Background

Counties are increasingly attempting to consider equity when distributing government goods and services. For example, Elgeyo Marakwet has developed a formula to be used to distribute county resources among its wards and promote equitable development.¹ Other counties have made similar, if less sophisticated efforts. Some have created Ward Development Funds (WDFs), while others have created scholarship or bursary schemes that distribute funds across the wards in the county. We examine approaches to the distribution of such funds in Nyandarua, Muranga, Nakuru and West Pokot Counties. For comparison, we also looked at the distribution of capital projects in the water sector budget in Kisumu county in 2016/17.

How equitable are these mechanisms?

An equitable distribution should be based on a good understanding of poverty and population dynamics in the county and among the wards. But this is often not the case for bursaries. First, there is often no information on how the counties identify students who are poor. For example, application forms available in the Nyandarua County Bursary Act do not ask for any household information to help measure needy cases beyond their school fee balances. There is no publicly available data on the number of eligible students in each of the wards, but they are unlikely to be equally distributed across wards. We estimate the number of students that are likely to be in secondary school in each ward based on primary school completion. Using this rough estimate, the net effect of equal distribution is a difference in per capita allocations of three times between the ward receiving the most and the least. Therefore, an equal distribution of funds among its 25 wards as set out in its Bursary Fund Act does not seem fair.

In Muranga county, bursaries are shared equally among its 35 wards, as in Nyandarua. Lack of data on the number of eligible beneficiaries remains a challenge in the county as well. We estimate the number of beneficiaries in the same way as we did with Nyandarua using the number of students completing primary school. As in Nyandarua, the effect of the equal allocation means that the per capita allocation in the ward receiving the most (Kamacharia) is three times what an eligible student in the ward receiving the least (Gaturi) gets.

In Nakuru, 85 percent of the ward fund is distributed equally among its wards and 15 percent based on ward population. We use data on water access per ward in Nakuru as an example to show how inequitable this distribution is. Kaptororo ward has over 32,000 people without access to safe water compared to just 460 in Kivumbini ward. Obviously, allocating equal shares to these two wards results in a very unequal allocation relative to the number of people that lack access to water.

In West Pokot County, the Ward Development Fund Act says the fund is meant to ensure there is equitable development among its 20 wards. However, the same act distributes funds equally across the wards. The poverty levels among the wards is different, so equity would require a different approach to the distribution of the fund. Alale ward has the largest share of poor people in the county with 9 percent of the total, while Seme ward has the smallest share at 1 percent. When it comes to allocations each ward gets 5 percent of the monies in the fund. This leads to the result that Alale gets Ksh 940 per person, while the richest ward, Siyoi, gets Ksh 5,965 per person. This approach does not appear to be equitable and seems to go against the objective of the fund.

Budgets that give details on individual development projects and their location also provide a window into equity in the counties. Kisumu's 2016/17 budget shows the distribution of projects in the water sector. The available information is broken down to the sub-county and ward levels. However, the budget does not provide any information on why this set of projects was selected for funding in 2016/17. The budget shows that the top 5 wards are allocated one third of the total budget and four wards have no allocations at all for the year. Only one of the five wards with the highest allocation is among the top five wards with the worst water access in the county. This is West Seme ward. Kajulu ward, which has the highest share of people without access to improved water sources (5.7 percent), ranks 22nd out of 35 wards with only 1.8 percent of the sector's capital budget. On the other hand, Seme has a sizeable population with poor access, and received the highest allocation.

Summary

Counties continue to create funds that are meant to address development challenges across their wards in an equitable manner. However, the current distribution mechanisms employed by these funds could be entrenching existing inequalities rather than eliminating them. In addition, counties must consider the whole budget when thinking about equity: inequality cannot be resolved only through small funds dealing with bursaries, nor through funds that focus exclusively on the development budget.

What does equity mean?

Sharing resources fairly means basing our decisions on widely accepted principles. This series of pamphlets looks at those principles and then applies them to practices of resource sharing in Kenya. How fair are our current approaches to sharing resources? You decide. Most people share the idea that creating a more equal society may require us to treat people differently depending on their differing circumstances. This idea is the basis for the concept of equity. From this notion, we can develop some additional principles of fairness.

The need principle
The need principle states that people should be treated according to their needs. If we are distributing resources for health care, a person who is sick should receive more than a person who is healthy. These examples relate to the population’s need for services and the immediate costs of providing them. For example, if it costs Ksh 100 to provide health care to one individual for a year, and we have 10 sick individuals in one area and five in another, we will want to give more to the area with 10 people. However, we may also need to consider the starting position of the two areas. If the area with ten people has a well-equipped hospital, and the area with five people lacks a facility, then need would suggest we may need to give some additional funding to the area with fewer sick people to “catch up” to the area with more.

The capacity principle
Capacity is the idea that we should not do for people what they can do for themselves. A rich person can afford to pay for more of their own services than a poor person. Assuming that both a rich and a poor person are sick (they have the same need for health care), we would be likely to give more to the poor person because they have lower capacity to meet their needs.

The effort principle
Effort is the idea that we should reward, or at least not punish, people who do more for themselves with what they have. Consider two poor people who are both sick. They have the same needs and the same capacity. One of the poor people decides to sell his second cow to pay for his health care, while the other keeps both his cows and requests help from the government. We would feel that the first person was making more of an effort to cater for his own needs given his capacity, while the second was not. We would be uncomfortable giving money to the second person while giving nothing to the first, because this would reward people who do less for themselves.

The efficiency principle
Capacity and effort both relate to how much people have and how much they can generate for their needs. Efficiency is about how people use the resources they have. Returning to our poor, sick farmers: one farmer may use the funds they have to purchase highly effective medicines at a low price, while another may choose to spend funds on ineffective procedures at a clinic known for over-charging patients. We would likely feel that we should not give as much money to someone who chooses to spend it on ineffective or over-priced services as we should to someone who uses money prudently.

The basic minimum principle
The principle of a basic minimum is that when we distribute funds, we may look at need, effort, capacity, efficiency, and even other principles not discussed here. After doing so, we might end up deciding that all of the funds should go to one person, or one community or one region. The basic minimum principle would tell us that we should first ensure that everyone gets some small share of the total before we distribute the rest according to other principles. Many people would feel that everyone should get at least a token from the resources available, so that everyone feels that they are part of the system and receive something from it.

The fair process principle
The fair process principle emerges from the realization that the principles above may conflict with one another, and that balancing them is a difficult task. There is no one right way to do this. For example, we might find that the person with the greatest needs makes the least effort. What should we do in this case? We will want to give them more due to their needs, but we will want to give them less due to their lack of effort. As there is no one correct solution to this problem, the only way to address it is to ensure that we make the decision through a fair and transparent process in which people give their reasons, these are thoroughly debated, and a decision that people may disagree with, but can agree is well-reasoned, is reached.