2016/17 Budget Implementation in Kenya: Improving Performance, Continuing Transparency Challenges

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KEY POINTS

- Revenue performance at the national level is improving, though the targets remain very ambitious.
- The National Treasury and the Office of the Controller of Budget (OCOB) are not meeting the deadlines mandated by law for releasing information on budget implementation.
- The energy, infrastructure, and information and communication technology (ICT) sector's (referred to as the "energy sector" throughout) absorption is improving; it hit 73 percent of the sector spending targets in the first half of 2016/17, as compared to only 53 percent in 2015/16. The actual spending in the energy sector between the two years grew by 58 percent compared to 28 percent growth for all MDAs.
- Of the 47 counties, only Baringo and Kirinyaga have released any budget implementation reports for 2016/17.
- About 60 percent of revenue collected by the two counties appears to be tied to the provision of certain services, such as health and market services, rather than more general revenues that could be used to support a broader development agenda.
- Available county reports vary in terms of the information they provide. However, in reports from Baringo and Kirinyaga, nonfinancial information on performance against targets is still very general. Moreover, the data in these reports are not consistent with data in Office of the Controller of Budget reports.
- The county reports, like the national reports, do not adequately explain the causes of good or bad performance.

BACKGROUND

With the close of the 2016/17 financial year, it is important to take stock of how well last year's budget was implemented. We do not yet have year-end performance data, so we need to look at information that is available about budget performance during the year.

The Public Finance Management Act 2012 mandates the national government to publish implementation reports within 45 days after the end of each quarter, and county governments to do so within 30 days. These reports should demonstrate how the governments have performed against their targets, using financial and nonfinancial information.

In this analysis, we focus on the Quarterly Economic and Budgetary Reviews (QEBRs) from the first three quarters of 2016/17, and the OCOB's first quarter Budget Implementation Review Report. This is our first analysis of budget implementation for the 2016/17 financial year. While the reports cover all aspects of the national budget, this analysis focuses on the energy, infrastructure, and ICT sector, which consistently has had the lowest absorption rates in recent years.

At the county level, the analysis focuses on Baringo and Kirinyaga, the only two counties that have published implementation reports online.

OVERALL PERFORMANCE

Revenue growth remains strong; performance against target improved to 92 percent in the first half of 2016/17, compared to 86 percent in 2015/16. The actual total revenue raised in this period grew by 17 percent between the two years, nearly double the 9 percent target growth rate. The first six months of 2016/17 also saw a significant improvement in the collection of Appropriation in Aid (AiA) compared to 2015/16. At the midyear point in 2015/16, only 48 percent of the target had been collected. In 2016/17 the collection rate has grown to 87 percent. Actual AiA revenue raised has grown by 105 percent between the two years against a target growth of 13 percent. Ordinary revenue collection against target has also improved, driven by growth in almost all sources as shown in

However, external grants received in 2016/17 were only 17 percent of what was expected, falling by over half since last year. This is a significant drop considering the target in 2016/17 was slightly lower than the target in the first half of 2015/16. The QEBRs do not attempt to explain revenue performance over time.

TABLE 1. REVENUE PERFORMANCE IN THE FIRST SIX MONTHS OF 2015/16 AND 2016/17

	2015/16			2016/17			
	Target	*Actual*	*Half Year Performance*	*Half Year Performance*	*Half Year Performance*	*Half Year Performance*	*Growth in Actual Revenue Between 2015/16 and 2016/17*
Total Revenue	642,903	568,808	88%	701,682	674,155	96%	19%
Ordinary Revenue	**591,818**	**544,203**	**92%**	**643,858**	**623,715**	**97%**	**15%**
Import Duty	41,348	39,170	95%	46,645	42,883	92%	9%
Excise Duty	68,289	64,705	95%	79,641	81,664	103%	26%
PAYE	158,273	132,261	84%	161,536	144,065	89%	9%
Other Income Tax	130,448	129,923	100%	146,270	145,209	99%	12%
VAT Local	67,589	71,775	106%	84,728	91,950	109%	28%
VAT Imports	82,177	66,261	81%	78,737	68,586	87%	4%
Investment Revenue	9,349	9,833	105%	12,009	21,646	180%	120%
Traffic Revenue	1,830	1,617	88%	1,876	1,335	71%	-17%
Taxes on Intl. Trade & Transport. (DF Fee)	15,471	13,124	85%	15,301	11,371	74%	-13%
Others'	17,044	15,534	91%	17,114	15,005	88%	-3%
Appropriation in Aid	**51,085**	**24,605**	**48%**	**57,824**	**50,440**	**87%**	**105%**
o/w Railway Development Levy	12,331	8,927	72%	9,716	13,350	137%	50%
External Grants	**35,086**	**12,312**	**35%**	**34,744**	**5,775**	**17%**	**-53%**
Total Revenue and External Grants	***677,989***	***581,120***	***86%***	***736,425***	***679,930***	***92%***	***17%***

Source: Second Quarter QEBR 2015/16 and 2016/17

Actual expenditure as a percentage of spending targets posted improvement, as did disbursements to counties. Total budget absorption improved from 73 percent to 84 percent between 2015/16 and 2016/17. The half year expenditure target represented an 11 percent increase, but actual expenditure in the same period grew by a much higher rate of 28 percent, indicating improving performance. Both recurrent and development budget performance improved at the national level in 2016/17.

None of the important deviations in performance against target, whether positive or negative, are explained in the report. For example, the payment of guaranteed loans in the first half of 2016/17 was 21 percent above the target of Ksh. 1.1 billion, compared to a performance of 49 percent in the first half of 2015/16, but there is no explanation for the improved performance. Similarly, the QEBR does not explain why no money was disbursed to the Equalization Fund or the Consolidated Fund in the first half of the year in either 2015/16 or 2016/17. Disbursements to counties against target also improved by 12 percentage points, which translates to actual growth of 17 percent in the amounts received between the two half years.

TABLE 2. EXPENDITURE PERFORMANCE IN 2015/16 AND 2016/17

	2015/16			2016/17			
	Target	*Actual*	*Half Year Performance*	*Target*	*Actual*	*Half Year Performance*	*Growth in Actual Expenditure Between 2015/16 and 2016/17*
Recurrent	**501,671**	**416,489**	**83%**	**562,749**	**520,361**	**92%**	**25%**
Domestic Interest	77,667	85,715	110%	94,865	100,088	106%	17%
Foreign Interest	15,067	17,422	116%	25,448	25,210	99%	45%
Pensions	21,976	22,812	104%	30,060	29,984	100%	31%
Wages and Salaries	166,763	148,715	89%	180,388	155,742	86%	5%
Operations and Maintenance	220,198	141,825	64%	231,989	209,337	90%	48%
ON: Appropriation-in-Aid	22,487	15,209	68%	30,661	36,637	119%	141%
Development	**332,222**	**204,421**	**62%**	**376,138**	**274,744**	**73%**	**34%**
Development Projects (Net)	150,790	114,984	76%	162,956	152,831	94%	33%
Payment of Guaranteed Loans	1,028	504	49%	1,062	1,283	121%	155%
Appropriation-in-Aid	177,404	88,934	50%	212,119	120,630	57%	36%
County Governments	**149,736**	**99,191**	**66%**	**149,164**	**116,252**	**78%**	**17%**
Parliamentary Service	**4,450**	**2,054**	**46%**	**13,665**	**11,927**	**87%**	**481%**
Judicial Service	**6,655**	**5,215**	**78%**	**6,655**	**5,226**	**79%**	**0%**
Equalization Fund	**3,000**	-		**3,000**	-		
Contingencies Fund	**2,500**	-		**2,500**	-		
TOTAL EXPENDITURE	***997,234***	***727,369***	***73%***	***1,110,871***	***928,510***	***84%***	***28%***
Growth				*11%*	*28%*		

Source: Second Quarter QEBR 2015/16 and 2016/17

The Controller of Budget, and the National and County Treasuries are still not meeting the legal timelines for publishing implementation reports. The PFM Act requires that the Office of the Controller of Budget make budget implementation information available to the public at the national and the county levels. The county reports for the first half of the year were supposed to be released by the end of January, while those of the national government budget by mid-February. However, four months later those reports were still not public, and there were no indications they had been tabled in parliament. The first quarter reports that were supposed to be out by mid-October 2016 were uploaded on the OCOB's website only in February 2017. The National Treasury published its first quarter report on 28 November 2016, and the second report on 27 February 2017. These reports were supposed to be published by 15 November 2016 and 15 February 2017, respectively.

THE ENERGY SECTOR

Overall, with regard to spending the energy sector performed slightly below the average across government, with five of the nine energy sector MDAs' absorption levels below the average for all MDAs. The sector spent 73 percent of its target for the half year, which was just below the average of 74 percent for all MDAs. However, the actual spending in the energy sector between 2015/16 and 2016/17 grew by 58 percent as compared to only a 28 percent growth for all MDAs. This was primarily due to the above target performance by the State Department for ICT and Innovation and the State Department for Transport. On the other hand, the State Department for Petroleum spent only 14 percent of its target. It is not possible to assess this performance against that in prior years because the department previously had been housed within the State Department for Energy. Five of the MDAs in the sector performed below the average for all MDAs.

The QEBR does not provide any narrative to explain why some MDAs in the energy sector performed better than expected, while others did not spend even half of their budget targets for the first six months of the year. No publicly available document, including the sector reports, provide information that would help us understand these trends within the sector. Additionally, the information provided does not include individual program performance data.

Concurrently, the energy sector's development budget absorption (72 percent) was higher than the average performance for all MDAs (67 percent). This is similar to the sector's comparative performance at the same point in 2015/16. However, there is improvement in development absorption rates across years in both the energy sector's, which improved from 56 in 2015/16 to 72 percent in 2016/17, and the average across all MDAs, which grew from 53 to 67 percent in the same period.

TABLE 3. ENERGY SECTOR MDAS' HALF YEAR PERFORMANCE IN 2016/17

	Recurrent			Development			Total		
MDAs	*Actual*	*Target*	*% Recurrent expenditure to total target*	*Actual*	*Target*	*% Development expenditure to total target*	*Actual*	*Target*	*% Total expenditure to total target*
State Department for Infrastructure	13,637	14,520	94%	28,401	73,856	38%	42,039	88,375	48%
State Department for Transport	558	2,890	19%	96,871	87,903	110%	97,429	90,794	107%
State Department for Maritime Affairs	81	119	68%	0	0		81	119	68%
State Department for Housing & Urban Development	308	431	71%	7,055	9,645	73%	7,363	10,076	73%
State Department for Public Works	302	449	67%	609	1,024	59%	910	1,472	62%
State Department for Information Communication and Technology & Innovation	337	455	74%	17,945	11,157	161%	18,283	11,611	157%
State Department for Broadcasting & Telecommunications	981	1,025	96%	292	329	89%	1,273	1,354	94%
State Department of Energy	905	1,039	87%	23,679	57,592	41%	24,584	58,631	42%
State Department of Petroleum	18	46	39%	281	2,104	13%	298	2,150	14%
Sub-Total MDAs in Energy Sector	**17,127**	**20,974**	**82%**	**175,133**	**243,610**	**72%**	**192,260**	**264,582**	**73%**
Total MDAs	***345,594***	***428,763***	***81%***	***273,545***	***410,132***	***67%***	***619,138***	***838,895***	***74%***

Source: Second Quarter QEBR 2016/17

Some targets in these documents change throughout the year without clear explanation, complicating analysis of performance. The QEBR for quarter three in 2016/17 shows significant changes in the targets for some of the MDAs in the energy sector from the two previous quarters. For example, the target for the State Department for Transport's budget for quarter three is Ksh. 52.71 billion. This is Ksh 38.08 billion less than the quarter two target. These types of changes lead to surprising results: an absorption of 276 percent for Transport in quarter three, compared to 107 percent in the second quarter. If the target had not decreased in quarter three from the level in quarter two, then the absorption rate would have been only 160 percent. Compared to 2015/16, the department's actual spending at the end of the third quarter in 2016/17was 133 percent higher than the expenditure at the same point in the prior year. Why were the targets revised downward between the second and third quarters in 2016/17? Were changes effected through a supplementary budget?

TABLE 4. CHANGE IN 2016/17 TARGETS BETWEEN THE SECOND AND THIRD QUARTER

	Quarter 1		Quarter 2		Quarter 3				
MDAs	*Actual*	*Target*	*Actual*	*Target*	*Actual*	*Target*	*Q3 Actual Expenditure Against Q2 Targets*	*Q3 Actual Expenditure Against Q3 Targets*	*Difference Between Q3 and Q2 Targets*
State Department for Infrastructure	11,776	44,172	42,039	88,375	89,522	142,538	101%	63%	54,163
State Department for Transport	32,685	45,393	97,429	90,794	145,607	52,713	160%	276%	-38,081
State Department for Maritime Affairs	14	55	81	119	163	191	137%	85%	72
State Department for Housing & Urban Development	3,163	5,027	7,363	10,076	11,347	5,980	113%	190%	-4,096
State Department for Public Works	111	616	910	1,472	1,374	1,750	93%	79%	278
State Department for Information Communication and Technology & Innovation	7,330	9,142	18,283	11,611	24,497	19,773	211%	124%	8,162
State Department for Broadcasting & Telecommunications	588	639	1,273	1,354	1,793	2,566	132%	70%	1,212
State Department of Energy	11,001	29,315	24,584	58,631	45,999	42,887	78%	107%	-15,744
State Department of Petroleum	44	1,073	298	2,150	965	2,702	45%	36%	552
Sub-total MDAs in energy sector	**66,712**	**135,432**	**192,260**	**264,582**	**321,267**	**271,100**	**121%**	**119%**	**6,518**
Total	***251,386***	***404,999***	***619,138***	***838,895***	***1,049,370***	***1,116,327***	***125%***	***94%***	***277,432***

Source: First to Third Quarter QEBR 2016/17, National Treasury

There is also a significant improvement in absorption for the energy sector in the 2016/17 recurrent budget compared to the previous year. The sector's absorption against the target for the first half of 2016/17 has grown by 17 percent compared to the same period in 2015/16. The recurrent budget absorption rose by 27 percent. This was mainly driven by a 38 percent reduction in the recurrent spending target between the two years, though there was an improvement in performance as well.

TABLE 5. COMPARISON OF ENERGY SECTOR PERFORMANCE IN 2015/16 AND 2016/17

		Half Year 2015/16	Half Year 2016/17	Change in Absorption Rates
Recurrent	Sector	55%	82%	27%
	All MDAs	69%	81%	12%
Development	Sector	56%	72%	16%
	All MDAs	53%	67%	14%
Total	Sector	56%	73%	17%
	All MDAs	61%	74%	13%

The sector's budget is mainly funded through foreign funds (54 percent), but it is not possible to tell how trends in external revenue receipts are affecting implementation. Based on the approved budget for 2016/17, 54 percent of the energy sector's budget is funded through grants and loans from external sources. For some of the MDAs in the sector, such as the State Department for Transport, State Department for Housing and Urban Development, and State Department for Energy, about 70 percent of their budgets are funded through external revenue. Therefore, the flow of loans and grants will affect the implementation of programs and projects in these MDAs. However, because the approved budget uses different categories to present revenue information than those used in the QEBR(s) and OCOB reports, it is almost impossible to see how much external revenue in loans and grants have been received compared to that estimated in the approved budget (see Table 6). For example, commercial loans, mentioned in the implementation report but not in the original budget, could include some components that contribute to funding the energy sector but it is not possible to determine whether that is the case directly from the information provided.

TABLE 6. REVENUE INFORMATION AVAILABLE IN APPROVED BUDGETS AND BUDGET IMPLEMENTATION STAGES

Revenue Information in Approved Budget	Revenue Information in the QEBR(s) and OCOB Reports
1. Appropriation in Aid *: -which includes* Loans Grants **2. External Revenue** *: -which includes* Loans Grants	1. Total Tax Income 2. Total Non-Tax Income 3. Net Domestic Borrowing 4. Loans - Foreign Government and International Organisation 5. Grants- Foreign Government and International Organisations 6. Commercial Loans

Source: Estimate of Expenditure 2016/17 and QEBR Q1-Q3

Fast tracking of the government's flagshiplaptop project could explain the exceptional performance of development expenditure under the State Department for Information Communication and Technology and Innovation. The department spent Ksh. 17.95 billion during the first half of the year, which was 61 percent over the target of Ksh. 14.42 billion. We do not know why, but we do know that 60 percent of the ministry's development budget in 2016/17 is allocated to the laptop project.[1] This suggests that the rollout of the project may have been an important factor in explaining the performance against the target.[2]

Second quarter 2016/17 development spending on the Standard Gauge Railway (SGR) was twice that in the first. Quarterly reports from the OCOB show that the State Department of Transport spent Ksh. 32 billion on development of the SGR in the first quarter of 2016/17. Spending on the SGR almost doubled to Ksh 64.42 billion in the second quarter, bringing the half year total to Ksh 93.3 billion, which explains the high absorption for the MDA. This is a notably improved performance in both quarters compared to 2015/16, where in the first quarter development spending was Ksh. 3.3 billion, rising to Ksh. 52.6 billion in the second quarter. The trend is similar in both years, expenditure starting slowly in the first quarter and increasing exponentially by the half year mark.

COUNTIES

In general, counties are not publishing their quarterly implementation reports, though Baringo and Kirinyaga recently began to do so. According to recent surveys carried out by the International Budget Partnership Kenya, most counties do not publish their budget implementation reports on county government websites. In the survey carried out this past February, only two counties had published first quarter implementation reports on their websites.[3] Baringo county is unique in that it has been uploading its quarterly implementation reports beginning with the first quarter in 2015/16. Kirinyaga has not been as consistent. While it published its first and second quarter 2016/17 reports, it had not published any implementation reports prior to this.

Reporting on own revenue is better than what counties present on receipts from national transfers (equitable share and conditional grants). Both counties publish some information on revenue generated within the county, including a breakdown of the sources by month and,in Kirinyaga, even by sector. In addition, information that compares current collections to that of 2015/16 is published. In contrast, Kirinyaga does not provide any specific information on what amount was received as conditional grants or the equitable share for the period under review. While Baringo provides information on receipts from the equitable share and grants, it does not include

[1] http://www.treasury.go.ke/component/jdownloads/send/6-budget/222-development-budget-book-2016-17-volume-2.html Page 1316
[2] https://www.standardmedia.co.ke/article/2000217763/government-to-kick-start-delivery-of-laptops-to-class-one-pupils-countrywide-on-friday
[3] http://www.internationalbudget.org/budget-work-by-country/ibps-work-in-countries/kenya/understanding-county-budgets/tracking-county-budget-information-kenya/

any information on targets for the quarter. Additionally, it is not possible to tell how much was received from the different conditional grants or donor grants, as the figures are not broken down into these components.

Reporting on the expenditure side lacks important details and historical context, and is confusing in places. For example, Kirinyaga's published report gives spending details for the first quarter of 2016/17, but offers no details below the level of the department, nor does it include spending information from previous years for comparison. Counties approve Program Based Budgets but budget implementation reports do not show performance at the program level.

Baringo county gives more information on previous years' spending but also fails to provide program-level data. Conversely, Baringo has attempted to explain expenditure lines under departments, and some of the main cost drivers. It also publishes an annex that lists all of the projects, presenting information on their location, costs, and status of implementation. Unfortunately, the language used is often confusing. In the second quarter report, there is a column with targets for the quarter, and another column titled "cumulative achievement." It is not clear whether cumulative achievement (presented in percentages) is against the quarterly, the semi-annual, or the annual target; and in several cases, there is no clear interpretation of what these percentages refer to. For example, the "cumulative achievement" of 70 percent for the delivery of motorcycles (second row in Table 7) is unlikely to refer to the number of motorcycles, because 70 percent of a target of four motorcycles is 2.8 motorcycles.

FIGURE 1. AN ANNEX SHOWING DETAILS OF PROGRAMS IN BARINGO COUNTY

Annex 4: Achievements for the Department of Agriculture, Livestock Development and Fisheries

Program	Projects	Location of the Project	Quarter Targets	Achieved Outputs	cumulative achievement %	Outcomes (outcomes and impacts since project commencement)	Action Plan
2015-2016							
Crop development program	Coffee Expansion	Kabartonjo, Kabarnet, Tenges, Koibatek, Mochongoi	100,000 seedlings delivered	Coffee seedlings delivery is ongoing, already 53,200 seedlings delivered and distributed	90%	Acreage under coffee has increased from 896 ha in 2012 to 1500 ha in 2016	Farmers are trained on quality to meet market requirement and establishment of coffee mill
Crop development program	Coffee Extension Revival -Purchase of motorcycles for coffee extension & AMS operation	Countywide	4 motorcycles delivered	Delivery of motorcycles will be done registration is made	70%	70% complete. Improved extension services	Increased extension coverage for improved farming all year across
Crop development program	Construction of Storage Tank for Water Harvesting ATC	Koibatek ATC	One water tank constructed	Tender evaluation already done, awaiting contract signing for water tank	50%	Improved farm trainings,Tender evaluation already done, awaiting contract signing for water tank	Increased water supply to ATC improved training conditions
Agricultural Training program	Completion of Kitchen and dining Hall	Koibatek ATC	Kitchen and dining Hall completed	ongoing project), structure complete, finishing and fittings ongoing	90%	Improved farm trainings,	Improved training conditions at ATC all times
Agricultural Training Program	Renovation of 26 self- contained rooms	Koibatek ATC	26 self-contained rooms renovated	Tender awarded and handing over of the site done	60%	Improved farm trainings,	Improved training conditions at ATC all times

In both counties, revenue collection has missed the targets but is improving as compared to 2015/16. In 2016/17 the two counties collected about three-quarters of their targets for the first quarter, which was still an improvement when compared to the first quarter of 2015/16 (as shown in Table 1). Though below target, both counties have seen substantial growth in actual revenues. While this is encouraging, our analysis demonstrates that county revenue collections are very erratic, so these increases could be temporary.[4] It is important to note here that the actual local revenue collection published by the OCOB for the first quarter in 2015/16 was Ksh. 77.3 million, different from what is stated in the Baringo County report.

TABLE 7. REVENUE PERFORMANCE IN QUARTER 1, 2015/16 AND 2016/17

County	Actual Q1 Collection in 2015/16	Q1 Target 2016/17	Actual Collection 2016/17	Performance Against Q1 Target	Growth Between Q1 of 2015/16 and 2016/17
Baringo	72,859,999	127,968,756	91,426,072	71%	25%
Kirinyaga	65,108,988	101,721,025	78,075,942	77%	20%

Source: Baringo and Kirinyaga 1st Quarter Budget Implementation Reports 2016/17

Kirinyaga and Baringo's main sources of revenue are hospital service charges and revenue from agricultural-related sources. The two counties are rural, and we would expect agriculture cess collected from farmers to be one of the largest sources of county revenue. Agricultural revenues are generated in both counties, but it is not entirely clear what they comprise. In Baringo the report refers to "produce and other cess," but it is not clear exactly what is covered in this category. In the Kirinyaga report, a significant amount of revenue is coming from the Agricultural Food Authority for the Tea Infrastructure Fund. The largest revenue source in both counties is money collected by county health facilities.

Over 60 percent of revenue in both counties is collected from sources tied to certain services. For example, the health revenue collected in Kirinyaga is from health facilities and is results from their ability to provide services. Market fees may also be tied to services offered to market users. Over 60 percent of revenue in both counties is collected from sources that would be considered "service charges" in the language of the 2010 Constitution, rather than from more general taxes, like property rates.

[4] http://www.internationalbudget.org/wp-content/uploads/kenya-county-budget-implementation-in-2015-16-ibp-2017.pdf

TABLE 8. 2016/17 COUNTY OWN REVENUE STREAMS: BARINGO AND KIRINYAGA

	Kirinyaga	Baringo
	Share of Total Own Revenue Q1 2016/17	*Share of Total Own Revenue Q2 2016/17*
Hospital Revenue	26%	27%
AFFA (Kirinyaga County) Produce & Other Cess (Baringo County)	26%	12%
Market Fees & Others	11%	12%
Game Park Fees	N/A	33%
Property Rates	4%	3%
Single Business Permit	6%	3%
Parking Fees	7%	N/A
Others	20%	10%

Source: Baringo and Kirinyaga Budget Implementation Reports

The first quarter development expenditure in both counties was only 3 percent of the total expenditure for the quarter. The approved budget in Baringo has a development/recurrent expenditure ratio of 40 to 60. However, in the first quarter only Ksh. 16.1 million was spent on development out of a total expenditure of Ksh. 534.1 million. The absorption for development improved in the second half of the year to 21 percent of the total development budget. In Kirinyaga only 3 percent of the county's total actual spending was on development in the first quarter, which was also only 3 percent of the approved development budget for the year. However, the implementation report does not explain why absorption of the development budget was so low in the first quarter. In addition, the first quarter OCOB report shows that the development expenditure was 6 percent of the annual target. This is notably different than the 3 percent expenditure published in the county report. In Baringo the OCOB report shows the absorption rate was less than 1 percent in the first quarter, in contrast to 3 percent in the county report.

Baringo county presents project implementation in a format that provides information on location, status of implementation, expected outcomes, and action plans to complete the projects. This simplifies oversight for the county assembly and members of the public. This kind of information is not available in the Kirinyaga report.

As we have demonstrated throughout this section, there remain critical unexplained differences between expenditure and revenue data contained in county reports versus that reported by the OCOB. It is impossible to know why these reports vary or whose data are more accurate, but inconsistencies of this kind undermine the ability of citizens to accurately interpret budget data.

Both counties have made some effort to explain performance in their revenue and expenditure reporting, but these explanations require strengthening. Kirinyaga's 2016/17 first quarter report includes a section that explains challenges in raising revenue along with some of the solutions being applied to improve performance. With regard to challenges, the county highlights court cases that have stalled collection of revenue from some sources. However, there are additional challenges that do not necessarily speak to the revenue collection trends seen in the report. For example, lack of adequate staff is a generic challenge, but it is one that is usually known at the outset and so should be factored into the setting of initial targets.

The same trends can be seen in the 2016/17 second quarter report from Baringo on the expenditure side. Most of the narrative on spending is descriptive, with little to no explanation of why the trends are occurring. For example, in Baringo the Education and ICT departments' absorption was 38 percent. There is a paragraph that explains the absorption for recurrent and development expenditure, but, no context provided as to whether the performance should be seen as good or bad. Additionally, the root causes of the reported performance are unclear, and the documents do not give information about recurring trends or what could be driving them. While Baringo and Kirinyaga do provide more information than what is available in reports from the National Treasury and the Controller of Budget, justifications of expenditure performance in implementation reports are inadequate according to standards advocated for in earlier briefs.[5]

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[5] We try to define the adequacy of public reasons here: http://www.internationalbudget.org/wp-content/uploads/public-reasons-in-kenya-budget-documents-ibp-2017.pdf