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INTRODUCTION

This is the Participant Manual for use in the IBP’s Kenya County Budget Training. It is meant to be used along with the Facilitator Manual and the Annex of Key Documents. These can be found on the IBP Kenya website at http://internationalbudget.org/guides-and-training-materials/. In addition, you will find an Annex of Background Documents for further reading in a number of areas. These documents (with the exception of the Annex of Background Documents) should be printed in advance, or soft copies made available to participants where that is possible.

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 of Key Documents, 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, 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.

Dr. Jason Lakin
Director, 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. Reviewing county revenue sources: Charts and Tables 30 minutes
2. CRA formula: 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 2.2: Twenty Questions About Your County’s Budget (Taita Taveta) 2 hours
4. Task 2.5: County Fiscal Strategy Paper Exercise (Taita Taveta) 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
GOALS OF THE WORKSHOP

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);

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.
WORKSHOP AGENDA

DAY ONE

08h30 – 09h00 Introductions and Goals of the Workshop
09h00 – 10h45 Counties Slash their Health Care Budgets?
  Session 1: Task 1.1
10h45 – 11h00 Tea/Coffee Break
11h00 – 12h45 Session 1: Task 1.2, Task 1.3 and Task 1.4
12h45 – 13h45 Lunch
13h45 – 15h30 Session 2: The Basics, Task 1.5, Task 1.6 and Task 1.7
15h30 – 15h45 Tea/Coffee Break
15h45 – 17h30 Session 2: Task 1.8, Task 1.9
  Session 3: Task 1.10 and Task 1.11

DAY TWO

08h30 – 10h45 Module 2: Session 1: Humorous look, Budget Process and Task 2.1
  Budget Timeline
10h45 – 11h00 Tea/Coffee Break
11h00 – 12h45 Task 2.2, Task 2.3 and Task 2.4
12h45 – 13h45 Lunch
13h45 – 15h30 Task 2.4
15h30 – 15h45 Tea/Coffee Break
15h45 – 17h30 Task 2.5

DAY THREE

08h30 – 10h45 Module 2, Session 2: Task 2.6
10h45 – 11h00 Tea/Coffee Break
11h00 – 12h15 Module 2: Session 3

12h15 – 12h45 Module 3: Revenue Sharing: Task 3.1
12h45 – 13h45 Lunch
13h45 – 15h30 Commission on Revenue Allocation
15h30 – 15h45 Tea/Coffee Break
15h45 – 17h00 Part II: Discussing Fairness and Part III
17h00 – 17h30 Evaluation, Certification, and Closure
INTRODUCTION: COUNTIES SLASH HEALTH BUDGETS?

Look at the articles below from Paul Wafula of The Standard.

What are the articles about? What questions do they leave you with?

For CSOs:

- 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?

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?

This piece can also be found from the links:

http://www.standardmedia.co.ke/mobile/?articleID=2000097475&story_title=alarm-as-30-counties-slash-health-budgets

Wafula Article 1

### 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.

**Wafula Article 2**

**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 overall 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
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.

### MODULE 1  ■  WHAT ARE COUNTIES RESPONSIBLE FOR?

**LEARNING OUTCOMES TO BE ACHIEVED**

By the end of this module, you 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;
**SESSION 1: REVIEW OF THE FOURTH SCHEDULE OF THE CONSTITUTION**

**TASK 1.1 • RESPONSIBILITIES OF NATIONAL GOVERNMENT AND COUNTIES**

Test your knowledge: look at the list of responsibilities below and indicate which responsibilities belong to the national government and which to the counties. If you think the responsibility is shared, explain why.

<table>
<thead>
<tr>
<th>Responsibilities</th>
<th>National or County?</th>
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<tbody>
<tr>
<td>Primary Education</td>
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<tr>
<td>Housing Policy</td>
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<td>Ambulance Services</td>
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<td>Courts</td>
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<td>Pre-Primary Education</td>
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<td>Housing</td>
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<td>Wildlife Protection</td>
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<td>Markets</td>
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<td>Water and Sanitation</td>
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<td>Agricultural Policy</td>
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<td>Energy Policy</td>
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<td>Control of Drugs</td>
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<td>Health Policy</td>
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<td>Public Road Transport</td>
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<td>Police</td>
<td></td>
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<tr>
<td>Veterinary Services</td>
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TASK 1.2 • A CLOSER LOOK AT FUNCTIONS ACCORDING TO THE FOURTH SCHEDULE

To answer the following questions, refer to Appendix I: The Fourth Schedule of the Constitution.

1) What is National Government responsible for in the Education sector?

2) What is County Government responsible for in the Education sector?

3) Do the responsibilities listed above cover every activity/service in the Education sector? Can you think of anything that’s missing? If yes, indicate whether you think the National Government or the County Government would be responsible for it.

4) What is National Government responsible for in the Health sector?

5) What is County Government responsible for in the Health sector?

6) Do the responsibilities listed above cover every activity/service in the Health sector? Can you think of anything that’s missing? If yes, indicate whether you think the National Government or the County Government would be responsible for it.

7) What is National Government responsible for in the Agriculture sector?

8) What is County Government responsible for in the Agriculture sector?

9) Do the responsibilities listed above cover every activity/service in the Agriculture sector? Can you think of anything that’s missing? If yes, indicate whether you think the National Government or the County Government would be responsible for it.
TASK 1.3 ■ THE AUGUST 2013 GAZETTE NOTICE ON TRANSFER OF FUNCTIONS

Review the Transition Authority gazette notice (Appendix II) about the transfer of functions, dated August 2013 and discuss the questions below in groups:

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

TASK 1.4 ■ INTERLUDE: AN APPLICATION: NYERI STORY

15 MINUTES

Read the story below and answer the following questions that apply to you.

For Journalists

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 you use information from the county budget, knowledge of county functions or county priorities to make it a stronger story?

For Civil Society Organisations

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?

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

TASK 1.5 ■ COUNTY DATA TABLES (Taita Taveta County Sheets)

Have a look at the Taita Taveta 2011 County Fact Sheets below produced by the Commission on Revenue Allocation and the Taita Taveta KNBS/SID County Reports.

Sources:

The CRA’s 2011 report with the County Fact Sheets can be found in the Annex of Background Documents and also online by clicking the link below:
https://www.opendata.go.ke/api/file_data/4LevhCRuhQYHFtIq6t0no0pfGqRYJeeV7pArUfhvTcFU?filename=Kenya_County_Fact_Sheets_Dec2011.pdf

Using the information in your county’s fact sheet and the KNBS/SID data sheet, discuss and answer the following questions:

1) Based on the data available in the county fact sheet, identify top three priorities in your county.
2) Based on the KNBS/SID data, which are some of the wards in your county with the highest needs and what are these needs?
3) Identify top three priorities at the ward level based on the data. Which ward should be prioritized? And why?
4) Rank the top three priorities you identified for both your county and your ward and explain your ranking. Is there a difference between the priorities at county and at ward level?
5) Identify whether the priorities noted are National or County functions.
# Taita Taveta County

## General Information (2009)

<table>
<thead>
<tr>
<th></th>
<th>Taita Taveta</th>
<th>Rank*</th>
<th>Kenya*</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>
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<tr>
<td>Density (people per km²)</td>
<td>17</td>
<td>39</td>
<td>66</td>
</tr>
<tr>
<td>Poverty rate, based on KIHBS (%)</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>67</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>
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## Health and Education Outcomes

<table>
<thead>
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<th>Taita Taveta</th>
<th>Rank*</th>
<th>Kenya*</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>
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<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>
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## Funding Per Capita in Kshs (2008/09)

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Taita Taveta</th>
<th>Rank*</th>
<th>Kenya*</th>
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<tbody>
<tr>
<td>Constituency Development Fund (CDF)</td>
<td>586</td>
<td>2</td>
<td>300</td>
</tr>
<tr>
<td>Local Authority Transfer Fund (LATF)</td>
<td>262</td>
<td>10</td>
<td>218</td>
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<tr>
<td>Single Business Permit revenues by LAs</td>
<td>60</td>
<td>13</td>
<td>48</td>
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<tr>
<td>Property tax revenues by LAs</td>
<td>9</td>
<td>28</td>
<td>70</td>
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<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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## Access to Infrastructure

<table>
<thead>
<tr>
<th>Service</th>
<th>Taita Taveta</th>
<th>Rank*</th>
<th>Kenya*</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, % of total roads</td>
<td>5.1</td>
<td>29</td>
<td>9.4</td>
</tr>
<tr>
<td>Good/fair roads, % of total roads</td>
<td>49.6</td>
<td>19</td>
<td>43.5</td>
</tr>
</tbody>
</table>

## Service Coverage

<table>
<thead>
<tr>
<th>Service</th>
<th>Taita Taveta</th>
<th>Rank*</th>
<th>Kenya*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivered in a health centre</td>
<td>40.5</td>
<td>16</td>
<td>37.5</td>
</tr>
<tr>
<td>Qualified medical assistant at 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>
</tr>
<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>

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

* All entries in the 'Kenya' column show County averages.

## Constituency Population and County Voter Statistics

<table>
<thead>
<tr>
<th>Constituency</th>
<th>Population</th>
<th>County's share of nationally registered voters in 2010</th>
<th>2008 Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voi</td>
<td>89</td>
<td>0.9%</td>
<td>72</td>
</tr>
<tr>
<td>Mwatate</td>
<td>68</td>
<td></td>
<td>56</td>
</tr>
<tr>
<td>Wundanyi</td>
<td>201</td>
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<td>71</td>
</tr>
</tbody>
</table>

Source: KNBS.

## Rural Electrification Allocations, Kshs Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Voi</th>
<th>Mwatate</th>
<th>Wundanyi</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/04</td>
<td>0</td>
<td>16</td>
<td>22</td>
</tr>
<tr>
<td>2004/05</td>
<td>22</td>
<td>26</td>
<td>20</td>
</tr>
<tr>
<td>2005/06</td>
<td>66</td>
<td>66</td>
<td>67</td>
</tr>
</tbody>
</table>

Source: Rural Electrification Authority.

## CDF Allocations, Kshs Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Voi</th>
<th>Mwatate</th>
<th>Wundanyi</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/04</td>
<td>16</td>
<td>117</td>
<td>24</td>
</tr>
<tr>
<td>2004/05</td>
<td>93</td>
<td>167</td>
<td>167</td>
</tr>
<tr>
<td>2005/06</td>
<td>91</td>
<td>167</td>
<td>201</td>
</tr>
</tbody>
</table>

Source: CDF Board Website.

## Population Per Nurse

<table>
<thead>
<tr>
<th>Constituency</th>
<th>Population Per Nurse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voi</td>
<td>2,402</td>
</tr>
<tr>
<td>Mwatate</td>
<td>2,014</td>
</tr>
<tr>
<td>Wundanyi</td>
<td>71</td>
</tr>
<tr>
<td>County</td>
<td>91</td>
</tr>
</tbody>
</table>

Source: Ministry of Medical Services.

Kenya: County Fact Sheets

EDUCATION

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. Mbohoni 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. Mbohoni 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 rain water 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.
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 26 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](image)

**TASK 1.6 • LOOKING AT EXISTING SERVICES**

Look at Table 1 in Budget Brief #19 (handout) included in the Annex of Key Documents.

How much money was being spent in the county on key sectors before devolution? Based on your general understanding of these services in the county, would you argue that spending should go down, remain the same or go up for these services?

**TASK 1.7 • REVIEW OF COB IMPLEMENTATION REPORT**

Review the two tables below extracted from the Taita Taveta County Fiscal Strategy Paper and answer the following questions.

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? The infrastructure sector has spent the least proportion of the money allocated. Does this reflect the state of affairs in the county?
<table>
<thead>
<tr>
<th>ITEM</th>
<th>DEPT</th>
<th>ACTUAL EXP 2012/13</th>
<th>REvised REC</th>
<th>REVISED DEV</th>
<th>TOTAL</th>
<th>Recurrent Actual exp</th>
<th>Dev. Actual Exp</th>
<th>TOTAL EXP</th>
<th>ACTUAL EXP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>COUNTY ASSEMBLY</td>
<td>33,854,718.00</td>
<td>317,430,935.55</td>
<td>108,444,475.00</td>
<td>425,875,410.55</td>
<td>67,529,855.00</td>
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<td>67,529,855.00</td>
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</tr>
<tr>
<td>2</td>
<td>COUNTY EXECUTIVE</td>
<td>50,315,311.30</td>
<td>284,726,496.86</td>
<td>41,254,440.79</td>
<td>325,980,937.65</td>
<td>307,853,453.00</td>
<td>720,000.00</td>
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<td>3</td>
<td>CPSB</td>
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<tr>
<td>4</td>
<td>COUNTY TREASURY</td>
<td>31,407,278.19</td>
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<td>112,855,974.28</td>
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<td>5</td>
<td>PLANNING</td>
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<tr>
<td>6</td>
<td>AGRICULTURE</td>
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<td>46,703,422.03</td>
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<td>33,372,003.97</td>
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<td>36,678,268.97</td>
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<td>7</td>
<td>WATER SERVICES</td>
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<td>COOPERATIVE DEVELOPMENT</td>
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<td>LANDS &amp; PHYSICAL PLANNING</td>
<td>4,253,216.50</td>
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<td>13,767,816.50</td>
<td>963,299.00</td>
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<td>CULTURAL SERVICES</td>
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<td>2,930,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
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<td>17</td>
<td>EDUCATION</td>
<td>104,550,025.00</td>
<td>67,446,560.00</td>
<td>171,996,585.00</td>
<td>464,840.00</td>
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<td>FISHERIES</td>
<td>7,883,301.00</td>
<td>3,904,410.10</td>
<td>11,787,711.10</td>
<td>4,300,421.49</td>
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<td>19</td>
<td>HEALTH</td>
<td>539,990,588.62</td>
<td>108,000,655.75</td>
<td>647,991,245.37</td>
<td>191,654,955.76</td>
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<td>191,654,955.76</td>
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<tr>
<td>20</td>
<td>PUBLIC HEALTH</td>
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<td>3,101,442.54</td>
<td>1,298,140.00</td>
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<td>-</td>
<td>1,298,140.00</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>LIVESTOCK PRODUCTION</td>
<td>27,117,194.00</td>
<td>41,161,868.43</td>
<td>68,278,881.43</td>
<td>16,764,182.49</td>
<td>21,800,000.00</td>
<td>-</td>
<td>38,564,182.49</td>
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<td>VETERINARY SERVICES</td>
<td>30,779,439.50</td>
<td>4,265,740.00</td>
<td>35,045,179.50</td>
<td>40,752.00</td>
<td>-</td>
<td>-</td>
<td>40,752.00</td>
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<td>23</td>
<td>COUNTY SPORTS</td>
<td>3,877,425.00</td>
<td>-</td>
<td>3,877,425.00</td>
<td>365,600.00</td>
<td>-</td>
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<td>365,600.00</td>
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<td>24</td>
<td>TRADE DEVELOPMENT</td>
<td>7,408,230.60</td>
<td>19,000,000.00</td>
<td>26,406,230.60</td>
<td>1,075,900.00</td>
<td>-</td>
<td>-</td>
<td>1,075,900.00</td>
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</tr>
<tr>
<td>25</td>
<td>REAL RECLAMATION &amp; WATER STORAGE</td>
<td>975,000.00</td>
<td>-</td>
<td>975,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>TRADE WEIGHTS &amp; MEASURES DEPT</td>
<td>1,582,740.00</td>
<td>-</td>
<td>1,582,740.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>27</td>
<td>FORESTRY</td>
<td>1,814,973.44</td>
<td>-</td>
<td>1,814,973.44</td>
<td>7,300.00</td>
<td>-</td>
<td>-</td>
<td>7,300.00</td>
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<tr>
<td>28</td>
<td>FORMER LOCAL AUTHORITIES</td>
<td>222,965,643.20</td>
<td>89,904,066.20</td>
<td>312,869,709.40</td>
<td>50,538,593.00</td>
<td>-</td>
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<td>50,538,593.00</td>
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</tr>
<tr>
<td>29</td>
<td>FLOOD MITIGATION (VDI &amp; TAVETA)</td>
<td>-</td>
<td>30,000,000.00</td>
<td>30,000,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>SEED MONEY FOR MINING DEV</td>
<td>6,632,000.00</td>
<td>13,368,000.00</td>
<td>20,000,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>SEED MONEY FOR TOURISM DEV</td>
<td>2,500,000.00</td>
<td>15,868,000.00</td>
<td>18,368,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>ROADS</td>
<td>-</td>
<td>117,000,000.00</td>
<td>117,000,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>EQUILIZATION OF WARDS INFRASTRUCTURE</td>
<td>-</td>
<td>80,000,000.00</td>
<td>80,000,000.00</td>
<td>93,450.00</td>
<td>93,450.00</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>115,577,307.49</td>
<td>1,829,076,310.82</td>
<td>2,920,380,772.92</td>
<td>702,975,330.71</td>
<td>12,860,426.00</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

23
TASK 1.8 ■ EXAMINING AN EXAMPLE COUNTY PLAN & REFLECTING ON YOUR COUNTY’S PLAN

Exercise 1: A look at Taita Taveta CIDP

In this exercise, we look at the Health Services sector in the Taita Taveta County CIDP. The ORIGINAL CIDP is in the Annex of Key Documents and should be provided by the facilitators. Review sections 7.8 of the Taita Taveta CIDP, beginning on page 140. Also look at section 8.2.8, beginning on page 213, and answer the questions below.

1. According to the documents you have, does the CIDP identify sector priorities?

2. Does the CIDP identify programmes within the sector?

3. Does the CIDP provide information on significant capital developments, including their cost and status (Ongoing, new, etc)?

4. Does the CIDP identify a timeframe for implementation of projects or programmes?

5. Does the CIDP estimate multi-year costs of ongoing programmes?

6. Does the CIDP provide performance targets for programmes or projects and/or indicators of success or impact?

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?

8. What additional information do you need to inform these documents that are not provided in the CIDP?
EMBU STORY Embu County faulted on priorities

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 woke 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

TASK 1.10 UNDERSTANDING COUNTY REVENUES

Question 1: What share of county budgets comes from national and what share comes from the revenues collected locally? Write down your answer below.

Question 2: How close are our counties coming to their revenue targets? Write the percentage you think below (e.g., 50% means the counties have collected ½ of what they said they would collect)

Question 3: What are main sources of county own revenues? (List the top 3)

Now look at the two pie charts below in pairs and compare these to what you had guessed.

Chart 1

![Pie Chart 1: County Revenues: National Transfers vs. Own Revenues (Target), 2013/14](chart1)

Targeted own revenues to national transfers: 24%

Chart 2
Actual own revenues to national transfers ratio: 12%

Look at the table below, based on data from the Controller of Budget. Find your county’s own revenue projections and actual collection.

<table>
<thead>
<tr>
<th>County name</th>
<th>Projected Revenue Collected by Local Authorities in county FY 2012/13 (WB)</th>
<th>Annualized Revenue Projections for FY 2013/14 Based on 3 Quarters (IBP)</th>
<th>Actual Local Revenue for Full FY 2013/14</th>
<th>Difference between Actual Annual Revenue and Projected Annual Revenue</th>
<th>Annual Local Revenue Target (according to COB Annual Implementati on Report 2013/14)</th>
<th>Actual Local Revenue as a % of Annual Local Revenue Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baringo</td>
<td>112,114,229</td>
<td>172,804,436</td>
<td>201,519,606</td>
<td><strong>28,715,170</strong></td>
<td><strong>260,000,000</strong></td>
<td>78%</td>
</tr>
<tr>
<td>Bomet</td>
<td>77,720,504</td>
<td>182,185,653</td>
<td>200,949,332</td>
<td><strong>18,763,679</strong></td>
<td>235,948,424</td>
<td>85%</td>
</tr>
<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>
</tr>
<tr>
<td>Busia</td>
<td>222,969,331</td>
<td>265,662,884</td>
<td>328,993,569</td>
<td><strong>63,330,685</strong></td>
<td>366,327,150</td>
<td>90%</td>
</tr>
<tr>
<td>Elgeyo/Marakwet</td>
<td>59,082,347</td>
<td>51,023,405</td>
<td>61,001,213</td>
<td><strong>9,977,808</strong></td>
<td><strong>85,000,000</strong></td>
<td>72%</td>
</tr>
<tr>
<td>Embu</td>
<td>406,499,261</td>
<td>116,148,979</td>
<td>168,486,515</td>
<td><strong>52,337,536</strong></td>
<td>659,165,345</td>
<td>26%</td>
</tr>
<tr>
<td>Garissa</td>
<td>71,735,061</td>
<td>36,601,683</td>
<td>35,892,845</td>
<td>(708,838)</td>
<td>150,533,326</td>
<td>24%</td>
</tr>
<tr>
<td>Homa Bay</td>
<td>136,079,664</td>
<td>131,824,915</td>
<td>134,985,390</td>
<td><strong>3,160,475</strong></td>
<td>140,678,820</td>
<td>96%</td>
</tr>
<tr>
<td>Isiolo</td>
<td>172,154,533</td>
<td>134,589,315</td>
<td>125,064,066</td>
<td>(9,525,249)</td>
<td>360,000,000</td>
<td>35%</td>
</tr>
<tr>
<td>------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td>Kajiado</td>
<td>246,516,369</td>
<td>279,392,331</td>
<td>453,371,648</td>
<td>173,979,317</td>
<td>88%</td>
<td></td>
</tr>
<tr>
<td>Kakamega</td>
<td>404,894,297</td>
<td>200,731,861</td>
<td>325,216,300</td>
<td>124,484,439</td>
<td>12%</td>
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</tr>
<tr>
<td>Kericho</td>
<td>185,060,989</td>
<td>279,077,685</td>
<td>371,395,186</td>
<td>92,317,501</td>
<td>110%</td>
<td></td>
</tr>
<tr>
<td>Kiambu</td>
<td>1,167,690,962</td>
<td>1,159,388,821</td>
<td>1,246,683,890</td>
<td>87,295,069</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>Kilifi</td>
<td>446,955,792</td>
<td>441,029,553</td>
<td>459,575,703</td>
<td>18,546,150</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>Kirinyaga</td>
<td>275,237,753</td>
<td>194,763,155</td>
<td>200,373,963</td>
<td>5,610,808</td>
<td>46%</td>
<td></td>
</tr>
<tr>
<td>Kisii</td>
<td>321,128,622</td>
<td>229,092,015</td>
<td>250,147,453</td>
<td>21,055,438</td>
<td>34%</td>
<td></td>
</tr>
<tr>
<td>Kisumu</td>
<td>1,655,148,999</td>
<td>622,204,729</td>
<td>621,861,798</td>
<td>(342,931)</td>
<td>36%</td>
<td></td>
</tr>
<tr>
<td>Kitui</td>
<td>240,262,376</td>
<td>238,080,105</td>
<td>255,241,581</td>
<td>17,161,476</td>
<td>36%</td>
<td></td>
</tr>
<tr>
<td>Kwale</td>
<td>127,014,696</td>
<td>170,353,691</td>
<td>208,454,345</td>
<td>38,100,654</td>
<td>32%</td>
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</tr>
<tr>
<td>Laikipia</td>
<td>334,392,949</td>
<td>238,433,449</td>
<td>347,118,457</td>
<td>108,685,008</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>Lamu</td>
<td>16,601,523</td>
<td>25,000,077</td>
<td>35,566,589</td>
<td>10,566,512</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>Machakos</td>
<td>825,245,174</td>
<td>1,154,993,963</td>
<td>1,175,227,171</td>
<td>20,233,208</td>
<td>46%</td>
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</tr>
<tr>
<td>Makueni</td>
<td>173,060,281</td>
<td>155,435,159</td>
<td>189,187,741</td>
<td>33,752,582</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>Mandera</td>
<td>61,793,284</td>
<td>83,981,671</td>
<td>90,068,630</td>
<td>6,086,959</td>
<td>21%</td>
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</tr>
<tr>
<td>Marsabit</td>
<td>78,715,405</td>
<td>38,288,604</td>
<td>46,032,691</td>
<td>7,744,087</td>
<td>105%</td>
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</tr>
<tr>
<td>Meru</td>
<td>362,398,332</td>
<td>277,399,496</td>
<td>343,805,963</td>
<td>66,406,467</td>
<td>52%</td>
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<tr>
<td>Migori</td>
<td>214,666,493</td>
<td>219,480,216</td>
<td>238,630,499</td>
<td>19,150,283</td>
<td>30%</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>34%</td>
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<tr>
<td>Murang’a</td>
<td>185,660,559</td>
<td>426,465,944</td>
<td>419,989,717</td>
<td>(6,476,227)</td>
<td>52%</td>
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</tr>
<tr>
<td>Nairobi City</td>
<td>8,555,428,715</td>
<td>10,378,586,789</td>
<td>10,026,171,804</td>
<td>(352,414,985)</td>
<td>65%</td>
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</tr>
<tr>
<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>59%</td>
<td></td>
</tr>
<tr>
<td>Nandi</td>
<td>108,777,819</td>
<td>110,231,345</td>
<td>130,536,752</td>
<td>20,305,407</td>
<td>31%</td>
<td></td>
</tr>
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<td>-----------------</td>
<td>----------------</td>
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<td>--------------</td>
<td>--------------</td>
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<td></td>
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<tr>
<td>Narok</td>
<td>1,534,157,274</td>
<td>1,668,103,493</td>
<td>(129,542,594)</td>
<td>3,698,917,020</td>
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<tr>
<td>Nyamira</td>
<td>48,187,770</td>
<td>44,333,233</td>
<td>49,692,662</td>
<td>100,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nyandarua</td>
<td>267,021,741</td>
<td>110,485,896</td>
<td>27,953,435</td>
<td>174,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nyeri</td>
<td>404,867,366</td>
<td>380,999,541</td>
<td>51,229,819</td>
<td>479,050,914</td>
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<td></td>
</tr>
<tr>
<td>Samburu</td>
<td>165,257,518</td>
<td>208,797,771</td>
<td>(7,796,324)</td>
<td>223,550,000</td>
<td></td>
<td></td>
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<tr>
<td>Siaya</td>
<td>125,395,264</td>
<td>95,673,137</td>
<td>4,098,178</td>
<td>153,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taita/Taveta</td>
<td>173,293,234</td>
<td>115,452,684</td>
<td>11,409,014</td>
<td>244,119,909</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tana River</td>
<td>31,351,808</td>
<td>32,446,145</td>
<td>(890,058)</td>
<td>87,290,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tharaka-Nithi</td>
<td>47,385,070</td>
<td>70,293,695</td>
<td>15,079,248</td>
<td>84,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trans Nzoia</td>
<td>365,008,677</td>
<td>174,672,120</td>
<td>26,983,593</td>
<td>501,503,926</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkana</td>
<td>32,114,514</td>
<td>132,272,949</td>
<td>609,822</td>
<td>250,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uasin Gishu</td>
<td>1,008,227,392</td>
<td>556,135,008</td>
<td>7,534,436</td>
<td>821,410,003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vihiga</td>
<td>54,425,235</td>
<td>103,274,348</td>
<td>20,028,085</td>
<td>204,274,739</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wajir</td>
<td>24,156,202</td>
<td>48,278,507</td>
<td>12,304,423</td>
<td>119,030,873</td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Pokot</td>
<td>68,848,010</td>
<td>39,146,785</td>
<td>19,740,788</td>
<td>38,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24,499,839,134</strong></td>
<td><strong>25,409,323,132</strong></td>
<td><strong>26,296,089,510</strong></td>
<td><strong>54,207,798,427</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Now look at table below to identify top local revenue sources in Taita Taveta County

**TAITA TAVETA 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>Description</td>
<td>2015/16</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>----------</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>
<tr>
<td>HIRE OF COUNCIL’S ASSET &amp; EQUIPMENT</td>
<td>25,721</td>
</tr>
<tr>
<td>CLAMPING &amp; DECLamping FEES</td>
<td>227,425</td>
</tr>
<tr>
<td>HIRE OF STADIUM</td>
<td>153,450</td>
</tr>
<tr>
<td>ADVERTISEMENT/PROMOTION</td>
<td>1,230,614</td>
</tr>
<tr>
<td>SINGLE BUSINESS PERMITS</td>
<td>32,000,000</td>
</tr>
<tr>
<td>SIGNBOARDS/BILL BOARDS</td>
<td>3,178,000</td>
</tr>
<tr>
<td>LAND/PROPERTY RATES</td>
<td>48,503,486</td>
</tr>
<tr>
<td>GROUND RENT</td>
<td>746,768</td>
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<tr>
<td>RATES CLEARANCE CERTIFICATE</td>
<td>316,800</td>
</tr>
<tr>
<td>MARKET STALLS/SLABS</td>
<td>322,344</td>
</tr>
<tr>
<td>HOUSE RENT</td>
<td>7,686,000</td>
</tr>
<tr>
<td>SISAL CESS</td>
<td>3,396,000</td>
</tr>
<tr>
<td>SAND CESS</td>
<td>4,597,446</td>
</tr>
<tr>
<td>BUS PARK FEES</td>
<td>14,813,967</td>
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<tr>
<td>TAXI, LIGHT TRANSPORT &amp; TUKTUK CABS</td>
<td>1,906,504</td>
</tr>
<tr>
<td>MOTORCYCLE CURB</td>
<td>2,012,380</td>
</tr>
<tr>
<td>STREET/RESERVED PARKING FEES</td>
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<td>RESERVED PARKING FEES</td>
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<td>MARKET FEES</td>
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<td>APPROVAL OF BUILDING PLANS</td>
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<tr>
<td>RENOVATION FEES</td>
<td>62,920</td>
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<td>RENEWAL OF BUILDING PLANS</td>
<td>131,350</td>
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<td>----------------------------------------</td>
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<tr>
<td>PLOT TRANSFER FEES</td>
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<td>DRAWING PLANS FEES</td>
<td>356,359</td>
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<tr>
<td>PLOT FENCING FEES</td>
<td>178,991</td>
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<td>APPLICATION FOR EXHAUSER</td>
<td>113,344</td>
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<tr>
<td>BURIAL FEES</td>
<td>125,280</td>
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<td>EXHAUSER SERVICES</td>
<td>1,338,425</td>
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<td>MILEAGE-EXHAUSER</td>
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<td>ANNUAL LEASE FEES</td>
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<td>PUBLIC TOILET FEES</td>
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<td>CESSES</td>
<td>25,009,340</td>
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<td>PLOT RENTS</td>
<td>10,680,000</td>
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<td>OTHER LOCAL LEVIES</td>
<td>1,400,000</td>
</tr>
<tr>
<td>NATURAL RESOURCES EXPLOITATION</td>
<td>15,791,599</td>
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<tr>
<td>SOCIAL PREMISES USE CHARGES</td>
<td>140,000</td>
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<tr>
<td>SLAUGHTER HOUSES ADMINISTRATION</td>
<td>1,680,000</td>
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<td>TECHNICAL SERVICES FEES</td>
<td>550,000</td>
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<td>INTEREST &amp; REVENUES FROM FINANCIAL INVESTMENTS</td>
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</tr>
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<td>ENVIRONMENT &amp; REFUSE COLLECTION</td>
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<td>ADMINISTRATIVE SERVICE FEES</td>
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<td>WATER SUPPLY ADMINISTRATION</td>
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<tr>
<td>ROYALTIES</td>
<td>-</td>
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<tr>
<td>WEIGHT &amp; MEASURES</td>
<td>1,000,000</td>
</tr>
<tr>
<td>SURVEY AND MAPPING</td>
<td>100,000</td>
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<td>PHYSICAL PLANNING</td>
<td>200,000</td>
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<td>LIVESTOCK AND VETERINARY</td>
<td>1,900,000</td>
</tr>
<tr>
<td>FISHERIES</td>
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<tr>
<td>SOCIAL SERVICES</td>
<td>750,000</td>
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<tr>
<td>LIQUOR LICENCES</td>
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<tr>
<td>AIA (USER FEES)</td>
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<tr>
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</tr>
<tr>
<td>HEALTH</td>
<td>24,000,000</td>
</tr>
<tr>
<td>PUBLIC HEALTH</td>
<td>6,000,000</td>
</tr>
</tbody>
</table>

**TASK 1.11 ■ SOURCES OF COUNTY REVENUES**

Let’s move on to the money from national. How much does each county get from national transfer?
- Have a look at the sources of revenue infographic which should be provided as a handout and can also be found in the Annex of Key Documents.

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**MODULE 2 ■ PLANNING AND BUDGETING PROCESSES**

**LEARNING OUTCOMES TO BE ACHIEVED**

By the end of this module, you 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 international 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 and discussed key principles of public participation; and
- 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.
SESSION 1: OVERVIEW OF THE PLANNING AND BUDGETING PROCESS

READING 2.1 ■ THE 8 KEY BUDGET DOCUMENTS

Governments should produce and make available to the public in a timely manner the following eight key budget documents:

<table>
<thead>
<tr>
<th>8 KEY BUDGET DOCUMENTS – GENERIC NAMES</th>
<th>8 KEY BUDGET DOCUMENTS IN KENYA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Pre-Budget Statement</strong> should be released during the first phase of the executive’s formulation of the budget. This document explains the key economic data and assumptions (related to economic growth, inflation, etc.) that will guide the formulation of the budget proposal. It usually tries to set broad aspects of the budget, such as total expenditures, total revenues expected, and debt to be incurred during the upcoming budget year.</td>
<td><strong>Budget Policy Statement:</strong> This is the first official document released by government laying out its broad plans for the next budget year. It normally includes a discussion of economic trends and an estimate of overall spending and revenues. It must be tabled in Parliament by mid-February, and published for the public by end of February. (The county equivalent is the County Fiscal Strategy Paper.) The BPS also sets the ceilings for expenditure in each sector (e.g., education, health, etc.)</td>
</tr>
<tr>
<td><strong>The Executive’s Budget Proposal</strong> is the draft budget that should be made available to the public before the actual budget law is passed by the legislature, so that citizens have the opportunity to provide their input into the budget figures before they are finalized and passed. The Executive’s Budget Proposal should contain the following information:</td>
<td><strong>Budget Speech and Budget Estimates:</strong> This is the executive’s budget proposal, tabled in the National Assembly by April 30. The budget proposal lays out all of the spending for all ministries (or votes) and is normally several volumes, including separate volumes for recurrent and development (or capital) spending. However, this may be changing with the shift to Programme Based Budgeting.</td>
</tr>
</tbody>
</table>

- **Expenditure Classification:** administrative, functional, economic, program
- **Revenue Classification:** tax, non-tax
- **Debt:** debt stock at the beginning and end of the budget year (yearly additional borrowing), debt composition (different instruments, different maturities, interests, currencies, domestic vs. external), interest rates on debt
- **Macroeconomic Information:** basic information includes GDP growth, inflation, unemployment, and interest rate; changes in these macroeconomic indicators can have a significant impact on the budget (on both revenue and expenditure sides)
- **Multi-Year Data:** future projections, data on past years
**Public Policy Information:** new policies as distinct from existing policies; links between policies and the budget; links between the budget and policies to fight poverty

<table>
<thead>
<tr>
<th><strong>8 Key Budget Documents Continued – Generic Names</strong></th>
<th><strong>8 Key Budget Documents in Kenya</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Enacted Budget</strong> is a document that is accepted by parliament and passed into law as the budget to be implemented for the upcoming fiscal year.</td>
<td><strong>Appropriation Act:</strong> This is the bill/law that the National Assembly must approve to allow the government to start spending the money that is in the budget. It is the official authorization to spend government funds. The county must also pass an Appropriation Act to authorize spending the county budget funds.</td>
</tr>
<tr>
<td><strong>The Citizens Budget</strong> is a non-technical version of the budget that is explicitly developed for the public and that is accessible to the average person who does not already have budget knowledge and expertise.</td>
<td><strong>Budget Highlights:</strong> Since the “Budget Highlights” summarizes the budget proposal, it should be produced and released around the same time as the budget proposal is presented in Parliament.</td>
</tr>
<tr>
<td><strong>In-Year Reports</strong> should be produced and made available to the public on a monthly or quarterly basis and report on actual revenues and expenditures in relation to 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.</td>
<td><strong>Quarterly Economic and Budgetary Reviews:</strong> These reports should be produced no later than 45 days after the end of a quarter at national level. At county level, these reports are required within 30 days after the end of the quarter. The Controller of Budget also produces quarterly implementation reports.</td>
</tr>
<tr>
<td><strong>The Mid-Year Review</strong> also provides a comprehensive update regarding 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. This would normally come with a supplementary budget.</td>
<td><strong>Not available in Kenya (should be produced with the supplementary budget but it is not)</strong></td>
</tr>
<tr>
<td><strong>The Year-End Report</strong> should be produced and made available to the public by the executive branch, and it should report extensively on the government’s fiscal activities.</td>
<td><strong>Not available in Kenya (there is a 4th quarter implementation report but it provides inadequate narrative review of the budget year and why targets may not have been met)</strong></td>
</tr>
</tbody>
</table>
The Audit Report is produced and issued by the country’s Supreme Audit Institution (Auditor-General) on an annual basis and attests to the government’s year-end final accounts and whether public resources were utilized effectively. Best practice is for this to be produced within 6 months of the end of the financial year.

Report of the Auditor General on the Appropriation Accounts, Other Public Accounts and the Accounts of Funds of the Republic of Kenya: The audit report should be published within six months to one year of the end of the reporting period, according to Kenya’s constitution.

### READING 2.2 ■ OTHER SOURCES OF BUDGET-RELATED INFORMATION IN KENYA

<table>
<thead>
<tr>
<th>Name of Document</th>
<th>Content</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOVERNMENT DOCUMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget Review and Outlook Paper</td>
<td>This paper is to be produced every year by end of September, and published by November. The paper assesses how well the government did in meeting its revenue and spending targets during the previous year. It is also supposed to update the forecasts for the current year that were contained in the Budget Policy Statement. This is an important document to assess whether government is keeping its promises and why or why not.</td>
<td>Ministry of Finance <a href="http://www.treasury.go.ke">www.treasury.go.ke</a></td>
</tr>
<tr>
<td>Statistical Annex to the Budget Statement (Speech)</td>
<td>This report contains data covering a number of years, including the current budget year, on key economic indicators (e.g., gross domestic product, growth, prices, inflation rates, etc.), the composition of government revenues &amp; expenditures, and the composition of the debt. The data is presented in tables, charts, and graphs, and is designed to serve as a reference for statistical information related to the budget.</td>
<td>Ministry of Finance <a href="http://www.treasury.go.ke">www.treasury.go.ke</a></td>
</tr>
<tr>
<td>Division of Revenue Bill/Act</td>
<td>This is the bill that is tabled in Parliament to establish how much of national revenue will be given to the national government, and how much will go to all the counties together. (After this is decided, the County Allocation of Revenue Bill determines how much each individual county receives from the overall share for counties.)</td>
<td>The National Council for Law Reporting <a href="http://www.kenyalaw.org">www.kenyalaw.org</a></td>
</tr>
<tr>
<td>The Budget Committee Report on the Estimates of Revenue and Expenditure</td>
<td>This report is published by the Budget Committee of Parliament after it completes its review and discussion of the Budget Policy Statement and the Budget Proposal. It includes a comparison of the Budget Policy Statement with the Budget Proposal and evaluates budget priorities, tax estimates, economic policies, and expenditure estimates for various policies and programs. The report concludes with recommendations and proposed adjustments (cuts and increases) as well as reallocations in the Budget Proposal.</td>
<td>Parliament <a href="http://www.parliament.go.ke">www.parliament.go.ke</a></td>
</tr>
<tr>
<td>Name of Document</td>
<td>Content</td>
<td>Source</td>
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<tr>
<td><strong>The Finance Bill/Act</strong></td>
<td>This is the bill tabled in the National Assembly to authorize tax and other revenue measures. In Kenya, this is presented and passed separately from the budget. (A County Finance Bill must also be passed to authorize tax and revenue measures at county level.)</td>
<td>The National Council for Law Reporting <a href="http://www.kenyalaw.org">www.kenyalaw.org</a></td>
</tr>
<tr>
<td><strong>Supplementary Budget</strong></td>
<td>A supplementary budget is generally passed sometime during the budget year (usually in January/February), after the budget has been approved, to make changes due to a failure to plan fully for the needs of the government. The supplementary budget is limited to 10 percent of the total budget that was approved, unless in exceptional circumstances Parliament authorizes a larger supplementary budget.</td>
<td>Government Press <a href="http://www.governmentpress.co.ke">www.governmentpress.co.ke</a> (hard copies only)</td>
</tr>
<tr>
<td><strong>Republic of Kenya Economic Survey</strong></td>
<td>This is an annual publication normally published in May. It provides an overview of international economic conditions and analyzes the performance of the entire Kenyan economy as well as various sectors of the economy. Data is presented for both the current and past four years. Sectors include: education, health, employment, agriculture, environment, energy, transport, and governance, among others.</td>
<td>Kenya National Bureau of Statistics <a href="http://www.knbs.or.ke">www.knbs.or.ke</a></td>
</tr>
<tr>
<td><strong>Sector Reports for the Medium Term Expenditure Framework (MTEF)</strong></td>
<td>These reports provide an outline of a sector’s strategic goals and key programs, and review the sector’s performance in implementing these programs under the MTEF in comparison to established targets. It also includes an analysis of expenditures in the sector, outlines priorities and financial plans for the 3-year period, and analyzes funding requirements versus allocations. Lastly, it identifies issues and challenges to the sector and provides recommendations for the sector to achieve planned outputs and outcomes more effectively.</td>
<td>Ministry of Finance <a href="http://www.treasury.go.ke">www.treasury.go.ke</a></td>
</tr>
<tr>
<td><strong>Central Bank of Kenya Monthly Economic Review</strong></td>
<td>This publication highlights recent economic developments in a given month with regard to: inflation; economic growth; the performance of key economic sectors such as agriculture, manufacturing, and tourism; public debt; and government budget performance, among others. The section on the budget looks at the progress of aggregate revenue collection and expenditure to date, the composition of revenue and expenditure, government borrowing, and the current outlook on the remainder of the budget year.</td>
<td>Central Bank of Kenya <a href="http://www.centralbank.go.ke/index.php/monthly-economic-review">www.centralbank.go.ke/index.php/monthly-economic-review</a></td>
</tr>
<tr>
<td><strong>Monthly Debt Bulletins</strong></td>
<td>This short report provides a detailed overview of the debt situation of the country, such as the size of the debt, debt composition, the cost of the debt, a breakdown of external debt by donors, interest payments, and information on domestic debt.</td>
<td>Ministry of Finance <a href="http://www.treasury.go.ke">www.treasury.go.ke</a></td>
</tr>
<tr>
<td>Name of Document</td>
<td>Content</td>
<td>Source</td>
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<tr>
<td>Budget Guide</td>
<td>This short annual publication both summarizes and analyzes the government’s proposed revenue and expenditure estimates for the upcoming budget year. A significant portion of the guide is dedicated to a sector budget analysis, in which expenditure estimates for key social and economic sectors are evaluated.</td>
<td>Institute of Economic Affairs</td>
</tr>
<tr>
<td>Citizens Alternative Budget</td>
<td>The Citizens Alternative Budget (CAB) is a compilation and synthesis of budget proposals from the public, which are produced through a process of pre-budget hearings that IEA conducts with various stakeholders. IEA provides guidance to stakeholders on how to draft budget submissions, and then integrates these budget submissions to create the CAB. This document is then provided to the Ministry of Finance for possible incorporation into the upcoming budget.</td>
<td>Institute of Economic Affairs</td>
</tr>
</tbody>
</table>

**GOVERNMENT WEBSITES**

**Ministry of Finance:**
The mandate of the MOF is to properly manage government financial resources. One of its key responsibilities is to initiate, guide, and coordinate all government ministries/departments in preparing the annual national budget. The MOF also manages all revenues, expenditures, and borrowing by the government. It must mobilize adequate resources to support government programs and activities, while ensuring that government expenditure is within the revenue collected. The MOF also coordinates bilateral and multilateral aid and technical assistance.

**Parliament of Kenya:**
Consists of two houses, the National Assembly and the Senate, whose key responsibilities are to exercise oversight and enact legislation. The National Assembly enacts legislation and also determines the allocation of national revenue between the levels of government, appropriates funds for expenditure by the national government and other national state bodies, and exercises oversight over national revenue and its expenditure. The Senate determines the allocation of national revenue among counties and exercises oversight over national revenue allocated to the county governments; it also debates and approves bills concerning counties.

**Parliamentary Budget Office:**
This is a research office that supports Parliament’s role in the budget process, and directly supports the Budget Committee in Parliament. They conduct analysis and help Parliament to read and understand the budget proposals tabled each year by the various arms of government.

**Office of the Controller of Budget:**
The OCoB is an independent office with a mandate to oversee implementation of national and county budgets by authorizing withdrawals from the Consolidated Fund, Revenue Fund, and Equalization Fund. It also prepares annual, quarterly, and ad hoc reports to the executive and legislature on budget implementation, and advises national and county governments on measures to
improve budget implementation. Through these functions, the OCoB seeks to improve transparency and accountability in the budget implementation process.

<table>
<thead>
<tr>
<th><strong>Office of the Auditor General:</strong></th>
<th><a href="http://www.kenao.go.ke">www.kenao.go.ke</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>OAG is an independent oversight body that audits and reports on the accounts of all government bodies that receive public funds, including: national and county governments; courts; independent commissions and offices established by the Constitution; state corporations; and the National Assembly, Senate, and County Assemblies. Annual audit reports confirm whether or not public money has been used lawfully and effectively. Audit reports are submitted to Parliament or the relevant County Assembly.</td>
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<tr>
<th><strong>Kenya Open Data Initiative:</strong></th>
<th>opendata.go.ke</th>
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</thead>
<tbody>
<tr>
<td>Launched in 2011, this initiative makes data freely available to the public through a single online portal. The 2009 census, national and subnational expenditure data, and information on key public services are among many other types of data available on the site. It is a user-friendly platform that also allows for data visualization and downloads.</td>
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</table>

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<thead>
<tr>
<th><strong>Kenya National Bureau of Statistics:</strong></th>
<th><a href="http://www.knbs.go.ke">www.knbs.go.ke</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>KNBS is a semi-autonomous government agency that manages the National Statistical System. It collects, analyzes, and disseminates statistical data and houses the government’s official statistics. It conducts the Census every ten years, maintains the national socio-economic database, establishes best practice standards for the production and dissemination of statistical information, and plans and supervises all official statistical programs.</td>
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</table>

<table>
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<tr>
<th><strong>Central Bank of Kenya:</strong></th>
<th><a href="http://www.centralbank.go.ke">www.centralbank.go.ke</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>The main role of the Bank is to manage the currency, money supply, and interest rates in the country. It formulates and implements monetary policy*, supports the economic policy of the government (in particular, its objectives for growth and employment), and acts as a banker and financial adviser to the government, among other roles.</td>
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* Monetary policy is the process by which the Central Bank controls the supply of money for the purpose of promoting economic growth and stability. Two key goals are to maintain stable prices (low inflation) and low unemployment. |

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<thead>
<tr>
<th><strong>Kenya Revenue Authority:</strong></th>
<th><a href="http://www.revenue.go.ke">www.revenue.go.ke</a></th>
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</thead>
<tbody>
<tr>
<td>KRA is in charge of the assessment, collection, administration, and enforcement of all laws related to government revenue.</td>
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</table>
READING 2.3 ■ BUDGET TIMELINE AT NATIONAL (AND COUNTY) LEVEL

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 has to highlight the public participation opportunities throughout the budget process for the next financial year.

September 1. Counties must prepare and table the annual county 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. The 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 almost similar to the sector hearings at the national level. The forums are 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.


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.

<table>
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<th>AUDIT/OVERSIGHT</th>
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| **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. |
THE BUDGET PROCESS IN KENYA
NATIONAL AND COUNTY LEVEL

FORMULATION  APPROVAL  IMPLEMENTATION  AUDIT/OVERSIGHT
READING 2.4 ■ KENYA’S BUDGET PROCESS UNDER THE PFM ACT 2012 (AND INFORMATION ON PUBLIC HEARINGS)

Note that the process outlined below was not followed properly in 2013/14. The Budget Policy Statement, Division of Revenue Bill, and County Allocation of Revenue Bill were all late. This meant that counties did not have the Division of Revenue figures that they needed before they started preparing their budget proposals. In 2014/15, the Division of Revenue was not approved until July, and the County Allocation of Revenue Bill was not approved until (at least) August (as of writing this, it has not yet been approved).

- The financial year in Kenya will continue to start on July 1. The budget process will begin with a circular from the Treasury that will define the schedule for the entire year. The circular is also intended to identify “key policy areas and issues that are to be taken into consideration when preparing the budget.” This circular is to be issued by August 30. In other words, the budget process for the coming year formally begins with a timetable and an overview of main themes two months after the beginning of the current fiscal year.

- Counties must prepare and table a county development plan in the County Assembly by September 1. The plan must be made available to the public within seven days.

- From August to February, the budget process is largely run by the executive as an internal process. On February 15, the Act requires the tabling in the National Assembly of the Budget Policy Statement (BPS), which is known internationally as a Pre-Budget Statement (25:2). The purpose of this document is to provide a forecast for the economy that serves as the basis for expectations about revenues and expenditures in the coming budget year. The document is intended to stimulate a debate about the broad outlines of the budget prior to the tabling of the detailed estimates of spending.

- The BPS is also intended to serve as the basis for an agreement between the executive and the National Assembly about the broad outlines of the budget because the National Assembly must actually pass a report adopting the BPS (with amendments, if desired) within two weeks of tabling (thus by the end of February). The National Assembly should also receive a report on the government’s debt management strategy by February 15, to consider along with the BPS (33:1).

- In addition to the BPS and the debt management paper, the National Assembly will receive the Division of Revenue Bill and the County Allocation of Revenue Bill at the same time. These are the bills, mandated by the Constitution, which will determine the division of revenue between the national and county levels of government, and among the county governments. This is logical: in order to start the debate over the budget, a proposed division of revenue between the two levels of government must have been decided. And a proposal for how that money will then be divided between counties is also directly linked to the overall resources available.

- The full Budget Estimates (the Executive Budget Proposal, in international parlance) are to be tabled in the National Assembly by April 30. This date is fixed by the Constitution, which requires that the National Assembly have two months to debate the budget before the beginning of the fiscal year. A new feature of the budget process is that the estimates for the National Assembly and the Judiciary are no longer to be submitted by Treasury, instead they are to be prepared independently by each branch. They are also, according to the Act, to be
submitted by April 30 (37:3-4). Treasury is to submit its comments on these independent submissions by May 15 (37:6).

- The National Assembly must pass the **Budget Estimates** (again, with amendments if desired) by **June 30** (39:1). Note, however, that the procedure is for these estimates to be first considered by the Budget Committee in the National Assembly, which will then submit its report and recommendations to the full Assembly for debate prior to the June 30 deadline (39:2). The Constitution (221:5) requires that this committee also “seek representations from the public” before tabling its report. The Constitution is not entirely clear, but it appears that the National Assembly can only amend the Executive Budget Proposal in line with the recommendations made by the Budget Committee (see the Constitution, 114:2).

- In the past, the budget was read in parliament by the Minister of Finance in early June. This date is set by the East African Community as the common date for all member countries to read their budgets in their respective legislatures. This practice is no longer of much significance in Kenya, since the National Assembly will have already had the budget for over a month, but it is noteworthy that the Cabinet Secretary for Finance will still, according to Article 40, make a “pronouncement” in the National Assembly in accord with the EAC regulations and timetable. This means that the Budget Estimates are likely to be released by April 30, but the **Budget Statement or Speech**, which is the narrative explanation of the budget, will come only in early June. This continues to be important as a time when specific revenue measures are mentioned.

- The next milestone in the budget process is the release of the **Budget Review and Outlook Paper (BROP)**. This is both a backward and a forward looking paper: it is released at the end of the first quarter of the financial year (by **September 30**), and it is intended to serve as a kind of year-end review for the previous financial year. However, it is also supposed to contain proposals to address “deviation from the financial objectives” in the previous fiscal year, and to update the forecasts that informed the current year’s budget, as contained in the Budget Policy Statement from February (26:1).

- In addition to these key dates, the National Assembly will receive **reports 45 days after the end of every quarter** that assess budget implementation during the course of the financial year (83:5). These reports, known as **In-Year Reports** in international jargon, allow the National Assembly to exercise oversight of spending throughout the year to monitor government achievement of targets.

- The Bill also lays out a budget process at county level, and this is substantively quite similar to the national process. There are some minor deviations described below. Though this Brief does not focus on the county level, it is important to note that the limitations identified at the national level apply equally to the county level.

- Each county will have a county Treasury, similar to the national Treasury, which is responsible for managing the budget process at county level. The budget process starts at county level, as at the national level, with a **circular from the county Treasury** on **August 30**. At the county level, however, there are a few additional elements to this process. First, the **county executive is to table a “development plan”** by **September 1**. It is not entirely clear what the purpose of this plan is, but it is potentially designed to put the county budget process in a medium-term perspective, like the Medium Term Expenditure Framework (MTEF) process at the national level, which establishes a three-year budget timeframe (this is implied in 126:1(a)).
Each county shall have a **County Fiscal Strategy Paper (CFSP)**, similar to the Budget Policy Statement. This document shall be tabled in the County Assembly by **February 28**. This presumably allows the County to take into consideration the BPS (released on February 15) when finalizing its own Fiscal Strategy Paper (this is implied by 117:2, which requires the County Treasury to “align” its CFSP with the “the national objectives” in the BPS). As at the national level, the CFSP must be adopted (with or without amendment) by the legislature within **14 days of tabling**. The CFSP, as at the national level, will be accompanied by a report on the county’s debt management strategy (Article 123).

- The **county budget estimates** must be submitted to the County Assembly by **April 30**, just like the national budget estimates. And they shall be approved, with or without amendments, by **June 30**, in time for the beginning of the new financial year. The county is also required to provide another document, a **cash flow projection**, by **June 15**.

- Just as at the national level, a **County Budget Review and Outlook Paper** should be tabled by the **end of the first quarter** of every fiscal year (118), and this is both a backward and forward looking document.

**PUBLIC BUDGET HEARINGS**

- Public hearings, provided for in Article 221(5) of the 2010 Constitution, are a unique feature of the budget process. Specifically, the Constitution mandates a committee of the National Assembly, in discussing and reviewing the budget estimates, to “seek representations from the public and the recommendations shall be taken into account when the committee makes its recommendations to the National Assembly.”

- Public hearings were held during the preparation of both the 2011/12 and the 2012/13 budgets. During the 2011/12 public hearings, it was possible to identify segments of society whose concerns had not been factored in. Among them were the plight of people with albinism, the public’s concern about the shortage of teachers in schools, and wastage of government resources. These important concerns were incorporated into all of the committee reports on the budget estimates tabled in the House and further in the budget for the financial year 2011/12.

- In 2012/13, the Budget Committee held public hearings in Nairobi, Nyeri, Machakos, Kisii, Malindi, Kisumu, Meru, Nakuru, Nyandarua, Wajir, Kakamega, Bungoma, Kitale, Isiolo, Voi, Lodwar, and Kericho. The recommendations emerging from these hearings formed part of the concrete recommendations of the Budget Committee Report on the Budget Estimates.

- The outcomes of the recommendations were that 3.14 billion be allocated towards funding priority projects identified across the country. Some of the projects approved in the budget as an outcome of the public hearings include: the construction of a dam along Mzima Springs for provision of water in Taita-Taveta County, an allocation to Kisii Hospital for improvement of emergency facilities, the revival of Pan-Paper Mills, the establishment of a technical training college in Murang’a, funding for the Child Welfare Society of Kenya, and an allocation to re-carpet roads within Lodwar municipality, among others (see list below).

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1 Excerpted from *The MPs’ Budget Watch by the Parliamentary Budget Office, FY 2012/13*, pp. 25-26.
Hearings have been held in subsequent years as well, but it is not as clear what changes to the budget were made as a result of the hearings. In other words, less information has been provided by Parliament on how they used inputs in more recent years.

**Projects considered for funding from public hearings, 2012/13 Budget**

1. Coconut Development Authority
2. Repair and construction of road B7 (Embu – Kiritiri – Kangonde Road)
3. Re-carpeting of roads within Lodwar municipality
4. Construction and repair of road C83
5. Construction and repair of road C68 / C66
6. Improvement of Kisumu port infrastructure
7. Construction of Nakuru Airport
8. Improvement of Mbita Causeway (bridge)
9. Construction of a dam along Mzima Springs for provision of water in Taita-Taveta County
10. Kisii Hospital for improvement of emergency facilities
11. Upgrade of Wesu District Hospital and purchase of equipment
13. Revamping of the GRIFTU pastoral technical training college in Wajir
14. Establishment of a technical training college in Murang’a
15. Improvement of Kipkabus technical training college in Uasin Gishu
16. Revival of pan-paper mills
17. Revamping of the Pyrethrum Board of Kenya
18. Rehabilitation of Kisii Children’s Home

Source: Budget Committee Report on the Estimates of Revenue and Expenditure for 2012/13
SESSION 2: OVERVIEW OF KENYA’S NATIONAL AND COUNTY BUDGETS

TASK 2.2 ■ READING A NATIONAL PROGRAMME BASED BUDGET

Using the Ministry of Health Services (MOH) Programme Based Budget for 2014/15 which should be provided as a handout and is also contained in the Annex of Key Documents, answer the following questions:

Q1. Identify the programmes in the health budget for 2014/15.

Q2. Using the information on indicators, sub-programs and the narrative, try to determine the activities that Programme 1 and Programme 2 will carry out to meet their objectives.

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

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

Have a look at the Prezi presentation “Toward PBB in Kenya,” available by following this link: http://prezi.com/qu8y-9yg5mi5/towards-pbb/

Power Point Presentation provided as a handout can also be found in the Annex of Key Documents.
20 QUESTIONS TO ASK ABOUT YOUR COUNTY BUDGET

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.

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.

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.

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.

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.

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.

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 have produced Annual Plans up to this point. 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.

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.

The full underlying data is also available at 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.

Does my budget tell me where (that is, in which ward or sub-county) 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.

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., 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.

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 was clear that deficits were not allowed. The position is similar in 2014/15. Any county proposing a deficit must have information about how it plans to fund that deficit. There should also be evidence in the budget that borrowing has been allowed by national government if a county is presenting a 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).

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.

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#)

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.
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.

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.

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.

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).

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.

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.

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.
TASK 2.5 COUNTY FISCAL STRATEGY PAPER

Part 1: Budget Policy Statement

In this exercise, we look at snippets of the BPS and think about what they tell us, and how they are relevant for the County Fiscal Strategy Paper. Then we will look at the Taita Taveta CFSP and find similar sections to discuss.

Snippet 1: Page 11

### Table 2.1 Cumulative Budget Out-Turn, July – December 2013

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<th>Dec-13</th>
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<th>Deviation</th>
<th>Annual Growth</th>
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<th>Jun-14</th>
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<td><strong>TOTAL REVENUE AND GRANTS</strong></td>
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<td>Net Lending</td>
<td>1.2</td>
<td>1.2</td>
<td>0.7</td>
<td>(0.5)</td>
<td>2.4</td>
<td>(82.5)</td>
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<td>Contingency Fund</td>
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<td>0.0</td>
<td>(2.5)</td>
<td>5.0</td>
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<td>-</td>
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<tr>
<td>County Transfer</td>
<td>0.0</td>
<td>97.1</td>
<td>66.5</td>
<td>(30.6)</td>
<td>210.0</td>
<td>-</td>
<td>2.3</td>
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<tr>
<td><strong>BALANCE INCLUSIVE OF GRANTS</strong></td>
<td>(121.5)</td>
<td>(160.5)</td>
<td>(105.2)</td>
<td>(55.2)</td>
<td>(334.3)</td>
<td>(14.1)</td>
<td>(3.9)</td>
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<tr>
<td><strong>TOTAL FINANCING</strong></td>
<td>123.6</td>
<td>160.5</td>
<td>78.7</td>
<td>(81.8)</td>
<td>354.5</td>
<td>(36.3)</td>
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<td>NET FOREIGN FINANCING</td>
<td>11.0</td>
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<td>11.3</td>
<td>(66.0)</td>
<td>226.2</td>
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<td>NET DOMESTIC FINANCING</td>
<td>112.6</td>
<td>83.1</td>
<td>67.4</td>
<td>(15.7)</td>
<td>108.1</td>
<td>(40.1)</td>
<td>2.0</td>
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</table>

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

Snippet 2: Page 19
Table 3.1: Central Government Fiscal Projections, 2012/13-2016/17

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Proc.</td>
<td>EPS'13</td>
<td>EPS'14</td>
<td>EPS'13</td>
<td>EPS'14</td>
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<tr>
<td>Revenue and Grants</td>
<td>808.2</td>
<td>1,063.8</td>
<td>1,098.3</td>
<td>1,214.3</td>
<td>1,244.6</td>
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<tr>
<td>% of GDP</td>
<td>23.7%</td>
<td>25.5%</td>
<td>26.4%</td>
<td>21.4%</td>
<td>26.5%</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>
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<tr>
<td>% of GDP</td>
<td>25.1%</td>
<td>28.7%</td>
<td>24.5%</td>
<td>28.8%</td>
<td>25.2%</td>
</tr>
<tr>
<td>Tax Revenue</td>
<td>701.2</td>
<td>839.5</td>
<td>834.3</td>
<td>968.5</td>
<td>982.9</td>
</tr>
<tr>
<td>Non-Tax Revenue</td>
<td>190.1</td>
<td>147.9</td>
<td>163.4</td>
<td>189.2</td>
<td>186.2</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>
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<td>Expenditure</td>
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<td>1,470.6</td>
<td>1,497.4</td>
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<tr>
<td>% of GDP</td>
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<td>55.1%</td>
<td>64.6%</td>
<td>57.3%</td>
<td>58.4%</td>
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<tr>
<td>Recurrent</td>
<td>808.3</td>
<td>859.6</td>
<td>826.9</td>
<td>916.5</td>
<td>860.7</td>
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<td>Development</td>
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<td>385.2</td>
<td>428.7</td>
<td>482.0</td>
<td>442.0</td>
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<tr>
<td>Contribution Reform</td>
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</tr>
<tr>
<td>County Transfer</td>
<td>-</td>
<td>210.0</td>
<td>210.9</td>
<td>-</td>
<td>228.0</td>
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<tr>
<td>Equalization Fund</td>
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<td>3.4</td>
<td>3.5</td>
<td>3.9</td>
<td>3.4</td>
</tr>
<tr>
<td>Budget Balance (-Deficit, +surplus)</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>-6.0%</td>
<td>-9.9%</td>
<td>-8.3%</td>
<td>-6.0%</td>
<td>-5.4%</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>131.5</td>
<td>92.5</td>
<td>190.8</td>
</tr>
<tr>
<td>% of GDP</td>
<td>4.6%</td>
<td>2.9%</td>
<td>3.3%</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>49.0%</td>
<td>52.0%</td>
</tr>
<tr>
<td>Nominal GDP (Ksh billion)</td>
<td>3,662.6</td>
<td>4,164.5</td>
<td>4,164.6</td>
<td>4,775.3</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?

Snippet 3: Pages 25-26
• 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 the 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?
What kind of information is contained in this table and why is it important?

PART 2: Taita Taveta County Fiscal Strategy Paper

Now let’s look at the Taita Taveta CFSP.

1. Turn to pages 2-3 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?

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?

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?

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?
Article 137: Establishment of Forum for Consultation by County Governments

Establishment of County Budget and Economic Forum for county budget consultation process.

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;
- 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

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2 This summary has been excerpted and adapted from the original document.
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.
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.

8) 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.

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.
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

**READING 2.6d PARTICIPATORY BUDGETING IN THE DRC**

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.**
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.

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

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**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.4

**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, 2011.5 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.6 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

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6 This year, the hearing was held on October 30 at Milimani Law Courts.
process. This may contain additional opportunities and 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. 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.

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 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: http://internationalbudget.org/wp-content/uploads/Joint-Brief-on-Participation-in-Kenyas-New-PFM-Law.pdf.

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

7 PFM Act, 36:2.
8 PFM Act, 37:8.
9 PFM Act, 39:3.
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.\(^\text{10}\)

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.\(^\text{11}\)

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.\(^\text{12}\) 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.

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\(^\text{10}\) PFM Act, 131:5.  
\(^\text{11}\) PFM Act, 166.  
\(^\text{12}\) PFM Act, 118.
TASK 2.6 ▪ RECOMMENDATIONS FOR AN EFFECTIVE CBEF AND COUNTY PARTICIPATION PROCESS

Prepare 5 to 10 recommendations on how to make the County Budget and Economic Forum (CBEF) and public participation in your county effective. Think of these as recommendations that you could present to your county governor. Make your recommendations as specific as possible. Remember to talk about both process (how participation should be structured) and content (what should people participate about?)

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MODULE 3 ■ REVENUE SHARING

LEARNING OUTCOMES TO BE ACHIEVED

By the end of this module, you will have:

- reviewed the Commission on Revenue Allocation (CRA) formula, which determines how the total amount of funds allocated to counties is shared among the counties;
- debated the advantages and disadvantages of the current approach;
- discussed alternatives for the second revenue sharing formula

Resources needed:

- Flipchart paper, markers, and tape

PART I: Reviewing the Commission on Revenue Allocation (CRA) Formula

We have already seen (in Module 2) that county “own revenues” are inadequate to fund county services, even if we do not know exactly what functions counties will provide. We know that a large share of funding for counties will come in the form of transfers from national government. But how does this work?

The Commission on Revenue Allocation (CRA) recommended, and Parliament adopted, a formula for sharing resources among counties. You have probably seen this formula.

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 10 counties that receive the most. You can also return to the infographic shared earlier with you on county sources of revenue, which explains how the formula works.
DIVISION OF REVENUE AMONG COUNTY GOVERNMENTS 2013-2014
SHAREABLE REVENUE: KSHS. 198,000,000,000

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</table>

Discussion Question: Why do you think these were chosen as the key elements in the CRA formula?

PART II: DISCUSSING FAIRNESS

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

Mwita’s dilemma animation can be found here: https://www.youtube.com/watch?v=AnQuLxyUuM

PART III: TOWARD A NEW FORMULA

Look at the data in the spreadsheet on County X, Y and Z which can be found also in the Annex of Key Documents.

You have been given Ksh 10 billion to share among these three counties. How would you allocate this pot of money among the three? Justify your answer in terms of concepts and principles of fairness, while referring to the data you have.

For further reading, see http://www.nation.co.ke/oped/Opinion/Revising-the-county-allocation-formula/-/440808/2399192/-/150f9rt/-/index.html

EVALUATION AND CLOSURE
LEARNING OUTCOMES TO BE ACHIEVED

By the end of this session, you will have:

- provided feedback on your learning experience; and
- participated in the evaluation and closing of the workshop.

STRUCTURE OF THE SESSION
1. Completing Evaluation Questionnaires
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.
29. Agricultural policy.
30. 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 AUGUST 2013

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 TaitaTaveta, 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) crop 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:
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;

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.
(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