project, but hard to know about the budget. In the 2014/15 PBB, there is special attachment on development projects which can be used to assess alignment with CIDP. We look at health again. The budget has the following detailed information on project locations in health:
The first line is for the same dispensary in Malkiloriti, and the same situation applies: we have a budget line and this project is in CIDP, but without a budget line to compare. If we look at the other projects and compare with CIDP, consider the delivery room in Mahandakini. Is this in the CIDP? On page 184, there is a mention of a maternity block, with no budget, as a proposed program/project. It is therefore difficult to know whether the budget or timeframe align, and why this project was chosen, of the many that are in the budget.

We can also go back and look at the OLD CIDP, which did have budget numbers at the back. The old CIDP does not have a project for Malkiloriti among budgeted projects. The second project listed is in Mahandakini. The completion of a delivery room is in the budget. In the CIDP, we see three projects for Mahandakini:

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Cost Estimate (Kshs, Million)</th>
<th>Time Frame</th>
<th>Monitoring Indicators</th>
<th>Monitoring Tools</th>
<th>Implementing Agency</th>
<th>Source of Funds</th>
<th>Implementation Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mahandakini Dispensary- Fencing</td>
<td>1.5</td>
<td>2013-2017</td>
<td>Fencing completed</td>
<td>Progress reports; Work plan; Site visits</td>
<td>Dept. of Health</td>
<td>GOK</td>
<td>Proposed</td>
</tr>
<tr>
<td>Mahandakini Dispensary- Twin Staff house</td>
<td>6</td>
<td>2013-2017</td>
<td>No. of houses constructed</td>
<td>Progress reports; Work plan; Site visits</td>
<td>Dept. of Health</td>
<td>GOK</td>
<td>Proposed</td>
</tr>
<tr>
<td>Mahandakini Dispensary- Maternity Block</td>
<td>7</td>
<td>2013-2017</td>
<td>Maternity block constructed</td>
<td>Progress reports; Work plan; Site visits</td>
<td>Dept. of Health</td>
<td>GOK</td>
<td>Proposed</td>
</tr>
</tbody>
</table>

It isn’t entirely clear which of these is the project in the budget, but the construction of the maternity block sounds closest to the “delivery room” completion in the budget. However, the amount allocated for that in the budget is 4.7 million, while it is 7 million in the CIDP.
In summary, there is some relationship between the budget and CIDP, but it is not very clearly linked and there are a number of questions about projects and numbers.

8. **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 in previous years. In 2012/13, counties did not exist, but we can look at estimates of how much was spent by national government on devolved services that year. This is the baseline for what should have been spent in 2013/14 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](http://internationalbudget.org/wp-content/uploads/brief19.pdf).

   The full underlying data is also available at [www.internationalbudget.org/Kenya](http://www.internationalbudget.org/Kenya) below the link for Budget Brief 19.

   In 2014/15, we can compare figures to the 2013/14 budget and the 2012/13 budget to get a sense of whether enough money is being allocated to maintain services. Since many counties did not have full information about their costs in 2013/14, it is important to use figures from 2012/13 as well to get a sense of the true service costs. It may be that over the course of 2013/14, it was discovered that 2012/13 costs were improper. For example, the county may have released a number of ghost workers, allowing it to reduce costs. Or it may have found that it could not sustain its existing facilities with the 2012/13 budget. In that case, the 2014/15 figures may deviate substantially from 2012/13. If so, this should be explained in the budget narrative.

   For a proper comparison, we focus on the recurrent budgets for key sectors. The reason we do this is that development spending tends to be less consistent over time, due to the nature of capital projects. Recurrent funding is more closely linked to the minimum costs of maintaining services through wages and inputs.

   We look at recurrent spending primarily for this is what funds continuing services in the county. The National Treasury indicated that the county spent Ksh 440 million in 2012/13 on health services, the county has allocated Ksh 734 million in its PBB for 2014/15. This is a substantial increase (66%), which means the county can at least keep health services running, and possibly expand them (this increase is above inflation). Allocation for agriculture services also increased (by about 51%). The 2014/15 budget for health has climbed to 734 million. For Agriculture, it is 147 million. If one sees the Agriculture budget alone, the figure is Ksh 79 million. However, if we add to that the budget for Livestock, Fisheries and Veterinary, we get a total of 147 million.
9. 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. This information should allow us to assess whether the distribution of these projects is related to the needs of the areas receiving them, and whether funds are fairly distributed across the county.

The county budget makes an attempt to give the location of some development projects in the county but not all. There is considerable detail about projects, but not all.

10. 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 facilitate public participation in a number of ways. These include, among others: meetings where plans, budgets and government performance can be discussed, opportunities to give inputs on bills and policies, to participate in selecting development projects, citizen commissions in various sectors, and a variety of information dissemination platforms (e.g.,

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Location</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3111202</td>
<td>Renovation of incinerators (Mata, Challa, Maandakini and Kiwalwa)</td>
<td>TAVETA SUB COUNTY</td>
<td>302,050.00</td>
<td>-</td>
</tr>
<tr>
<td>3111202</td>
<td>Non-Residential buildings (Offices)</td>
<td></td>
<td>2,541,000.00</td>
<td>-</td>
</tr>
<tr>
<td>3110700</td>
<td>Purchase of vehicles and other transport equipment</td>
<td></td>
<td>17,178,500.00</td>
<td>-</td>
</tr>
<tr>
<td>3110701</td>
<td>Purchase of motor vehicles</td>
<td>HEADQUATERS</td>
<td>17,178,500.00</td>
<td>-</td>
</tr>
<tr>
<td>3111000</td>
<td>Purchase of office furniture and general equipment</td>
<td></td>
<td>1,521,633.00</td>
<td>3,500,000.00</td>
</tr>
<tr>
<td>3111002</td>
<td>Purchase of computers, printers, and other IT equipment</td>
<td>HEADQUATERS</td>
<td>1,000,000.00</td>
<td>-</td>
</tr>
<tr>
<td>3111001</td>
<td>Purchase of office furniture and fittings</td>
<td>HEADQUATERS</td>
<td>521,633.00</td>
<td>-</td>
</tr>
<tr>
<td>3111001</td>
<td>Purchase of medical furniture (medical beds, wheel chairs &amp; wheel stretchers)</td>
<td>HEADQUATERS</td>
<td></td>
<td>3,500,000.00</td>
</tr>
<tr>
<td>3111100</td>
<td>Purchase of specialized Plant, equipment and Machinery</td>
<td>VOI SUB/MBOLOLO WARD</td>
<td>47,191,432.75</td>
<td>59,267,996.69</td>
</tr>
<tr>
<td>3111101</td>
<td>Purchase of CT Scan-16 slice for Moi Hospital Voi-2nd instalment</td>
<td></td>
<td>18,082,000.00</td>
<td>22,000,000.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Location</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
</table>

67
through notice boards. Since these activities are not free, the county should budget for them in some way and this should be clearly indicated. Moreover, the budget should contain some narrative information explaining how comments or suggestions from the public were incorporated into the budget. If these inputs were not included in the budget, then this should also be explained.

There is a mention of public participation forums undertaken as a major achievement by the Ministry of Finance and Planning. Public participation forums are also mentioned in the text, but there is no clear allocation for this.

11. 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 two years, 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.

There is no deficit in the Taita Taveta budget. The revenues and expenditures match in the PBB. However, the inclusion of the Equalization Fund, which has not actually been disbursed and may not be, could lead to an implicit deficit.

12. 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. Good practice is to clearly show local revenue estimates against previous year estimates and actuals. Revenue sources should be broken down by source, and it should be easy to connect this information to what is in the county’s cash flow projections for revenues.

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 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 year. By projecting these figures out for an additional quarter, we can estimate what they are likely to collect (soon, we will have a full year of actual collections to use as a baseline).

The county proposes to raise roughly 380 million in local revenues this year. Last year, the county proposed to collect 244 (214 + AIA of 30 million). This is therefore a 55% increase. In addition, the county has fallen short on its revenue for the year. Only 54 million has been collected in first half of 2013/14. It is hard to believe the 244 million target can be met at that rate.

However, there is more information about sources in the PBB to check. From these sources, the county seems to expect nearly all revenue sources to go up by fairly similar amounts in 2014/15.

This information can be found on page 8-10 of the PBB budget.

13. Did my county table a cash flow projection with the budget showing how much it expects to take in by month, and how much it expects to spend by month?

Counties have restricted access to borrowing, and they depend on national transfers that come at specific times. Local taxes/fees are also higher at certain times (e.g., business permits tend to be renewed in the third quarter). It is therefore important for the county to
project its flow of cash by month (and it is also a requirement of the PFM Act that this be tabled by June 15 each year). A cash flow projection helps us to know whether the county will have enough money to execute all the projects in the budget, given that it may not be able to start these projects until it has money to cover them. Moreover, it gives us a sense at different points in the year, such as after the first and second quarter, whether the revenue and spending projections for the year were realistic. For example, a county may raise and spend much less in the first quarter than in the third quarter. If this is captured in the cash flow projection, we will be less concerned about low collections in the first quarter. If on the other hand, the county expected to collect a lot in the first quarter and did not, we will be more concerned that its revenue projections are unrealistic.

A good cash flow projection is not simply presented at the aggregate level, but is broken down by revenue source and expenditure type.

The budget did not have a cash flow projection of how much it expected to take in and spend by month.

14. How much money does my county expect to get from national government?

The correct number for the national transfer to each county should be contained in the annual County Allocation of Revenue Act. In 2013/14, this information was contained in the County Allocation of Revenue Act (CARA) 2013. 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 Equalization Fund. The Act is available at [http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/CountyAllocationofRevenueActNo34of2013.pdf](http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/CountyAllocationofRevenueActNo34of2013.pdf)

In 2014/15, the passage of the CARA has been delayed, and counties would only be able to consult the County Allocation of Revenue Bill 2014, which has changed substantially due to changes in the Division of Revenue Bill 2014. Nevertheless, the CARB 2014 remains the most definitive source for counties to use to calculate their share of national revenues. The Bill can be found here: [http://www.cickenya.org/index.php/legislation/item/379-the-county-allocation-of-revenue-bill-2014#](http://www.cickenya.org/index.php/legislation/item/379-the-county-allocation-of-revenue-bill-2014#)

Eventually, the CARA 2014 will confirm what the counties will receive (see Annex of Background Documents). In addition to information about the national transfer, the budget should also contain clear information about any donor funding or loans that the county expects. As per Question 10, however, there is no provision for counties to accept loans at this point.

The county expects 2.8 billion in funds from national transfer. It is not specified whether this includes conditional shares. The original CARB 2014 had a set aside of 2.4 billion in equitable share for TT, plus 185 million in conditional grants, for a total of almost 2.6 billion. TT seems to be overestimating its share. However, the original CARB was based on a smaller figure; the final figure is almost 227 billion (up from 221) and all funding goes through Equitable share. According to revised CARB from August 2014, TT’s share would rise to Ksh 2.89 billion (see Annex of Key Documents).

<table>
<thead>
<tr>
<th>AIA (USER FEES)</th>
<th>30,000,000</th>
<th>75,000,000</th>
<th>82,500,000</th>
<th>90,750,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEALTH</td>
<td>24,000,000</td>
<td>57,362,333</td>
<td>63098566</td>
<td>69408423</td>
</tr>
<tr>
<td>PUBLIC HEALTH</td>
<td>6,000,000</td>
<td>17,637,667</td>
<td>19401434</td>
<td>21341577</td>
</tr>
</tbody>
</table>

**GOVERNMENT FUNDING**

<table>
<thead>
<tr>
<th></th>
<th>2,614,750,540</th>
<th>3,035,068,149</th>
<th>3338574964</th>
<th>3672432460</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equalization</td>
<td>194,000,000</td>
<td>217,263,689</td>
<td>238990058</td>
<td>262889064</td>
</tr>
<tr>
<td>C.R.A Equitable Share</td>
<td>2,817,804,460</td>
<td>3099584906</td>
<td>3409543397</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**

<table>
<thead>
<tr>
<th></th>
<th>2,858,870,449</th>
<th>3,414,670,058</th>
<th>3,756,137,064</th>
<th>4,131,750,770</th>
</tr>
</thead>
</table>

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<table>
<thead>
<tr>
<th>Other National Revenue Sources</th>
<th>0</th>
<th>184,983,934</th>
<th>203,482,327</th>
<th>223,830,560</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans And Grants CRA</td>
<td>91,802,418</td>
<td>100,982,660</td>
<td>111,080,926</td>
<td></td>
</tr>
<tr>
<td>Rural Electrification</td>
<td>93,181,516</td>
<td>102,499,668</td>
<td>112,749,634</td>
<td></td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>2,858,870,449</td>
<td>3,599,653,992</td>
<td>3,959,619,391</td>
<td>4,355,581,330</td>
</tr>
</tbody>
</table>

15. Does my budget spend money on things that counties are responsible for rather than things the national government is responsible for, and are there any areas that counties are responsible for that are missing from the budget?

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 (discussed earlier in the training).

In reviewing some budgets, we find that counties are taking up primary or secondary education, or security, while things like housing are completely missing. Primary and secondary education, and security, are national functions, while housing is a county function. When counties spend money on national functions, they reduce the funds available for county functions. While no county is obligated to spend money on specific functions, it is useful to raise questions about the rationale for ignoring core county functions in the budget.

Answering this question should start with a look at the Fourth Schedule, but also within each sector to compare the activities in the budget to those that a sector specialist (in health, housing, etc.) would identify as key areas of spending. This can be supplemented by looking at key sectoral activities contained in (MTEF) sector reports and the 2012/13 budget at national level. In some cases, however, poor classification of the budget makes it difficult to tell what functions are being taken up under each county department/ministry.

Generally, the budget seems to contain items that are under the county functions as captured in schedule 4 of the constitution.

The programme structure has revealed that there are no extension officers in the extension services subprogramme. Also no ECD teachers; focus seems to be on infrastructure. But the narrative discusses ECD teacher recruitment. It seems all salaries are in General Admin... which undermines the purpose of programmes.

On roads, there is money for 2 km of road construction (see projects on page 118). It is not clear if this is the only amount of road in the county that can be dealt with as a county function (feeder roads, Class D and below).

16. 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 (based on previous year audited revenues). The PFM Act states clearly that the Emergency Fund should only cater for unforeseen circumstances that constitute a serious threat to human life or the environment.

There is an emergency fund with 12 million. This is less than 1% of previous year’s revenues.

Part F: Summary of the Expenditure by Vote and Economic Classification (Kshs. Millions)
### Economic Classification

<table>
<thead>
<tr>
<th>Economic Classification</th>
<th>Supplementary Estimate 2013/2014</th>
<th>Estimate 2014/2015</th>
<th>Projected Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>2015/2016</td>
</tr>
<tr>
<td>1. Current Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation to Employees</td>
<td>48,438,121</td>
<td>134,355,044</td>
<td>145,103,448</td>
</tr>
<tr>
<td>(Including Gratuity)</td>
<td>5,327,684</td>
<td>76,197,204</td>
<td>82,292,980</td>
</tr>
<tr>
<td>Use of Goods &amp; Services</td>
<td>43,110,437</td>
<td>46,157,840</td>
<td>49,850,468</td>
</tr>
<tr>
<td>Current Transfers to Government Agencies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Recurrent (Emergency Fund)</td>
<td></td>
<td>12,000,000</td>
<td>12,960,000</td>
</tr>
<tr>
<td>2. Capital Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of Non Financial Assets</td>
<td>41,758,625</td>
<td>46,541,601</td>
<td>16,527,000</td>
</tr>
<tr>
<td>Capital Transfers to government Agencies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditure of Vote 04</td>
<td>90,196,746</td>
<td>180,896,645</td>
<td>161,630,448</td>
</tr>
</tbody>
</table>

### 17. 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 the budget for development spending over the medium term (3-5 years). Some budgets classify medicines as development spending (when they should be recurrent) and assets like specialized 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).

The budget distinguished between recurrent and development expenditure. However, there are issues that are not clear. For instance, “forest administration” is under development expenditure while it probably should not be. It sounds recurrent.

In addition, there are also vague line items like “countywide scouts development,” whose meaning we cannot know. In addition, there is “World Tourism Day” and “Conferences (for youth empowerment) which leaves a question of what these items refer to.

### MINISTRY OF MINING, ENVIRONMENT AND NATURAL RESOURCES

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>WARD</th>
<th>CONSTITUENCY</th>
<th>MINING</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighing bridges in Kishushe,Mariwenyi,Kasigau</td>
<td>KISHUSHE/MWATATE/KASIGHAU</td>
<td>WUNDANYI/MWATATE/VOI</td>
<td>10,000,000.00</td>
<td>10,000,000.00</td>
</tr>
<tr>
<td>Forest administration</td>
<td>HEADQUARTERS</td>
<td></td>
<td>1,000,000.00</td>
<td>1,000,000.00</td>
</tr>
</tbody>
</table>
18. 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. It only uses recurrent and development expenditures with no breakdown. The budget also uses vague classifications like “other recurrent” and “other development”. See example below from Ministry of COMMUNITY AFFAIRS, TOURISM, TRADE AND INDUSTRY

<table>
<thead>
<tr>
<th>Economic Classification</th>
<th>APPROVED ESTIMATES</th>
<th>ESTIMATES</th>
<th>PROJECTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Current Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation to Employees</td>
<td>49,111,611</td>
<td>63,957,428</td>
<td>69,101,021</td>
</tr>
<tr>
<td>Use of Goods &amp; Services</td>
<td>24,343,412</td>
<td>30,886,120</td>
<td>33,357,009</td>
</tr>
<tr>
<td>Current Transfers to Government Agencies</td>
<td>24,088,199</td>
<td>30,371,308</td>
<td>33,044,012</td>
</tr>
<tr>
<td>Other Recurrent</td>
<td>680,000</td>
<td>2,700,000</td>
<td>2,700,000</td>
</tr>
<tr>
<td>2. Capital Expenditure</td>
<td>104,225,762</td>
<td>47,844,059</td>
<td>29,609,023</td>
</tr>
<tr>
<td>Acquisition of Non-Financial Assets</td>
<td>34,952,920</td>
<td>36,132,000</td>
<td>14,040,000</td>
</tr>
<tr>
<td>Capital Transfers to government Agencies</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Development</td>
<td>69,272,842</td>
<td>11,712,059</td>
<td>15,569,023</td>
</tr>
<tr>
<td>Total Expenditure of Vote 11</td>
<td>153,337,373</td>
<td>111,801,486</td>
<td>98,710,044</td>
</tr>
</tbody>
</table>

19. 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. This is usually referred to as the Chart of Accounts. Where budget lines are not easy to interpret, narrative explanation should be provided. One can look at this issue broadly but also within specific sectors. Ideally, the Chart of Accounts should follow the national structure and be consistent with what is required for the use of the Integrated Financial Management Information System.

The Taita Taveta budget does give some good level of detail for both recurrent and development expenditures, and it generally uses the national COA codes for various items. This is only in the line item budgeting and not the PBB. As for the PBB, Taita Taveta does not have COA codes and uses economic classification of recurrent and development expenditure with vague terms like “other recurrent and other development” as shown above.

20. 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.
Taita Taveta county budget had expenditure estimates for the past year, current year and projected estimates for the next two years as well as revenue estimates for three years. This shows improvement, as last year’s budget lacked revenue estimates.

Part E: Summary of Expenditure by Programmes, F/Y 2013/14 – 2015/16 (KShs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme 1: Agricultural Development programme</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SP 1.1: Food security initiative</td>
<td>32,313,040</td>
<td>7,950,000</td>
<td>8,586,000</td>
<td>9,272,880</td>
</tr>
<tr>
<td>SP 1.2 Land and water Management</td>
<td>14,390,382</td>
<td>7,000,000</td>
<td>7,560,000</td>
<td>8,164,800</td>
</tr>
<tr>
<td>SP 1.3: Agricultural Extension Services</td>
<td>0</td>
<td>10,260,850</td>
<td>11,081,718</td>
<td>11,968,255</td>
</tr>
<tr>
<td>SP 1.4 Agribusiness and Information Management</td>
<td>0</td>
<td>3,123,361</td>
<td>3,373,230</td>
<td>3,643,089</td>
</tr>
<tr>
<td>Total expenditure for programme 1</td>
<td>46,703,422</td>
<td>28,334,211</td>
<td>30,600,948</td>
<td>33,049,024</td>
</tr>
</tbody>
</table>

SUMMARY OF COUNTY REVENUE

<table>
<thead>
<tr>
<th>COUNTY GOVERNMENT OF TAITA TAVETA LOCAL REVENUE</th>
<th>BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2014-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>local Revenue</td>
<td>214,119,909</td>
</tr>
<tr>
<td>APPLICATION FOR SBP/RENEWAL</td>
<td>741,379</td>
</tr>
<tr>
<td>IMPOUNDING CHARGES</td>
<td>524,241</td>
</tr>
<tr>
<td>SALE OF TENDER DOCUMENTS</td>
<td>1,950,600</td>
</tr>
<tr>
<td>HIRE OF TOWN HALL CHAMBERS</td>
<td>100,000</td>
</tr>
</tbody>
</table>

TASK 2.5 ■ COUNTY FISCAL STRATEGY PAPER EXERCISE

What is the County Fiscal Strategy Paper?

Notes for Facilitator

- This exercise is intended to help participants understand what a County Fiscal Strategy Paper is and what it should contain.

- Logically, the session could come before the 20 questions budget session, since the CFSP comes before the budget. However, it also makes sense to transition from the national budget to the county budget and then come back to the CFSP. One advantage of this is that people have an easier time understanding the elements of the CFSP because of their review of the budget.

- The exercise is basically about identifying 4 key elements of the Budget Policy Statement at national level, and then looking for the same elements in the CFSP.
The four elements can be summarized as 3P’s and a C: Performance, Projections, Priorities, and Ceilings. There should be data on budget performance for the current year, projections for the coming year (plus 2), priorities narrative for the coming year (plus 2) and ceilings for how much can be spent in each sector for the coming year.

Part 1: Budget Policy Statement

In this exercise, have participants look at snippets (aspects that have been cut and pasted) of the BPS and think about what they tell us, and how they are relevant for the County Fiscal Strategy Paper. Proceed to look at similar sections of the Taita Taveta CFSP and lead guided discussion of these.

You can have people work in groups to look at the BPS and then come back to plenary. You can then guide them through Taita CFSP or ask them to work in groups again. One thing that may happen is that people get lost on the first couple of questions, in which case, you may need to bring them back for guided plenary to ensure they advance.

Snippet 1, page 30

<table>
<thead>
<tr>
<th>Table 2.1 Cumulative Budget Out-Turn, July – December 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dec-12</strong></td>
</tr>
<tr>
<td>Actual</td>
</tr>
<tr>
<td>TOTAL REVENUE AND GRANTS</td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
</tr>
<tr>
<td>Ordinary revenue (excl. RDL)</td>
</tr>
<tr>
<td>Import Duty</td>
</tr>
<tr>
<td>Excise Duty</td>
</tr>
<tr>
<td>Income tax</td>
</tr>
<tr>
<td>VAT</td>
</tr>
<tr>
<td>Other Revenue</td>
</tr>
<tr>
<td>Railway Levy</td>
</tr>
<tr>
<td>Ministerial ALA</td>
</tr>
<tr>
<td>GRANTS</td>
</tr>
<tr>
<td>TOTAL EXPENDITURE AND NET LENDING</td>
</tr>
<tr>
<td>Recurrent Expenditure</td>
</tr>
<tr>
<td>Interest Payments</td>
</tr>
<tr>
<td>Peonies &amp; Other CFs</td>
</tr>
<tr>
<td>Ministerial Recurrent</td>
</tr>
<tr>
<td>o/w Wages and Salaries</td>
</tr>
<tr>
<td>Development</td>
</tr>
<tr>
<td>Domestically Financed (Gross)</td>
</tr>
<tr>
<td>Foreign Financed</td>
</tr>
<tr>
<td>Net Lending</td>
</tr>
<tr>
<td>Contingency Fund</td>
</tr>
<tr>
<td>County Transfer</td>
</tr>
<tr>
<td>BALANCE INCLUSIVE OF GRANTS</td>
</tr>
<tr>
<td>TOTAL FINANCING</td>
</tr>
<tr>
<td>NET FOREIGN FINANCING</td>
</tr>
<tr>
<td>NET DOMESTIC FINANCING</td>
</tr>
<tr>
<td>Discrepancy</td>
</tr>
<tr>
<td>Nominal GDP</td>
</tr>
</tbody>
</table>

What kind of information is contained in this table and why is it important?

This table, and accompanying narrative, give a snapshot of budget implementation for the current year. Remember, this is coming out in February, so we only have actual spending (preliminary estimates, or “Prel”) up to the previous quarter. But it is important to know how realistic last year’s budget was before we approve this year’s budget.
The targets here are not for the full year, but for the first five months of the financial year. In other words, the figures can be interpreted as falling substantially short of target revenue and expenditure, though revenue is particularly lagging.

**Snippet 2, page 36**

**Table 3.1: Central Government Fiscal Projections, 2012/13-2016/17**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue and Grants</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of GDP</td>
<td>23.7%</td>
<td>25.8%</td>
<td>23.0%</td>
<td>22.9%</td>
<td>22.5%</td>
</tr>
<tr>
<td>Revenue</td>
<td>847.2</td>
<td>987.3</td>
<td>1,019.9</td>
<td>1,138.6</td>
<td>1,169.1</td>
</tr>
<tr>
<td>% of GDP</td>
<td>28.1%</td>
<td>27.7%</td>
<td>24.3%</td>
<td>23.8%</td>
<td>23.2%</td>
</tr>
<tr>
<td>Tax Revenue</td>
<td>701.2</td>
<td>839.5</td>
<td>854.5</td>
<td>969.3</td>
<td>982.9</td>
</tr>
<tr>
<td>Non-Tax Revenue</td>
<td>146.1</td>
<td>147.9</td>
<td>105.4</td>
<td>109.2</td>
<td>180.2</td>
</tr>
<tr>
<td>Grants</td>
<td>20.9</td>
<td>76.4</td>
<td>78.4</td>
<td>75.7</td>
<td>75.5</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of GDP</td>
<td>32.3%</td>
<td>33.1%</td>
<td>33.5%</td>
<td>32.3%</td>
<td>31.7%</td>
</tr>
<tr>
<td>Recurrent</td>
<td>808.3</td>
<td>859.6</td>
<td>826.9</td>
<td>916.5</td>
<td>860.7</td>
</tr>
<tr>
<td>Development</td>
<td>298.9</td>
<td>385.2</td>
<td>428.7</td>
<td>482.0</td>
<td>442.0</td>
</tr>
<tr>
<td>Constitution Reform</td>
<td>9.8</td>
<td>4.0</td>
<td>1.5</td>
<td>5.0</td>
<td>2.0</td>
</tr>
<tr>
<td>County Transfer</td>
<td>-</td>
<td>210.0</td>
<td>210.0</td>
<td>-</td>
<td>228.0</td>
</tr>
<tr>
<td>Equalization Fund</td>
<td>-</td>
<td>3.4</td>
<td>3.5</td>
<td>3.9</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>Budget Balance (Deficit, surplus)</strong></td>
<td>(248.9)</td>
<td>(398.4)</td>
<td>(372.3)</td>
<td>(193.1)</td>
<td>(291.3)</td>
</tr>
<tr>
<td>% of GDP</td>
<td>-6.8%</td>
<td>-9.6%</td>
<td>-7.9%</td>
<td>-6.0%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Net External Financing</td>
<td>62.7</td>
<td>90.8</td>
<td>238.8</td>
<td>100.7</td>
<td>100.7</td>
</tr>
<tr>
<td>Domestic borrowing</td>
<td>169.8</td>
<td>106.7</td>
<td>133.5</td>
<td>92.5</td>
<td>190.8</td>
</tr>
<tr>
<td>% of GDP</td>
<td>4.6%</td>
<td>2.6%</td>
<td>3.2%</td>
<td>1.9%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Public Debt to GDP (net of deposits)</td>
<td>47.8%</td>
<td>49.1%</td>
<td>51.8%</td>
<td>48.0%</td>
<td>52.0%</td>
</tr>
<tr>
<td>Nominal GDP (Ksh billion)</td>
<td>3,662.6</td>
<td>4,164.6</td>
<td>4,164.6</td>
<td>4,772.5</td>
<td>4,636.7</td>
</tr>
</tbody>
</table>

Source: National Treasury

What kind of information is contained in this table and why is it important?

This is one of the most important tables in the BPS, and will be in the CFSP as well. It provides the overall picture of what we expect to take in and spend. It is what is known as the “envelope,” our projections of the resources we have to work with in the coming years. The estimated figures from last year’s Budget Policy Statement are provided along with this year’s document for comparison and to see how accurate our estimates were.

**Snippet 3: Pages 56**
• The priority social sectors, education and health, will continue to receive adequate resources. With a combined allocation of 30.1% of total discretionary expenditures, both sectors (education and health) are already receiving a significant share of resources in the budget and require them to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors.

• At a total allocation of 22.5 % of total discretionary expenditures The Energy, Infrastructure and ICT sector receive the second largest share of resources after education sector. This sector is a key driver of the economy and reflects Government’s commitment in improving infrastructure countrywide, such as roads, energy and rail. The allocation to the sector will continue to rise over the medium term. This will also help the sector provide reliable and affordable energy.

• Other priority areas including internal security, rule of law, youth and development of arid regions, will continue to receive adequate resources.

What is the significance of this narrative section of the paper?

This is critical narrative that explains the overall direction of the budget over the medium term at the level of sector priorities, rather than fiscal priorities. In other words, it gives a sense of the services government wants to expand or reduce in order to achieve its broader objectives, rather than just issues around fiscal sustainability.

It is useful to emphasize some key points about language here, because people often misinterpret this language. In the first bullet, it is stated that social sectors “will continue to receive adequate resources.” This does not mean they will increase. In fact, reading the point carefully, it appears that they will be expected to do more with the same funding.

The second bullet talks about rising “over the medium term.” This is also vague. It could mean the budgets are rising this year, but it could also mean they are not rising this year, but will rise next year or the year after (medium term=3 years).

Snippet 4: Page 57
What kind of information is contained in this table and why is it important?

This is the centerpiece of the BPS and of the CFSP. These are the sector ceilings: the so-called “top-down” resource envelope that is given to sectors so that they can then make allocations within it to their top priorities. At county level, counties may choose to work at the ministry level, rather than the “sector” level, given that there are only 10 or fewer ministries in most cases. But some ministries could be combined for purposes of sector ceilings. In any case, the heart of the matter is that the ceilings are proposed in the BPS/CFSP and approved, along with the total resource envelope, by the legislature. The final budget estimates tabled in April should then be detailed spending within those approved ceilings.

Again, the ceilings for the BPS 2014/15 are compared to earlier estimates of the same to see how these have changed over time. BROP 2014/15 refers to ceilings from a few months earlier, so we can see how the thinking about priorities has evolved.

PART 2: Taita Taveta County Fiscal Strategy Paper

For this exercise, handouts specific to the county should be provided to both participants and facilitators. In this case, the facilitator can refer participants to the Taita Taveta County Fiscal Strategy Paper which can be found in the Annex of Key Documents.

Now let’s look at the Taita CFSP (Extract).

1. Turn to pages 4-8 to see information on budget implementation. You will see information about revenue collection. How do you interpret this? Do you see information about expenditure of the current budget?

Information on revenues are on page 4, including information about national and local revenues against target for first half of the year. Local revenues came in at only 26% of expected for the year. We might
have expected revenues to come in higher than this; more revenue is raised in Q3 than in other quarters normally due to renewals of business permits (meaning that we do not expect 25% per quarter, or 50% per half year), but we would still expect higher revenue collection in the first half of the year. On page 8, we can now see the actual expenditure by department, type of vote (recurrent/development) against 2013/14 revised budget target. Total expenditure in the first half of the year was roughly 700 million of 3 billion budgeted, or less than 25%.

2. Now look for the information we looked at in snippet 2: overall revenue and expenditure projected for the coming budget year. Where is this information? What is the county expecting to raise from central government and from own sources? How do we know if these figures are reasonable?

Revenue collections are estimated on pages 12-13. For local sources, we can see that even though the county has fallen short of its target of 244 million this year, it is projecting an increase in the target for 2014/15 of 55%, from 244 to 379 million. It is hard to believe this is realistic with the available information (recognizing that in fact we did not have Q3 figures yet).

According to original CARB for this year, the county should have expected 2.4 billion in ES. This is also reflected in the CFSP. The CFSP reflects conditional grant amounts that should not be there, including the Equalisation Fund, as these are not disbursed to counties presently. However, in light of recent changes to the CARB, the overall figure for the county’s Equitable Share may go up somewhat. The most recent figure we have for Taita’s equitable share is Ksh 2.9 billion from CARB 2014 dated 5 August 2014.

3. Our third snippet above was a narrative explanation of priority spending areas. Do you see this discussion in the CFSP? What are the priorities and what areas are to receive less so that priorities can receive more?

The discussion of priorities begins on page 15. Certain priority areas like agriculture and health are identified and increases in their share of the budget are described. On page 17-18, we learn about reductions in administration and infrastructure.

4. We look finally for the numbers: the sector allocations that are the core of the CFSP. Can you find these? Are you able to identify the areas getting the highest allocations? Does this match the text we looked at in Q3?

This information is contained at the end of Chapter 4. The figures do not quite match the narrative. For example, the narrative says health will be allocated 23.1% of spending, but the table shows a figure of 24.4%. Figures in the narrative are also not consistent across departments/sectors (see health, “productive sector.”) The sector discussion does not tell us exactly which departments are in which sector, so it is not very easy to know if the narrative and table are linked.
SESSION 3: RESPONSIBILITIES OF CITIZENS UNDER THE NEW CONSTITUTION AND PFM ACT

1. PLENARY DISCUSSION + FACILITATOR INPUT: CONSTITUTIONAL, CGA, & URBAN AREAS AND CITIES ACT PROVISIONS ON PUBLIC PARTICIPATION IN DECISION MAKING

- Now provide a short presentation to highlight the provisions related to public participation in decision making in the 2010 Constitution, Urban Areas and Cities Act, as well as the CGA. In the Constitution, the provisions that discuss public participation are quite few and very general in nature, and there is only one specific provision that refers to public participation in financial matters. The provisions in the CGA are slightly more specific but still require discussion about details of implementation.

- Use the PowerPoint file *Module 2 – Constitutional & CGA Provisions on Participation* for this presentation.

- The content of the presentation is as follows:
  
  ➢ *Article 10 – National Values*

  The national values and principles of governance in this Article bind all State organs, State officers, public officers and all persons whenever any of them—
  
  (a) applies or interprets this Constitution;
  
  (b) enacts, applies or interprets any law; or
  
  (c) makes or implements public policy decisions.

  (2) The national values and principles of governance include—
  
  (a) patriotism, national unity, sharing and devolution of power, the rule of law, democracy and participation of the people;

  ➢ *Chapter 8 – The Legislature*

  118. (1) Parliament shall—

  (b) facilitate public participation and involvement in the legislative and other business of Parliament and its committees.

  (2) Parliament may not exclude the public, or any media, from any sitting unless in exceptional circumstances the relevant Speaker has determined that there are justifiable reasons for the exclusion.

  ➢ *Chapter 11 – Devolved Government*

  174. The objects of the devolution of government are—

  (c) to give powers of self-governance to the people and enhance the participation of the people in the exercise of the powers of the State and in making decisions affecting them;

  184. (1) National legislation shall provide for the governance and management of urban areas and cities and shall, in particular—

  (c) provide for participation by residents in the governance of urban areas and cities.

  196. (1) A county assembly shall—

  (b) facilitate public participation and involvement in the legislative and other business of the assembly and its committees.

  ➢ *Chapter 12 – Public Finance*

  201. The following principles shall guide all aspects of public finance in the Republic—
(a) there shall be openness and accountability, including public participation in financial matters

221. (5) Budget estimates and annual Appropriation Bill
In discussing and reviewing the estimates, the (Parliamentary Budget Committee) committee shall seek representations from the public and the recommendations shall be taken into account when the committee makes its recommendations to the National Assembly.

- Fourth Schedule – Distribution of Functions between the National Government and the County Governments

Part 2—County Governments

The functions and powers of the county are—

14. Ensuring and coordinating the participation of communities and locations in governance at the local level and assisting communities and locations to develop the administrative capacity for the effective exercise of the functions and powers and participation in governance at the local level.

- Urban Areas and Cities Act & The County Governments Act, 2012

<table>
<thead>
<tr>
<th>Topic</th>
<th>The Urban Areas and Cities Act</th>
<th>The County Governments Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>The right of public participation</td>
<td>The object and purpose of the act is to establish a legislative framework for participation by the residents in the governance of urban areas and cities. Section 3(e)</td>
<td>The object and purpose of the act is to provide for public participation in the conduct of the activities of the county assembly as required under Article 196 of the constitution. (Section 3)</td>
</tr>
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<td></td>
<td>The principles of governance and management of these areas include the promotion of accountability to the county government and to the residents of the urban cities and cities as well as institutionalised active participation by its residents in the management of the urban areas and cities’ affairs. Section 11(c &amp; d)</td>
<td>The act establishes decentralised units that are given the mandate to facilitate and coordinate citizens’ participation in the development of policies and plans for service delivery. These include urban areas and cities as discussed above, sub county level, ward level and village level. (Section 50(3g), 51(3g), and 53(2a) respectively ) Section 115 of the act provides that public participation shall be mandatory in the county planning.</td>
</tr>
<tr>
<td></td>
<td>There are four kind of plans; county integrated development plans county sectoral plans county spatial plans and cities and urban areas plans. These plans include budget projections indicating finance resources available as well as financial strategies. Section 107-114</td>
<td>Under Part VII of the act the principles of public participations are provided. These includes availability of data, reasonable access to the process of formulating and implementing policies including budgets</td>
</tr>
</tbody>
</table>
The Urban Areas and Cities Act

To enable public participation the boards are required to publish and publicise important information within its mandate affecting the city and urban area. Such information shall be available at a reasonable fee. (Section 24)

The County Governments Act

Under part IX the act provides for public communication and access to information. A county government shall establish mechanisms of communication including traditional media under (section 95)

Part X of the act provides for the need for civic education.

Under section 92(2) the governor to submit annual report to the county assembly on citizens’ participation in the affairs of the county government. This can be used to gauge the level of participation

Indicators in the report:
- Inclusion: extent to which the diversity of the county is reflected among participants in planning processes
- Allocative efficiency: extent to which plans, policies, and resource allocation reflect county citizens’ priorities
- Equity: extent to which planning outcomes reflect interventions that address the needs of different groups of citizens
- Accountability: extent to which public officials are accountable for their actions as a result of citizen participation

Platforms for public participation

1. The board of cities and municipalities
   These boards are given the function of preparing and submitting annual budget estimate to the relevant county treasury for consideration and submission to the county assembly for approval as part of the annual county appropriation bill. Section 20(1i). These boards shall consist of not more than eleven members and at least five be nominated by

2. Citizens fora
   Established under section 22 the citizens fora is a platform that ensure residents of an area deliberate and make proposals to the relevant bodies on the proposed annual budget estimates of the county and national government as well as the proposed development plans of both governments.

   The second schedule provides in detail the right of, and participation by residents in affairs of urban areas.

Redress

A board shall (this indicates that it is

1. Right to petition
<table>
<thead>
<tr>
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<th>The Urban Areas and Cities Act</th>
<th>The County Governments Act</th>
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<tbody>
<tr>
<td>(should these platforms fail)</td>
<td>mandatory) invite petitions and representations from the citizens with regard to the administration and management of the affairs within the urban area or city.</td>
<td>Citizens have a right to petition the county government on any matter under the responsibility of the county government. These shall be in writing. (Section 88)</td>
</tr>
</tbody>
</table>

2. Local referenda: This may be conducted by county government on local issues including county laws, planning and investment decisions affecting the county for which a petition has been raised and duly signed by at least 25% of registered voters. (Section 90)

- To conclude the presentation, the facilitator can emphasize the importance of the Public Finance Management Act 2012 in laying out detailed and specific requirements for public participation in financial matters, since the new Constitution barely addresses the issue.

**TASK 2.6 ■ RECOMMENDATIONS FOR AN EFFECTIVE CBEF AND COUNTY PARTICIPATION PROCESS 2 HOURS**

- Explain to participants how this extended small group task will work, as described below. The main focus of this exercise is for participants to develop their own unique recommendations for how the County Budget and Economic Forum should function in their county/counties. It is important that participants understand that
  - CBEF is a requirement of the law
  - But the law is vague about exactly how it will function

  It is useful to give a strong introduction to the exercise that makes it clear to people that the Forum will only be as useful as they make it by demanding that it be structured properly *[5 minutes]*

- Before starting the exercise, it is useful to review the clauses in the PFM Act that are relevant to CBEF. This is a very short section and is contained in *Reading 3.1: Excerpt from the PFM Act 2012 on the Establishment of the CBEF*. The facilitator can ask people to read this on their own, have someone read it aloud, or summarize it for them while pointing to key information.

- After this, the participants will break up into groups of four/five people (if possible; if there are more or fewer people, the facilitator can adjust the number of readings or the number of people doing each reading). Each group will be assigned a set of four/five documents/reference materials to review, drawn from the following five options:
  1) a summary of the Joint Statement (*Policy Brief: Public Participation under Kenya’s new Public Financial Management Law and Beyond)*;
  2) a summary of the LASDAP process;
  3) a short case study on participatory budgeting in the Democratic Republic of Congo (DRC);
  4) Executive Summary of the brief “County Budget and Economic Forums – Principles and Options”
  5) Identifying Public Participation Opportunities in the PFM Act

- In each group, one person will be required to review one of the four documents and then present the information from his/her document to the rest of the small group.

- **STEP 1:** Provide participants with about 15-20 minutes to read the documents, and then another 15-20 minutes for them to present the information in their groups. *[30-40 minutes]*
• For example, the person who reads the Joint Statement summary will take a few minutes to explain the key points of the document to the other three/four people in the group, and so on, until each person has presented his/her document.

• Tell participants that they may want to take notes as they listen to these brief presentations, since they will need to have the information for an extended group task.

• **STEP 2:** Once all of the groups have finished the steps above, convene a brief plenary session to discuss key points that came out of the documents and answer any questions that participants may have. [10 minutes] This is optional. You can also have people go directly into the exercise of developing recommendations (see next step) and only bring them back afterward to discuss those.

• **STEP 3:** After the plenary session, each group will be tasked with developing five to 10 recommendations on how to make the CBEF and public participation in the county budget process effective (refer them to Task 2.6: Recommendations for an Effective CBEF and County Participation Process). They should think of these as recommendations that they could present to their county governor. [1 hour]

• Explain that they have an hour to complete the task, at the end of which they will present their group’s recommendations. Tell them that they will have only 5 minutes to present. This task can be done in less time if need be, anywhere from 20-60 minutes.

• While participants are working on their tasks, the facilitators should circulate among the groups to check on their progress and answer any questions of clarification. Remind participants to be as specific as possible about how the process will work. For example, do not say “there should be a feedback mechanism.” Say “feedback should be provided by SMS to all who gave submissions, should be provided within 7 days and should explain why inputs were not used where this occurred.” They should draw on specific ideas from the readings wherever possible, or equally specific ideas of their own.

• Comments should relate to both process (HOW will participation happen) and content (WHAT people will give their views about). For more on these points, consult the CBEF Options paper summary, and the full paper at [http://internationalbudget.org/wp-content/uploads/brief21_final.pdf](http://internationalbudget.org/wp-content/uploads/brief21_final.pdf)

• **STEP 4:** Each group gives short presentation of their recommendations, after which the other participants have a few minutes to ask questions and debate the various proposals. [40 minutes]

• After all groups have presented, the facilitator will lead a short summary discussion.

The reference documents:

1) **READING 2.6a:** EXCERPT FROM PFM ACT 2012 ON ESTABLISHMENT OF THE CBEF

2) **READING 2.6b:** SUMMARY OF THE JOINT STATEMENT *(Policy Brief: Public Participation under Kenya’s new Public Financial Management Law and Beyond)*

3) **READING 2.6c:** SUMMARY OF THE LASDAP PROCESS

4) **READING 2.6d:** PARTICIPATORY BUDGETING IN THE DEMOCRATIC REPUBLIC OF CONGO (DRC)

5) **READING 2.6e:** CBEF – PRINCIPLES AND OPTIONS *(Executive Summary)*

6) **READING 2.6f:** IDENTIFYING PUBLIC PARTICIPATION OPPORTUNITIES IN THE PFM ACT

**Note:** These readings can be found in the appendix of this manual.
LEARNING OUTCOMES TO BE ACHIEVED
By the end of this module, participants will have:

- reviewed the Commission on Revenue Allocation (CRA) formula, which determines how the funds allocated to counties are shared among the counties;
- reviewed and discussed principles and concepts related to sharing of resources;
- debated the advantages and disadvantages of the current formula;
- discussed and proposed alternatives for the second revenue sharing formula

Resources needed:
- Flipchart paper, markers, and tape

Part 1: Reviewing the Commission on Revenue Allocation (CRA) Formula 2012

- We have already seen that the Commission on Revenue Allocation (CRA) recommended, and Parliament adopted, a formula for sharing resources among counties in 2012. Recall the formula.
- Recently, we have inverted this exercise and started with Part 2, discussing first the concepts of fairness, and then returning to the formula, using the infographic to walk people through. This is particularly useful to focus the discussion on principles rather than the formula. However, if the focus is mostly on the formula and how it works, the approach of talking about the formula first may be preferable.

- The formula determines how the money that is allocated for counties will be shared, but not how much money that is. A county receives money based on its population, poverty, land area, and fiscal responsibility. You can see how the formula works below, looking at the first 11 counties from the County Allocation of Revenue Act 2013:
Recall that Fiscal Responsibility has never been measured, which is why all counties receive an equal amount for that variable. For more details, refer back to the infographic on county revenues. Note: you may reserve the infographic for us at that time, in which case, allow people 20 minutes to review and discuss it, or 20-30 minutes to lead them through the infographic and ensure they understand it.

Part II: Discussing Fairness

- The objective of this part is to get participants to start thinking about the principles of fairness
- First ask participants to think on their own for a minute about the following question:

  **Do you agree or disagree with the following statement: It is always fairest to give everyone an equal share**

- Ask participants to share their answers and to justify them. Try to get them to state their answers in terms of general principles, thinking of the concepts of need, capacity and effort that are discussed in the cartoon. Do not give away everything from the cartoon, but start pushing in that direction.
- Then have participants watch the IBP/Lightbox cartoon about revenue sharing. The cartoon can also be found here [https://www.youtube.com/watch?v=AnQuLjxyUuM](https://www.youtube.com/watch?v=AnQuLjxyUuM)
- Ask them whether they agree with the principles discussed in the film or they have questions or issues with anything.
- Then ask them whether the current formula is consistent with the principles discussed in the film and why or why not.
- Key issues to come out in this session:

  It is not always right to treat people equally. We also need to take into consideration differences among them in need, capacity and effort.

**Capacity in revenue sharing is more about capacity to raise revenue than capacity to spend revenue (though that is often the first association people have).** Capacity to use revenue properly (to spend it) is more similar to effort, though it is arguably a different idea. But often what people mean is that people do not use their resources properly and it is hard to know if this is “lack of capacity” or lack of effort, in the way they use the terms. So good to suggest that it is more similar to effort. But one could also argue that if it is genuinely a capacity issue, could be dealt with through conditional grant or by gradually shifting toward a more redistributive formula over time.
The current formula focuses only on need and largely ignores capacity and effort (though fiscal responsibility was initially intended to look at effort but was not implemented).

Need can mean at least two different things: ongoing needs (more people=more need) and historical needs (poor access in past=more needs today).

**Not everything can be dealt with through a single formula.** Some counties may have backlogs that need to be dealt with while others need only deal with ongoing service costs.

**Part III: Toward a new formula**

- The objective of this session is to get participants to think about how they would change the formula
- Divide participants into groups and ask them to look at some data on 3 hypothetical counties, County X, County Y and County Z (see information on County X Y and Z in the Annex of Key Documents)
- Then tell them they have Ksh 10 billion to split between the 3, and ask them how they would do it and why. Participants do not need to come up with a formula per se, but they do need to be precise about how they would split the 10 billion (e.g., County X should receive 2 billion, County Y, 5 billion, etc.)
- Return to plenary to have people report back and justify their decisions, emphasizing principles and their interpretations of the data
- Then discuss what this means for revising the formula

For further reading, see:

http://www.nation.co.ke/oped/Opinion/Revising-the-county-allocation-formula/-/440808/2399192/-/150p9rt/-/index.html

AND


If you do not have access to the cartoon on YouTube, you can also have people read the article above instead and then have the discussion based on that.

**Facilitator Notes:**

Make sure that participants understand that they have data on three counties, and that the data is related to some of the things we have been discussing:

- There is data that relates to the functions of counties (like providing health or agriculture extension services) (Need)
- There is data related to infrastructure access (Need)
- There is data that relates to the local revenues these counties collect (Capacity), and how much they have increased those revenues over time (Effort)
- This exercise can and has been modified to look at wards within a county, and requires only a few minor modifications. We have also included a version of the exercise for wards in the Annex of Key Documents.
• One thing that needs to be repeated severally to participants is that they are not simply to apply the CRA formula, but to come up with their own approach to a fair distribution. There is usually someone in each group that tries to simply mechanically apply the CRA approach.

• While we look at agriculture/crop-farming data as a measure of need, many people see it as a measure of capacity to produce and generate revenues. Some see it as a reverse need, meaning that areas with more crop-farmers get less because they need less support. These approaches are okay but tend to assume that those not engaged in crop-farming are destitute, rather than engaged in other activities.

By design, this is not meant to be simple. But we are looking for participants to bring up a number of issues. For example, from looking at the health data, we might say that County Y has the highest need for health money because it has the largest number of people visiting facilities. People may end up being confused when they see that more people use facilities in County Y, but this is only 27% of the population, less than other counties (Column G). How should we think about that? Basically, assuming a similar unit cost, the important thing is not the visits/population, but the visits in County Y as a share of all visits for the three counties. County Y has 43% of all visits for the 3 counties combined (this can be seen in Column C). County Y therefore has highest need by this measure.

On the other hand, when we look at disease incidence, the story is more complex. While County Y has the most HIV cases, it has fewer cases of TB and malaria than County Z. This could mean that County Z has a sicker population on average, but they don’t always visit the health facilities. The data suggest that County Z has fewer facilities, so this might be one reason why this happens. On the other hand, County Z has fewer people per facility than County X or Y (Column F), meaning it is relatively better off in terms of facility access. So maybe people just don’t like to visit facilities in County Z. Giving them more money might not help. But we also lack other data that might explain this. For example, County Z could have more facilities per capita, but fewer doctors or nurses. We might need more information. This is another key point to raise.

One thing that the data show, and which is quite realistic, is that on average, County Y has more needs than the other counties for population-related services because it has a much bigger population overall. When we look at infrastructure, though, it is County Z that has the greatest “need.” Need here is measured as the land area per km of paved road, and population per km of paved road (Columns G and H). Basically, if a county has a larger land area or higher population per paved road, it means that for a given area or population, there is less access to paved roads. So County Z is worst off, while County X is best off.

When we look at revenues, County X has the highest revenues per capita (Columns E and G). But when we look at effort, which we measure as the change in per capita collections over time (Column K), we see that County X has performed poorly, while County Z has excelled. County Y has also performed relatively poorly.

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**EVALUATION AND CLOSURE**

*Duration of the session: 20 minutes*

**LEARNING OUTCOMES TO BE ACHIEVED**

By the end of this session, participants should have:

• provided feedback on their learning experience; and

• participated in the evaluation and closing of the workshop.
Resources needed:
• Evaluation questionnaire

STRUCTURE OF THE SESSION

1. COMPLETING EVALUATION QUESTIONNAIRES 20 MINUTES

• Ask participants to complete the evaluation questionnaire which can be found from the Annex of Key Documents (Evaluation Form: Kenya County Budget Training).
• Collect questionnaires from participants.
• Hand over the completed forms to the primary facilitator
• If there is time, collect some oral feedback on the training as well. What did the participants especially like? What would they have changed?
APPENDICES

APPENDIX I: THE FOURTH SCHEDULE OF THE 2010 CONSTITUTION

FOURTH SCHEDULE (Articles 185(2), 186(1) and 187(2))

Distribution of Functions between the National Government and the County Governments

PART 1—NATIONAL GOVERNMENT

1. Foreign affairs, foreign policy and international trade.
2. The use of international waters and water resources.
3. Immigration and citizenship.
4. The relationship between religion and state.
5. Language policy and the promotion of official and local languages.
6. National defence and the use of the national defence services.
7. Police services, including—
   (a) the setting of standards of recruitment, training of police and use of police services;
   (b) criminal law; and
   (c) correctional services.
10. Monetary policy, currency, banking (including central banking), the incorporation and regulation of banking, insurance and financial corporations.
11. National statistics and data on population, the economy and society generally.
12. Intellectual property rights.
13. Labour standards.
14. Consumer protection, including standards for social security and professional pension plans.
15. Education policy, standards, curricula, examinations and the granting of university charters.
16. Universities, tertiary educational institutions and other institutions of research and higher learning and primary schools, special education, secondary schools and special education institutions.
17. Promotion of sports and sports education.
18. Transport and communications, including, in particular—
   (a) road traffic;
   (b) the construction and operation of national trunk roads;
   (c) standards for the construction and maintenance of other roads by counties;
   (d) railways;
   (e) pipelines;
   (f) marine navigation;
   (g) civil aviation;
   (h) space travel;
   (i) postal services;
   (j) telecommunications; and
   (k) radio and television broadcasting.
20. Housing policy.
21. General principles of land planning and the co-ordination of planning by the counties.
22. Protection of the environment and natural resources with a view to establishing a durable and sustainable system of development, including, in particular—
   (a) fishing, hunting and gathering;
   (b) protection of animals and wildlife;
   (c) water protection, securing sufficient residual water, hydraulic engineering and the safety of dams; and
   (d) energy policy.
23. National referral health facilities.
24. Disaster management.
25. Ancient and historical monuments of national importance.
27. Health policy.
28. Agricultural policy.
29. Veterinary policy.
31. Energy policy including electricity and gas reticulation and energy regulation.
32. Capacity building and technical assistance to the counties.
33. Public investment.
34. National betting, casinos and other forms of gambling.
35. Tourism policy and development.

PART 2—COUNTY GOVERNMENTS

The functions and powers of the county are—

1. Agriculture, including—
   (a) crop and animal husbandry;
   (b) livestock sale yards;
   (c) county abattoirs;
   (d) plant and animal disease control; and
   (e) fisheries.
2. County health services, including, in particular—
   (a) county health facilities and pharmacies;
   (b) ambulance services;
   (c) promotion of primary health care;
   (d) licensing and control of undertakings that sell food to the public;
   (e) veterinary services (excluding regulation of the profession);
   (f) cemeteries, funeral parlours and crematoria; and
   (g) refuse removal, refuse dumps and solid waste disposal.
3. Control of air pollution, noise pollution, other public nuisances and outdoor advertising.
4. Cultural activities, public entertainment and public amenities, including—
   (a) betting, casinos and other forms of gambling;
   (b) racing;
   (c) liquor licensing;
   (d) cinemas;
   (e) video shows and hiring;
   (f) libraries;
   (g) museums;
   (h) sports and cultural activities and facilities; and
   (i) county parks, beaches and recreation facilities.
5. County transport, including—
   (a) county roads;
   (b) street lighting;
   (c) traffic and parking;
   (d) public road transport; and
   (e) ferries and harbours, excluding the regulation of international and national shipping and matters related thereto.
6. Animal control and welfare, including—
   (a) licensing of dogs; and
   (b) facilities for the accommodation, care and burial of animals.
7. Trade development and regulation, including—
   (a) markets;
   (b) trade licences (excluding regulation of professions);
   (c) fair trading practices;
   (d) local tourism; and
   (e) cooperative societies.
8. County planning and development, including—
   (a) statistics;
   (b) land survey and mapping;
   (c) boundaries and fencing;
   (d) housing; and
   (e) electricity and gas reticulation and energy regulation.
9. Pre-primary education, village polytechnics, homecraft centres and childcare facilities.
10. Implementation of specific national government policies on natural resources and environmental conservation, including—
    (a) soil and water conservation; and
(b) forestry.

11. County public works and services, including—
   (a) storm water management systems in built-up areas; and
   (b) water and sanitation services.

12. Fire fighting services and disaster management.

13. Control of drugs and pornography.

14. Ensuring and coordinating the participation of communities and locations in governance at the local level and assisting communities and locations to develop the administrative capacity for the effective exercise of the functions and powers and participation in governance at the local level.
APPENDIX II: TRANSITION AUTHORITY GAZETTE NOTICE

LEGAL NOTICE No. 182
THE CONSTITUTION OF KENYA
THE TRANSITION TO DEVOLVED GOVERNMENTS ACT, 2012
(No.1 of 2012)
TRANSFER OF FUNCTIONS
Pursuant to section 15 of the Sixth Schedule to the Constitution as read with sections 23 and 24 of the Transition to Devolved Governments Act, 2012 and further to the Legal Notice No.16 of 2013, the Transition Authority approves the transfer of the functions specified in the Schedule to the county government of Taita Taveta, with effect from the 9th August, 2013:

Provided that the responsibility for the personnel emoluments related to the discharge of the devolved functions shall be managed by the national government for a period not exceeding six months or as shall be agreed upon between the two levels of government, whichever comes first.

SCHEDULE
1. Agriculture:
   (a) cropland husbandry including—
      (i) provision of agricultural extension services or farmer advisory services;
      (ii) development and implementation of programmes in the agricultural sector to address food security in the county;
      (iii) construction of grain storage structures;
      (iv) enforcement of regulations and standards on quality control of inputs, produce and products from the agricultural sector;
      (v) availing farm inputs such as certified seeds, fertilizer and other planting materials, such as cassava cutting or potato vines, to farmers;
      (vi) development of programmes to intervene on soil and water management and conservation of the natural resource base for agriculture;
      (vii) promotion of market access for agricultural products;
      (viii) provision of infrastructure to promote agricultural production and marketing as well as agro-processing and value chains;
      (ix) enhancing accessibility to affordable credit and insurance packages for farmers;
      (x) management of agricultural training centers and agricultural mechanization stations:
   Provided that the management of agricultural training centers and agricultural mechanization station shall be transferred after six months, to enable the requisite structures and mechanisms to be put in place by the Transition Authority;
      (xi) land development services such as construction of water pans for horticultural production for food security;
      (xii) formulation and review of county specific policies;
      (xiii) developing and enacting legislation and regulatory frameworks for county specific policies; and
      (xiv) implementation of national and county specific policies and legislation;
   (b) animal husbandry including livestock extension services
      to deliver husbandry technologies to livestock farmers and pastoralists, through farm demonstrations, farmer field days, farmer field schools, agricultural shows, individual farm visits, farmer training courses (residential and nonresidential), barazas, farmer tours, posters, brochures or leaflets;
   (c) plant and animal disease control including carrying out, coordinating and overseeing—
      (i) communal dipping and spraying operations and vaccination campaigns; and
      (ii) control of plant pests, diseases and noxious weeds that are specific to counties; and
   (d) fisheries including—
      (i) fisheries extension services;
      (ii) up scaling sea weed, fin fish and crustacean culture;
      (iii) county fish seed bulking units;
      (iv) on-farm trials;
      (v) fish health certification;
      (vi) development and maintenance of fish landing stations and jetties, fish auction centers and fish landing fees;
      (vii) demarcation of all fish breeding areas and fencing of fish landing stations;
      (viii) fish trade licensing and fish movement permits;
      (ix) collection of fish production statistics;
      (x) enforcement of fisheries regulations and compliance with management measures;
      (xi) implementation of fisheries policy, fisheries management measures and regulation and limiting access to fishing;
      (xii) fisheries monitoring, control and surveillance; and
      (xiii) zonation for aquaculture-county specific disease control.

2. County health services:
   (a) county health facilities and pharmacies including—
      (i) county health facilities including county and subcounty hospitals, rural health centres, dispensaries, rural health training and demonstration centres. Rehabilitation and maintenance of county health facilities including maintenance of vehicles, medical equipment and machinery. Inspection and licensing of medical premises including reporting;
      (ii) county health pharmacies including specifications, quantification, storage, distribution, dispensing and rational use of medical commodities:
Provided that until alternative intergovernmental arrangements are made, all counties shall procure medical commodities from the Kenya Medical Supplies Authority except where a particular commodity required by a county government is not available at the Kenya Medical Supplies Authority;
(b)ambulance services including emergency response and patient referral system;
(c)promotion of primary health care including health education, health promotion, community health services, reproductive health, child health, tuberculosis, HIV, malaria, school health program, environmental health, maternal health care, immunization, disease surveillance, outreach services, referral, nutrition, occupational safety, food and water quality and safety, disease screening, hygiene and sanitation, disease prevention and control, ophthalmic services, clinical services, rehabilitation, mental health, laboratory services, oral health, disaster preparedness and disease outbreak services. Planning and monitoring, health information system (data collection, collation, analysis and reporting), supportive supervision, patient and health facility records and inventories;
(d)licensing and control of undertakings that sell food to the public including food safety and control;
(e)veterinary services to carry out, coordinate and oversee veterinary services including clinical services, artificial insemination, and reproductive health management; but excluding regulation of the profession; and
(f)enforcement of waste management policies, standards and regulations; in particular —
(i)refuse removal (Garbage) including, provision of waste collection bins, segregation of waste at source, licensing of waste transportation;
(ii)refuse dumps including zoning waste operational areas, conducting environmental impact assessment for the siting of dumps, fencing of dumps, controlling fires, monitoring waste characteristics and monitoring of waste water from the dumpsite (leachate); and
(iii)solid waste disposal including enforcement of national waste management policies, standards and laws with respect to landfilling, incineration with energy recovery, composting, recycling and operation of transfer stations.
3. Control of air pollution, noise pollution and other public nuisance including:
(a)control of noise pollution and other public nuisances;
(b)licensing for persons exceeding the permissible noise levels; and
(c)noise mapping and action plan development, excluding the implementation of nationally set ambient air quality standards.
4. Cultural services, public entertainment and public amenities:
(i)county betting, casinos and other forms of gambling;
(ii)racing;
(iii)cinemas;
(iv)libraries excluding Kenya National Library Services; and
(v)museums.
5. County transport including:
(a)county roads including primary roads linking all subcounty head quarters and minor roads linking markets and administrative centers excluding roads being managed by Kenya Urban Roads Authority, Kenya Rural Roads Authority, Kenya Wildlife Service and Kenya Forest Service;
(b)mechanical and transport equipment shall be retained by the national government for a period of six months and the Transition Authority shall during that period develop modalities of sharing the mechanical and transport equipment; and
(c)public road transport on licensing of public service vehicles operations.
6. Trade development and regulation:
(a) fair trading practices including —
(i)verification of weighing and measuring instruments;
(ii)inspection of weighing and measuring instruments and pre-packed goods;
(iii)investigation of complaints relating to unfair trade practices; and
(iv)prosecution of offences arising from unfair trade practices.
(b) co-operative societies —
(i)promotion of co-operative societies;
(ii)processing of application for registration;
(iii)inspections and investigations;
(iv)training needs assessment for co-operative movement;
(v)market information dissemination & advisory services;
(vi)banking inspections local Savings and Credit Cooperative Societies;
(vii) risk assessment in Savings and Credit Cooperative Societies;
(viii) investment advisory services;
(ix) co-ordination and monitoring of cooperative indemnity by co-operative leaders;
(x) promotion of co-operative ventures and innovations for local co-operatives;
(xi) carrying out certification audits;
(xii) carrying out continuous and compliance audits;
(xiii) co-operative advisory services;
(xiv) pre-co-operative education;
(xv) settlement of disputes (arbitration); and
(xvi) registration of co-operative societies audited accounts.
7. County planning and development:
(a) statistical services including —
(i)custodian of official statistics in the county;
(ii)maintenance of a comprehensive and reliable county socio-economic database;
(iii)quality assurance of statistical information;
(iv)collection and compilation of statistical information;
(v)analysis of statistical information;
(vi)publication and dissemination of statistical information for public use; and
(vii) coordination, monitoring and supervision of
the county statistical system;
(b) boundaries and fencing including—
(vi) determination of property boundaries;
(vii) solving of property boundary disputes;
(viii) showing of property boundaries;
(ix) ensuring fencing and development of
properties; and
(x) finalization of surveying of administrative
boundaries within the counties; and
(c) identification of the renewable energy sites for
development—
excluding identification and implementation of the
rural electrification projects, management of the Rural
Electrification Fund and development of isolated diesel
stations, which shall be transferred within the transition
period as per the Rural Electrification Authority
schedules.

8. Village polytechnics.
9. Implementation of specific national government
policies on natural resources and environmental
conservation:
(a) soil and water conservation—
(i) implementation of county specific water
conservation and forestry policies through
water resource users;
(ii) water pollution control; and
(iii) borehole site identification and drilling; and
(b) forestry including farm forest extension services,
forests and game reserves formerly managed by local
authorities excluding forests managed by Kenya
Forest Service, National Water Towers and private
forests.

10. County public works and services:
(a) public works including designing,
documentation, post contracting, project management
of construction and maintenance of public buildings
and other infrastructural services. Construction of
footbridges; and
(b) water and sanitation services including rural
water and sanitation services, provision of water and
sanitation service in small and medium towns without
formal service providers, water harvesting (specific
to counties), urban water and sanitation services with
formal service provision including water, sanitation
and sewerage companies, excluding Water Service
Boards, Water Services Regulatory Board and Water
Resources Management Authority.

11. Ensuring and coordinating the participation of
communities
and locations in governance at the local level and
assisting communities and locations to develop the
administrative capacity for the effective exercise of the
functions and powers and participation in governance at
the local level.

Dated the 9th August, 2013.
KINUTHIA WAMWANGI,
Chairman,
Transition Authority
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<tr>
<th>Pre-Budget Statement</th>
<th>Enacted Budget</th>
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<tr>
<td>In-Year Report</td>
<td>Citizens Budget</td>
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<td>Executive’s Budget Proposal</td>
<td>Mid-Year Review</td>
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<td>AUDIT REPORT</td>
<td>YEAR-END REPORT</td>
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KENYA BUDGET DOCUMENT NAME CARDS
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<th>BUDGET POLICY STATEMENT</th>
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<th>QUARTERLY ECONOMIC &amp; BUDGETARY REVIEW</th>
<th>BUDGET HIGHLIGHTS</th>
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<td>BUDGET STATEMENT AND BUDGET ESTIMATES</td>
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<td>REPORT OF THE AUDITOR GENERAL ON THE APPROPRIATION ACCOUNTS, OTHER PUBLIC ACCOUNTS AND THE ACCOUNTS OF FUNDS OF THE R.O.K.</td>
<td>NOT PUBLICLY AVAILABLE</td>
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Establishment of Forum for Consultation by County Governments

137. (1) As soon as practicable after the commencement of this Act, a county government shall establish a forum to be known as the (Name of the County) County Budget and Economic Forum.

(2) The County Budget and Economic Forum shall consist of—

(a) the Governor of the county who shall be the chairperson;

(b) other members of the county executive committee;

(c) a number of representatives, not being county public officers, equal to the number of executive committee members appointed by the Governor from persons nominated by organisations representing professionals, business, labour issues, women, persons with disabilities, the elderly and faith based groups at the county level.

(3) The purpose of the Forum is to provide a means for consultation by the county government on—

(a) preparation of county plans, the County Fiscal Strategy Paper and the Budget Review and Outlook Paper for the county; and

(b) matters relating to budgeting, the economy and financial management at the county level.

(4) In addition to the above, consultations shall be in accordance with the consultation process provided in the law relating to county governments.
Introduction

This Brief outlines the concerns of a number of civil society organizations about the framework for public participation in financial matters under the new Public Finance Management (PFM) Act.

The Act creates a new county-level structure called the County Budget and Economic Forum (CBEF). Its purpose is “to provide a means for consultation by the county government on – a) Preparation of county plans, the County Fiscal Strategy Paper, and the Budget Review and Outlook Paper for the county; and b) Matters relating to budgeting, the economy and financial management at the county level.”

The membership of the CBEF includes: 1) the Governor of the county (chairperson), 2) other members of the county executive committee, and 2) representatives (not county officials) equal to the number of executive committee members; these representatives are appointed by the Governor and nominated by various county-level organizations (e.g., representing professionals, business, labour, women, etc.).

There is no other detail about how the CBEF will function or exactly what its role is. In response to this, we have summarized below our views and recommendations on the membership, role, conduct, and responsibilities of the CBEF, among other key issues.

CBEF Role

The principal role of the CBEF should be to convene public consultations, rather than to represent the public. Due to the nature of the CBEF, it is not appropriate for taking budget decisions on behalf of a county’s citizens. But it can reach out to citizens and structure participatory processes for gathering input on plans and budgets.

The law states that the CBEF is to serve as a means for consultation on plans and budgets. Therefore, the CBEF should organize:

- forums that allow citizens to comment on government plans, strategies, and budgets; and
- quarterly sessions for citizens to receive information on the implementation of plans and budgets throughout the year, and for citizens to provide feedback to government on what they are seeing on the ground in terms of implementation.

CBEF Responsibilities

The CBEF should be required to coordinate with community leaders, elected at ward level, and serving in a volunteer capacity as organizers and information sharers between the county government and citizens. These leaders will serve several functions. They will:

- organize ward-level meetings to disseminate information about county-level plans, budgets, and processes;

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8 This summary has been excerpted and adapted from the original document.
• organize sessions to facilitate citizens to develop priorities; and
• serve as representatives of their wards at county-level meetings.

At the county meetings, there must be time for at least two important elements:

1) government officials must provide an overview of any plans or budgets and justify the reasons for the selection of priority areas in these documents, as well as the links between plans and budgets; and
2) time (at least 30-60 minutes, or one third of the total meeting length) must be provided for the public to ask questions and provide feedback on these plans and budgets.

These two elements should be written into the regulations.

The first task of the CBEF each year should be to produce and disseminate a calendar with the dates and venues for all consultations for the coming budget year. All consultations should then be preceded (at least two weeks in advance) by a public notice that provides information about the nature of the consultation, an agenda for the meeting, and a summary of the key issues to be discussed. Where the consultation involves choices among priorities or over a particular resource basket, the relevant choices and budget information should be included in the notice.

CBEF – Other Issues

The final issue around the CBEF relates to access to information. The regulations should state that citizens must have access to key budget and policy information in a timely manner, and that it should be “prepared in a clear, readily understandable, user-friendly form.” All minutes from all meetings of the CBEF, all meeting agendas, and all draft documents upon which the public is to comment must be made public, and should be provided at least two weeks in advance of meetings. All budget proposals, enacted budgets, and budget implementation reports at county level must also be made available. They can be placed in county offices but should also be distributed at ward level through county councilors and ward representatives.

The Ten Principles of Public Participation

1. Public consultations should be open to the widest spectrum of citizens and taxpayers, without discrimination.

2. Safeguards should be established to prevent consultative forums from being dominated by any one political group, organized interest, or politician.

3. Public consultations must have clear and specific purposes, and these purposes should generally be to seek feedback on government plans, budgets and budget implementation, to seek specific preferences over a defined set of priorities, such as prioritizing a list of capital investments, and to present and seek feedback on audit reports and queries raised by auditors.

4. The timeline and venues for public consultations should be made known at least two weeks in advance of the consultation to ensure that people can prepare themselves to participate.

5. Public consultations must set aside dedicated time for public feedback and questions.

6. Public participation in the planning and budget process should occur at all stages in this process, including formulation, enactment, implementation, and oversight/evaluation.

7. The public must have access to all relevant plan and budget documents in a timely fashion, meaning at least two weeks before any decisions are taken about draft plans or budgets.

8. All plan and budget documents should contain an executive summary and a narrative explanation of tables and figures.
9. Citizens should be able to provide input into public consultations through direct participation, through representatives, and through written comments.

10. Where the public is asked for input, there should be a feedback mechanism so that citizens know whether or not their inputs were received, and whether and why they were or were not incorporated into the relevant plans or budgets.

READING 2.6c • SUMMARY OF THE LASDAP PROCESS
A summary of the steps involved in the process of developing a Local Authority Service Delivery Action Plan (LASDAP):

1) Information gathering to guide the LASDAP process: local officials gather various types of information, including socioeconomic data, lessons learned from previous year’s LASDAP process, status of previous year’s projects, analysis of strategic plan and linkages to upcoming LASDAP process, etc.

Output/Action: Background Report for LASDAP should be produced and released to the public by mid-September.

2) The LASDAP officers develop a timeline for the participatory process (including a budget for participation), and an explanation of how public participation will happen; they calculate the Resource Envelope for LASDAP (the amount of money available for projects), which is based on revenues from both the Local Authority Transfer Fund (LATF) and other sources; and they write a report on the status of previous project commitments, which includes a separate list of not-started or incomplete projects from previous years and the resources needed to complete them.

Output/Action: A Public Notice of the resource envelope, process, and timeline for developing the LASDAP should be posted by mid- to late September (two weeks before the annual consultation meeting).

3) Written submissions are requested from citizens; this request explains exactly which decisions the public can make, and includes information about the types of allowable expenditure for local authorities and the timeframe for projects.

Output/Action: Request for Submissions should be released around the same time as the Public Notice, so the public has time to prepare submissions for the annual consultation meeting in October.

4) An annual consultation meeting takes place in each ward/district and involves local authority (LA) officials, local organizations, and community members. There are a number of documents that must be made available to the public for this meeting, among others: the LASDAP guidelines; the public notice showing the money available; a list of organizations invited; the meeting agenda; implementation status report on previous years’ projects; a summary of written submissions; the poverty map for the district; and the LA’s strategic plan.

Output/Action: Consultation Documents should be made available at the consultation meeting (in October), or preferably, one week before.
5) A **consensus** meeting is held at the local authority level. The meeting participants include two representatives nominated from each consultation meeting to represent that district/ward. Others include CSOs working at the LA level, government officials, and Constituency Development Fund (CDF) and other development officials for coordination. At the consensus meeting, an almost final draft of the LASDAP itself is developed and a LASDAP Monitoring Group is elected, which is charged with monitoring the implementation of agreed projects in the LASDAP over the course of the year. The group is composed of non-state actors and councilors (with a maximum of seven members). A number of documents must be made available in advance of the meeting, including all of the information that was provided at the consultation meetings, plus the report of the technical team and the full list of proposals submitted by each consultation meeting.

**Output/Action:** Consensus Meeting Documents should all be made available one or two weeks before the consensus meeting.

6) Local officials prepare a report that summarizes the annual consultation meeting and allows citizens to know who was at the meeting, what was said, and which projects were prioritized. This report must be made publicly available immediately after the meeting.

**Output/Action:** Consultation Report should be made available within one week of the consultation meeting.

7) After the consensus meeting, a preliminary LASDAP report is produced, which includes a full list of costed projects developed at the meeting; the criteria used to arrive at the consensus; the list of participants who attended the consensus meeting; the LASDAP summary; and the status report of previous years’ project implementation.

**Output/Action:** Preliminary LASDAP Report/Output of Consensus Meeting should be made available within one week of the consensus meeting.

8) After the consultation meetings are held across districts/wards, a technical team consolidates all of the requests and comes up with a priority list for the entire local authority. The report assigns scores to projects based on certain criteria. The report is essential because it explains why certain projects were prioritized across the local authority. It must be prepared in advance of the consensus meeting.

**Output/Action:** Technical Team Report on Consultation Priorities should be made available two weeks before the consensus meeting, which is held in November.

9) Another step in the process is a meeting of the local Council, at which the full Council must adopt the LASDAP. Although the Council has the power to amend the LASDAP, there are no amendments expected at this stage, since the councilors were present at the consensus meeting.

**Output/Action:** Final Approved LASDAP should be made available within four days of approval by the local Council.
10) All of the documents that are generated by the local-level LASDAP process must be compiled and sent to the national government by November 30. If this is not done, the local authority is penalized with the loss of LATF funds.

Output/Action: *Compilation of LASDAP Documents for National Government should be compiled and submitted by November 30.*

11) After the LASDAP is approved, the full report and a report by ward of specific projects should be made available, and meetings are held at the consultation level to inform citizens of the final results of the process.

Output/Action: *Ward Report on Approved Projects should be produced and released to the public by December 15.*
READING 2.6d ■ PARTICIPATORY BUDGETING IN THE DRC

The local governments in the province of South Kivu, DRC have been conducting participatory budgeting since 2010. In August of that year, the provincial government informed local governments that it would start transferring funds to the local level, as mandated by law, but which previously had not been happening. The condition for receiving the transfers was that the local governments would be required to implement participatory budgeting (PB). In 2011 the Ministry of the Budget institutionalized the PB process in South Kivu, so that for the year 2012, local governments were required to carry out PB, meaning that they had to submit a part of their investment budget to citizens to decide on how the funds should be spent.

The first phase of the PB process in South Kivu proceeds as follows:

1) The head of the municipality, in consultation with civil society and representatives of local communities, decides on the percentage of the budget that is going to be used for local investment. This is the part of the budget that will be determined through the PB process. The total amount is divided equally among all of the communities that fall under the municipality’s jurisdiction.

2) After the size of the resource envelope is determined, the next step is a public launch event – a large meeting at which the head of the municipality informs the public of the PB exercise and explains the process, in order to mobilize participation.

3) Each community then organizes town hall meetings to discuss their priority needs and what they want to do with the funds (e.g., road maintenance, repairing classrooms, building toilets, etc.). The outcome of these town hall meetings is a list of priorities for each community.

4) A municipality-wide meeting is then held during which all of the communities gather. During this meeting, each community votes on the list of their community’s priorities – the priority project that receives the most votes is the one that gets funded. (Each community gets funding for only one project). Those who cannot physically vote at the meeting vote via mobile phones, and they are given a one-week window during which they can vote, i.e., the week leading up to the municipal-level meeting. Only one vote is allowed per mobile phone, as agreed by the participants in the PB process. After the regular voting takes place at the meeting, the SMS votes are merged with the regular votes.

5) The projects that receive the most votes are then included in the municipal budget. (At this point, the budget has already been prepared, except for the investment plan.) The budget is then finalized and signed by the head of the municipality. (Since 2006, there have been no municipal councils in the DRC, so the budget is approved by the head of the municipality.)

6) The budgets of the municipalities are sent to the provincial government, where they are consolidated and then reviewed and approved by the provincial legislature.

The second phase of the process involves monitoring the implementation of the projects that were identified through the PB process. There is no formal body in the communities responsible for the monitoring. However, civil society groups in each community organize themselves to conduct monitoring for that community. Throughout the year, these civil society representatives monitor the implementation of the projects and report any issues or problems to the municipal government. They also update citizens regularly on the status of project implementation via text messages. At the end of the budget year (and before the next PB process starts), the civil society monitors prepare reports on each of the projects, describing what went well, what has and has not been done, and what problems arose. These community-level reports are consolidated into one report, which includes a significant amount of photo evidence of project implementation.
The municipal government also produces a report, and the two reports are then discussed and adjusted, after which a final report is agreed upon. Lastly, a large public accountability forum is held at which the findings of the report are presented. At this forum, the head of the municipality is required to respond to issues and questions raised by community members about the projects in their communities, and to make commitments to address specific problems. This forum is similar to the public forums used during social audits and serves as a critical accountability mechanism in the PB process.

READING 2.6e ■ CBEF – PRINCIPLES AND OPTIONS:
EXECUTIVE SUMMARY (by Jason Lakin)

INTRODUCTION

Kenya’s 2010 Constitution and subsequent legislation require public participation in county public finances. While there are many references to “public participation” in these laws, most are vague and contain no further guidance. The exception to this is the specific requirement that every county set up a County Budget and Economic Forum (CBEF).

The CBEF is mandated by the Public Finance Management (PFM) Act 2012. The Act states that counties shall create these forums in order to “provide a means for consultation by the county government on —

- preparation of county plans, the County Fiscal Strategy Paper, and the Budget Review and Outlook Paper for the county; and
- matters relating to budgeting, the economy and financial management at the county level.”

While the CBEF is the most concrete example in law of public participation in public finance, existing legislation is still not very clear about how CBEF should work. This brief provides guidance to citizens and officials on how to form and operate a CBEF in their county. It is organized around a set of options and draws on Kenyan and international examples to explain these options.

WHY PARTICIPATION? WHY CBEF?

Public participation is in part about aligning the needs and demands of the public more closely with the choices of government officials. This suggests that public participation must occur at the formulation and approval stages of the budget, when priorities are being set. At the same time, concerns about corruption and failure to account for resources during the course of budget implementation suggest that public participation in Kenya is also important during budget execution and when budget performance is evaluated. The public has an oversight role to play that complements the County Assembly and other bodies.

CBEF is the appropriate forum for public engagement throughout the budget cycle. As we have argued elsewhere, along with other civil society organizations, the primary function of CBEF should be to facilitate consultation with the public at all stages of the budget process. The key question we try to answer here is how CBEF should encourage consultation with the public.

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9 “Public Participation Under Kenya’s New Public Financial Management Law and Beyond,”
WHO PARTICIPATES AND HOW?

The first issue we look at is who participates from the public. How they are identified and how are they represented in consultations? We consider five options.

**Option 1:** Public participation can happen through multiple open public forums that have been widely advertised around the county

**Option 2:** Public participation can happen through forums in which people nominate representatives from lower levels (villages/sublocations) to represent them at higher levels (wards/counties)

**Option 3:** Public participation can happen through the formation of a randomly selected group of citizens, sometimes known as a “mini-public,” brought together in one place to deliberate

**Option 4:** Public participation can happen through the selection of a group of citizens based on particular characteristics, such as region, type of organization, etc., and brought together in one place

**Option 5:** Public participation can happen through the use of representative surveys or focus groups across the county that ask the public for specific views

WHAT ARE PEOPLE CONSULTED ABOUT?

The next issue we consider is the content of the consultations. What are people asked to talk about in these consultations? We look at this issue during the formulation stage of the budget, as well as the implementation stage. We consider four options during formulation, and three during implementation.

**At the formulation stage:**

**Option 1:** The public can determine how to spend development (capital) funds on investment projects in the county

**Option 2:** The public can determine how to spend part of the recurrent or operational budget in the county

**Option 3:** The public can participate through councils that are organized around specific sectors (e.g., health, education, etc.) where they discuss part of or the full sector budget

**Option 4:** The public can discuss the entire budget, both recurrent and development, and all sectors, especially if a mini-public is formed to deliberate on this

**At the implementation stage:**

**Option 1:** The public can participate in sector councils that provide oversight of budget implementation in a single sector (health, education, etc.)

**Option 2:** The public can participate in reviewing regular implementation reports for the whole budget throughout the year and providing input into the performance indicators used to monitor budget execution

**Option 3:** Citizens can participate directly in monitoring projects by working together with county officers to visit project sites and review project records

HOW DOES CONSULTATION HAPPEN?

The last issue we examine is about the process of consulting and what actually happens during public engagements. We look at three options for organizing consultations.
Option 1: Public participation is organized so that citizens take decisions that are binding on government (but still have to be approved by the County Assembly)

Option 2: Public participation is organized so that even if decisions are not binding, government must provide comprehensive feedback to explain how and why citizen inputs were used or rejected

Option 3: Decisions in participatory forums can be taken using different voting methods, including different levels of majority rule or consensus

CONCLUSION

This brief draws on global experience to propose a set of options that counties can consider as they set up their County Budget and Economic Forums. It is intended to provoke debate and innovation in meeting the public participation requirements of the Constitution and the PFM Act. It is not intended to be exhaustive, and we are hopeful that as counties begin to roll out their County Budget and Economic Forums, they will also introduce novel, exciting ideas that go far beyond what we have discussed here.

READING 2.6f ■ IDENTIFYING PUBLIC PARTICIPATION OPPORTUNITIES IN THE PFM ACT

This reading summarizes a few questions and answers from an IBP-CIC FAQ on public finance.10

Timing of the National Budget Process
7. So we can check the Budget Policy Statement after it is released, but how do we also influence it while it is being developed?

The government has typically held public hearings by sector (like health, or education) before the BPS is released. At these hearings, the public is supposed to be able to ask questions and make suggestions. For the 2012/2013 and 2013/14 budget years, Treasury organized county level hearings in November, 2011.11 These were in addition to the main national sector hearings that are normally held at the Kenyatta International Conference Centre (KICC) in Nairobi. The Judiciary has also started to call public hearings before they submit their budget request.12 In theory, the public can try to influence the BPS by participating in these hearings. In practice, it can often be difficult to comment or ask questions during these hearings because of the way they are organized. However, if citizens are well-informed and prepared, they could make better use of these hearings in the future.

These are the opportunities to participate in the formulation of the BPS that we know about, but the PFM Act also says that every year by August 30, the Cabinet Secretary for Finance shall issue a circular to all national government bodies that lays out in more detail how the public can participate in the budget-making process.13 This may contain additional opportunities and

12 This year, the hearing was held on October 30 at Milimani Law Courts.
13 PFM Act, 36:2.
specific dates on which public input will be sought. Finally, the Act also says that regulations may be drafted to provide more detail on the manner of public participation under the Act. For example, regulations may specify the procedures for the public to be notified and to comment on financial matters, and regulations may provide for special needs of people who cannot read or write, people with disabilities, women and other.

10. Maybe I missed it, but when is the government’s budget proposal made available to the public? You said it must be sent to Parliament by April 30, but when does the public get to see it?
You didn’t miss it. The PFM Act provides that the budget estimates should be made known to the public “as soon as practicable” after tabling in the National Assembly.\(^\text{14}\) Due to the indefinite nature of this provision this is an area where citizens really need to insist that the regulations be written or changed to ensure that the public gets the proposal (the Budget Estimates) no more than a week after Parliament does. This is important because, as we mentioned earlier, the Constitution says that the parliamentary Budget Committee must seek input from the public on the budget before it makes its recommendations. This should happen in May. But if the public has not yet seen the Budget Estimates, as happened in May 2012, it is difficult to give meaningful inputs. Citizens must insist that in order to participate, they need information.

Role of National Assembly in national budget formulation

11. Are there any limits to the kinds of changes that we can request Parliament to make to the budget proposal?
Yes. You can only ask Parliament to make changes that the law allows. The PFM Act restricts Parliament in one major sense. It says that if Parliament wants to spend more on a particular area, say education, it must cut an equal amount of funding from another area. This is designed to avoid changes to the budget that increase the deficit. Parliament is allowed to cut spending without limit to decrease the deficit.\(^\text{15}\)

If Parliament is not happy with the overall level of spending, revenues or the deficit, it can try to adjust these issues when it debates and amends the Budget Policy Statement. By the time of the budget proposal (Budget Estimates), however, it is restricted to making changes that do not raise the deficit.

The county budget process

28. So I guess I should comment on the county development plan when it is published in September, but can the public also influence the plan while it is being developed?
Yes. The law establishes a new body at county level called the County Budget and Economic Forum. This body is supposed to encourage consultation with the public about county plans and budgets, including the county development plan. It is a mixed body that contains county officials and also nominees from the private sector and non-state actors.

Unfortunately, the law is not very specific about how the Forum will work, and some CSOs have raised concerns that it could be dominated by the Governor and his or her friends, rather than

\(^\text{14}\) PFM Act, 37:8.  
\(^\text{15}\) PFM Act, 39:3.
the public. It is up to you and to residents in each county to make sure that the Forum becomes a space for real consultation. You can read more about the Forum and the concerns that have been raised at:

36. Okay, so what about monitoring implementation of the county budget?

Again, this starts with the enacted budget, which is government’s promise to spend for the year. The enacted (or approved) budget takes the form of a final Appropriations Act approved by the County Assembly. As at national level, the approved budget should be available within 21 days of passage by the Assembly, which, in the absence of delays, would be by late July.\(^\text{16}\)

As at national level, there should also be quarterly implementation reports that provide financial and non-financial information on the performance of county government entities. These reports should be prepared and consolidated within a month after the quarter ends (every 3 months) and submitted to both the County Assembly and the public for oversight and monitoring.\(^\text{17}\)

By September 30 each year (the end of the first quarter of the financial year), the County Treasury must submit to the County Executive Committee its Budget Review and Outlook Paper.\(^\text{18}\) This paper is to be approved or amended by the Executive Committee within 14 days and then tabled in the County Assembly. It should be published after that “as soon as practicable.” This paper is also important for citizen monitoring, because it should compare the last year’s budget to actual performance and explain failures to implement the budget as planned.

Accountability

44. You mention that audit reports by Kenya’s national auditor looking at the performance of government agencies are tabled in Parliament. Are these also available to the public?

Yes, all audit reports should be made available to the public. Some of these reports are on the website of the Kenya National Audit Office (KENAO). Others must be requested directly from KENAO offices. In fact, citizens and the media have made relatively little use of these audit reports in the past, but they are a rich source of information that can be used to raise awareness of poor management of public money and to press for greater accountability.

\(^{16}\) PFM Act, 131:5.  \(^{17}\) PFM Act, 166.  \(^{18}\) PFM Act, 118.