WHY DO WE SHARE RESOURCES LIKE THIS?

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Outline of Presentation

1. Background
2. Research objective and methodology
3. What we found: How we share
4. What we found: Why we share this way
5. Good practices
6. Questionable practices
7. Conclusions and recommendations
Background of Study: Distribution & Equity

• National government uses a formula to distribute revenue to counties…
• What criteria are counties using in distributing revenues across their sub-units (e.g., wards)?
• No legal guidance except: expenditure should promote equitable development and marginalized groups should have specialized provision (Article 201b(iii)).
• Are counties considering principles of equity such as need, capacity, effort, efficiency, fair process?
Distribution, Equity & Public Reasons

• Are there public reasons for the criteria adopted? Are these revealed to citizens? Are these reasons verifiable and based on shared values?

• Governments should strive to provide public justifications that are widely viewed as reasonable, even when some members of the public disagree with them.

• Public reasons/ justifications are adequate explanations for choices made available to the public for deliberation.
Methodology

Looking at the development budget alone and four key budget documents:

a) **County Integrated Development Plan (CIDP)**

b) **Annual Development Plan (ADP):** Funds appropriated must be within the planning framework (CGA, S.107)

c) **County fiscal Strategy Paper (CFSP)** offers broad strategic guidance and priorities for the coming financial year

d) The **annual budget estimates** give the actual allocations: information on location and allocation to projects

The main place to locate justifications for decisions about public resources are publicly available budget documents. Citizens should not have to search for them in internal documents or oral commitments.
Scope and Methodology

Scope

We looked at distribution and criteria for all 47 counties with a special focus on 3 counties

a) Distribution in development budget in water sector for 47 counties

b) Distribution of entire development budget in Elgeyo Marakwet, Nakuru and Kisumu

Methodology: Desk based review of key budget documents and interviews with government and non-government
What we found: Document availability and information on allocation and location (47 counties, water)

<table>
<thead>
<tr>
<th>Key document and county distribution</th>
<th>No. of counties with information in key budget documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both the location and cost estimates for projects given (excluding countywide projects)</td>
<td>25</td>
</tr>
<tr>
<td>Only location for most projects given with no the cost estimates</td>
<td>11</td>
</tr>
<tr>
<td>No location and allocation to any project/programs whatsoever</td>
<td>8</td>
</tr>
<tr>
<td>Document available</td>
<td>44</td>
</tr>
<tr>
<td>Documents unavailable</td>
<td>3</td>
</tr>
</tbody>
</table>
What We Found: Criteria for Distribution

Most county budget documents do not have a narrative linking the choices made to the criteria used in making those choices.

<table>
<thead>
<tr>
<th>Key Budget Document</th>
<th>Criteria/Public Reasons Given</th>
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<tbody>
<tr>
<td>County Integrated Development Plans (CIDPs)</td>
<td>All counties but 3 (Turkana, Baringo and Narok CIDPs were unavailable) give ‘public participation and consultative forums’ as the generic basis for decisions made.</td>
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<tr>
<td>Annual Development Plans (ADPs)</td>
<td>Only 3 counties in 2014/15, 5 counties in 2015/16 and 5 counties in 2016/17 give public reasons, no other counties do so.</td>
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<td></td>
<td>(The counties include Baringo, Kitui, Meru, Mombasa, Nandi, Nyandarua, Nyeri, Kisumu, Kwale and Elgeyo Marakwet).</td>
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<td>NB: Elgeyo Marakwet uses a formula, though not strictly followed</td>
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<tr>
<td>Budget Estimates 2013/14</td>
<td>Only 1 county: Nyeri (allocation to ongoing local authority projects).</td>
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<tr>
<td>Budget Estimates 2014/15</td>
<td>Only 3 counties: Busia, Nyandarua and West Pokot (e.g., CIDP and public participation).</td>
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<tr>
<td>Budget Estimates 2015/16:</td>
<td>Only 6 counties Baringo, Busia, Lamu, Nandi, Siaya and West Pokot (e.g., CIDP, ADP, ongoing projects and public participation).</td>
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Available Criteria Are Inadequate

Most criteria are not expressly stated but are implied from the documents. It is difficult to link the criteria adopted to the choices made. Examples:

1. The influence of CIDPs and ADPs: (Baringo County ADPs indicate projects were derived from the CIDP, sector plans and the Medium Term Expenditure Framework (MTEF). Baringo CIDP was unavailable at the time for verification)

2. Public participation and consultative forums: most with no reports. (Kirinyaga and Nyandarua have public participation reports available but not verifiable because the relevant budget is unavailable for Kirinyaga and for Nyandarua the budget has no detail on the projects to be undertaken)
Available Criteria Are Inadequate

More reasons..

3. Strategic plans/sector plans: (Nakuru, EMC and Baringo refer to these plans as the source of projects though most plans unavailable as in many counties)

4. Special attention to urban centers: (Garissa and Lamu CIDPs provide allocation to urban centers however no concrete criteria mentioned as per PFM Act, such as area, incentives, basic minimum, price differentials, revenue collection and poverty levels).
Available Criteria Are Inadequate

More reasons….

5. Lists from MCAs and Ward Development Fund projects: (Taita Taveta budget estimates 2014/15 and Kisumu budget estimates, unclear reasons for adopting this list and the origin of the projects therein).

6. Vague set of criteria for distribution in the budget circular/budgets or CFSPs. (Busia budget estimates FY 2014/15 distribution according to ‘Demand; Community involvement; Participation and Distribution pattern of already developed systems.’ Meaning? Leaves discretion to departments.

7. Allocation in accordance with a formula: (EMC, EDA, 2015 but this results in almost equal allocation to each ward.)
Good practices in transparency of distribution and criteria for distribution

✓ Prescribed legal framework: a formula- Elgeyo Marakwet EDA, 2015

✓ Some counties do seem to recognize importance of projects cutting across more than one ward or sub-county. For example ward-ward projects in West Pokot PBB 2014/15; EMC, EDA, 2015 also gives a small percentage to flagship projects

✓ Attachment of public participation reports and consultation forum reports. For example the Kisumu CIDP and Tharaka Nithi PBB 2015/16, Kisumu PBB 2015/16
Questionable Practices: Equitable Distribution?

- Equal versus equitable distribution: Kisumu 8m to all wards, Nakuru 25m to all wards, Elgeyo Marakwet EDA 60% equally distributed (should we have a bigger percentage shared equitably?)

- No allocation to certain county sub-units: Bomet CIDP, Baringo 2014/15, Tharaka Nithi budget 2013/14, Kisumu budget 2015/16 (is this intentional and is it with good reason?)
Questionable Practices: Equitable Distribution?

- Failure to account for projects by NGOs/donors when explaining allocations. (Baringo county website indicates that the county government signed a contract with the Japanese government to build 70 boreholes; is this factored in distribution or resources by counties?)

- Wide discretion left to the sector/department without requirement to justify decisions. (Nakuru HQ projects; Elgeyo Marakwet: which CIDP projects make it to the budget and why; Kisumu: unclear how selection is done)
Conclusions

1. Distribution within counties should be more transparent and equitable than is current practice.
2. Justifications should be publicly available for decisions made and criteria used in distribution of resources by county governments.
3. Where these are not disclosed, the public should demand reasonable justifications for the choices made in the budget process, and should base their own demands on public justifications as well.
Recommendations: County Executive

1. Strive to persuade the county assembly and public of the importance of countywide/large-scale projects without a perceived direct benefit to the public.

2. Publish accurate statistical data, sectoral/strategic plans and public participation reports to aid the county assembly and the public in decision making.

3. Key budget documents should show clear linkages between the justifications given and the distribution adopted by the county governments.
Recommendations: County Assembly

1. Enact legislation that jointly commits the executive and assembly to consider equity when allocating funds and that lays out some principles and measures for doing so.

2. Provide oversight of distribution of resources and demand justifications for proposals made by the executive.

3. Provide concrete justifications for amendments made to budget documents with a view of ensuring equitable distribution.
Thank You