



HOW TO READ AND USE A BUDGET POLICY STATEMENT AND A COUNTY FISCAL STRATEGY PAPER

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This guide is part of a series on how to read and use key national and county budget documents in Kenya. Here we examine the Budget Policy Statement (BPS), a document which must be produced by the national government every year, using the BPS 2016 as an example. At the county level, the equivalent document to the BPS is called the County Fiscal Strategy Paper (CFSP). The principles outlined in this guide can also be applied to reading the CFSP.

WHEN ARE THE BUDGET POLICY STATEMENT AND THE COUNTY FISCAL STRATEGY PAPERS PRODUCED?

The BPS is tabled in the national assembly no later than February 15 and should be made available to the public within 15 days of being tabled. The CFSP is tabled in the county assembly no later than February 28 and should be made available to the public within seven days of being tabled. In practice, the BPS is usually made available upon tabling. County governments should also follow this practice by publishing the CFSP in a timely manner.

WHY ARE THE BUDGET POLICY STATEMENT AND THE COUNTY FISCAL STRATEGY PAPERS IMPORTANT?

The BPS and the CFSP are arguably the most important budget document in the annual budget cycle. They should answer two key questions:

1. **How big should the total budget be in the next year?** This means estimating total revenue, total spending, and, where spending is larger than revenue, the total deficit (also called financing).
2. **What share of the budget should go to each of the major sectors (such as health, agriculture, education, etc.)?** This is also known as “setting the ceilings” for each sector and determines the maximum amount of funds that each sector should receive. This establishes the priorities for the year, allowing certain sectors to grow faster than others.

The process of establishing sector ceilings begins many months before the BPS and CFSP are developed. A different budget document, the Budget Review and Outlook Paper (BROP), sets

“provisional” sector ceilings in October which are then supposed to be discussed in sector hearings in December/January.¹ These provisional ceilings are revised and finalized in the BPS and the CFSP in February.

The BPS and the CFSP each have four key elements, which we refer to as “three Ps and one C.” The BPS also has a fifth element, not in the CFSP, which relates to the division of revenue between national and county levels. The five key elements are:

1. **Performance.** The first “P” is for information related to budget performance in the previous year and the first six months of the current year. As these documents are produced in February, they contain good data on revenue and expenditure from June to December. Performance data is important for making decisions about what is realistic going forward. This data allows us to ask questions like: are our revenue estimates realistic? If we give more money to the Ministry of Roads, can they actually spend it? And so on.
2. **Projections.** Informed by the performance data, we can then move on to the second “P” which are the projections of the total budget (revenue, expenditure and deficit) for the coming financial year. While the projections are at a highly aggregate level, they should include broad categories for revenue (major taxes, grants, etc.) and expenditure (recurrent, development, debt repayment, etc.).
3. **Priorities.** The third “P” is for the priorities in the budget. The narrative section on priorities in the BPS should explain the choices made in the coming budget year between different sectors, for example why health is prioritized over education. We can then examine the budgets for each sector to see if the narrative and the numbers match. It should be possible to then link these narrative explanations to the numbers in the ceilings section, which we examine next.
4. **Ceilings.** The “C” is for the ceilings in the budget – the maximum amount of funds going to each sector. The BPS and the CFSP determine the final distribution of funds across sectors. The sector ceilings, and how they are changing over time, are useful for understanding which sectors will be prioritized in the coming year.
5. **Division of Revenue.** The BPS discusses how funds will be divided between the two levels of government (national and county). This provides background to inform the Division of Revenue Bill and the County Allocation of Revenue Bill that should be tabled in parliament by February 15. This section of the BPS must justify the amount for national and county governments overall, the amount that will go through the equitable share (unconditional grant to counties), and the amount that will be given as conditional grants.

¹ A guide to reading the Budget Review and Outlook Paper can be found at <http://www.internationalbudget.org/publications/how-to-read-and-use-budget-review-outlook-paper-kenya/>

READING THE BUDGET POLICY STATEMENT AND THE COUNTY FISCAL STRATEGY PAPER

It is useful to look at an example to learn how to read a BPS. This guide uses the BPS 2016, available on the Treasury website and a google drive set up to store Kenyan budget documents, which should be downloaded and read alongside this guide.² The principles outlined in this guide can also be applied to reading the CFSP.

The five elements outlined above are a useful framework to analyze the BPS (four of the five are also applicable to the CFSP). In this section we examine what we can glean about each of these elements from the BPS 2016.

1. PERFORMANCE

The BPS 2016 was released in February 2016. It reviews the performance for the 2014/15 financial year (ending on June 30, 2015) and the first half of the 2015/16 financial year (July to December of 2015). The BPS and the CFSP contain the most up-to-date information on how the government has performed in collecting and spending revenue, and each are useful for determining whether the coming year's revenue and spending targets are realistic.

Normally, the BPS contains a table detailing expenditure performance for the first half of the current financial year. While the BPS 2016 does not contain such a table, some information about performance against target can be found on page 38. This information is presented in Table 1 below.

Table 1: First Half of 2015/16 Performance (Ksh billions)

| Indicator | December 2015 Target | December 2015 Actual | Difference |
|--------------------------|----------------------|----------------------|------------|
| Total Revenue | 643 | 569 | -75 |
| <i>Of which:</i> | | | |
| Ordinary Revenue | ? | ? | -47 |
| -PAYE | ? | ? | -26 |
| -VAT | ? | ? | -16 |
| Appropriations in Aid | ? | ? | -27 |
| Domestic borrowing (net) | 107 | 28 | -79 |
| Total Expenditure | 997 | 727 | -270 |
| Deficit | 354 | 159 | -195 |

Source: BPS 2016 (page 38).

As can be seen, some of the data we need to conduct our analysis is missing. Some items have targets and some do not. Some have actuals and others only have the deviation from target. Generally, Table 1 shows that targets for the first half of the year were missed, but it is difficult to know how poorly the government has performed. Are targets usually met? How much has performance deviated from targets in percentage terms?

² See <http://treasury.go.ke/downloads/category/19-budget-policy-statement.html?download=363:2016-budget-policy-statement> and <http://bit.ly/2016KenyaBPS>

One way to start answering such questions is to compare our performance at the half-year mark in 2015 with our performance at the half-year mark in 2014. This requires us to go back to last year's BPS. Table 2 shows this information.

Table 2: Half Year Performance Compared, 2013/14 to 2015/16 (Ksh billions)

| Indicator | December 2014 Target | December 2014 Actual | % of Target | December 2015 Target | December 2015 Actual | % of Target | Growth '13 to '14 Actual | Growth '14 to '15 Actual |
|-------------------|----------------------|----------------------|-------------|----------------------|----------------------|-------------|--------------------------|--------------------------|
| Total Revenue* | 560 | 517 | 92% | 643 | 569 | 88% | 12.3% | 10% |
| Ordinary Revenue | 513 | 491 | 96% | ? | ? | ? | 12.9% | ? |
| Total Expenditure | 765 | 614 | 80% | 997 | 727 | 73% | 7.3% | 18% |
| Recurrent | 428 | 384 | 90% | ? | ? | ? | -3% | ? |
| Development | 229 | 146 | 64% | ? | ? | ? | 32% | ? |

Source: BPS 2015 and BPS 2016.

Notes: * It is not clear in the 2016 BPS if grants are included or not, but we have used Total Revenue excluding grants in 2015.

Table 2 shows that performance of actual versus target in 2015 is weaker than in 2014 for both revenue and spending. However, looking at targets alone can be misleading because targets can be too modest or too ambitious. Revenue growth in 2015 was weaker than in 2014, but still fairly strong at 10 percent; expenditure growth in 2014 was an impressive 18 percent. When growth is that high and the target is still missed, it suggests that the target may have been too ambitious. As we can see, the 2015 target was 30 percent higher than the 2014 target and 62 percent higher than actual expenditure in 2014. This is a very ambitious target.

What should we do with this information? Essentially, the performance information is important for gauging how realistic the projections for the coming year are. We look at this next.

2. PROJECTIONS

Next we look at how much the government expects to collect in revenue, how much it expects to spend on programs, and the resulting deficit in FY 2016/17. This information is scattered throughout the BPS, but the easiest place to see it is in Table 2 on page 17. This table allows comparisons over time of revenue and spending, with some breakdown to types of each.

The column we are most interested in is the one that is under "2016/17" and is headed "BPS'16". These are the most updated projections from the current paper. Table 3 below presents this information. It captures some of the key indicators in the BPS 2016, comparing growth over time against targets (but uses actual figures for 2014/15).

Table 3: Projections for 2016/17 (Ksh billions)

| Key Indicator | 2014/15 Prelim. Actual | 2015/16 Revised Budget | 2016/17 Projected Budget | Growth 2015/16 over 2014/15 | Growth 2016/17 over 2015/16 | 2015/16 if 2% below budget | Growth 16/17 over 15/16 (2% drop) | Growth 15/16 over 14/15 (2% drop) |
|-----------------------------------|------------------------|------------------------|--------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------------|-----------------------------------|
| Total Revenue | 1,106 | 1,311 | 1,496 | 19% | 14% | 1285 | 16% | 16% |
| Income Tax | 509 | 586 | 666 | 15% | 14% | 574 | 16% | 13% |
| Total Expenditure | 1,639 | 1,902 | 2,052 | 16% | 8% | 1868 | 10% | 14% |
| Recurrent (inc. interest payment) | 895 | 990 | 1094 | 11% | 11% | 970 | 13% | 8% |
| Development | 510 | 643 | 668 | 27% | 4% | 635 | 5% | 25% |
| Deficit (exc. grants) | 533 | 591 | 555 | 12% | -6% | 583 | -5% | 9% |

Source: BPS 2016, Annex Table 2 and author's calculations; minor differences due to rounding

How do we use this data? The principal question is whether the projections are realistic. Revenue projections that are too high may lead to the government collecting less revenue than expected, resulting in a larger deficit than expected. Revenue projections that are too low may lead to a larger-than-expected budget in the middle of the year, which would usually be spent through a supplementary budget that is less transparent and subject to much less debate.

So how realistic are the projections? The data show that the Treasury expects revenue growth to continue to be robust in 2016/17. Although the overall revenue growth (14 percent) is lower than the previous year (19 percent), this assumes that the revenue target will be met in 2015/16. The half-year performance for 2015/16 we looked at in Table 2 show that revenue growth is slower this year than last year. This suggests revenue collections may fall short of target.

It is useful to test Treasury's projections by asking what would happen if the government performed worse than expected in 2015/16. The last three columns of Table 3 above show a modest 2 percent decline in performance against budget for all our indicators in 2015/16, and the revised growth rates between each year. If revenue in 2015/16 were 2 percent lower than Treasury has projected (1,285 instead of 1,311), then the target for 2016/17 would be 16 percent above the 2015/16 actual revenue, below this year's ambitious 19 percent growth rate (but similar to this year's revised rate of 16 percent shown in the last column). The table shows that overall revenue and income tax projections might be realistic. However, if performance is worse than expected, they may still turn out to be too ambitious.

On the expenditure side, the expected growth for 2016/17 is more modest. There is a substantial decline in target growth for overall spending, particularly for development spending. This is true even in our scenario with 2 percent under-performance, with the exception of recurrent expenditure. If our 2015/16 recurrent spending is lower than expected, our 2016/17 projection may turn out to be somewhat ambitious (an 11 percent increase for the coming year compared to 8 percent growth in the current year). On the development side, it is worth noting that 3 percent growth is below inflation, meaning that the development budget for 2016/17 will be smaller than in 2015/16 in *real terms*. In other words, the general price of goods and services in the economy is

projected to be 5 percent higher, but the budget will only be 3 percent higher. This suggests that the 2016/17 development budget will not be able to purchase as much as the 2015/16 budget.

In summary, the revenue and expenditure projections appear reasonable, though revenue growth is still ambitious.

3. PRIORITIES

The next major section of the BPS we consider here is the proposed distribution of spending across major sectors for the coming budget year. The most important question to ask in this section is whether priorities are changing at sector level from the current year to the next budget year.

We look at two parts of the BPS to answer this question. The first is the narrative explaining these changes in priority. The second, which we consider in the next section, is the actual allocations to each sector and how they are changing over time.

Priorities are not discussed in great detail in the BPS 2016. Although each sector has a set of priority expenditures which are detailed in the BPS, we are not interested in priorities within sectors, but across sectors. For example, we want to know why agriculture is receiving more than health. The BPS (like all budget documents) sets priorities over the medium-term. This means that, while it is binding for this year, it also has implications for the next two years.

Page 51 is the only place in the entire BPS 2016 which explains the sector priorities in the coming budget. It reads:

185. Taken as a whole, the budget for FY2016/17 will focus on the following:

- Enhancing support to social sectors (Social Protection, Health and Education). These will continue to receive the bulk of budgetary resources especially in education and health sectors. The Social Sectors will receive 29.0 percent of total discretionary expenditures.
- Capital investments in Energy, Infrastructure, ICT sector and other development expenditure in general. This reflects the priority assigned to capital investments in our growth objectives. With an overall allocation of 24.7 percent of total discretionary expenditures, the Energy, Infrastructure and ICT Sector will be receiving the second largest share of the resource envelope. This reflects Government's commitment in improving infrastructure countrywide for faster growth.

186. Other priority areas including security, social protection, youth and agriculture will be given priority in the allocation of resources.

What does this tell us? First, it appears that the biggest priority is the social sector, which is set to receive 29 percent of the budget this coming year, followed by the infrastructure sector. "Other priority areas" include security, youth, and agriculture, and social protection is mentioned again, though it was already included above in the social sector. The BPS 2016 tells us nothing about how these are changing over time or why they are more important than other sectors. There are no direct comparisons that allow us to understand why social sectors are more important than infrastructure, or infrastructure is more important than security. The only thing we might conclude from this section is that other areas that are not mentioned are not priority areas. This would

include the environment, governance, and commerce. While no explanation is given for this, it does suggest some trade-offs are being made.

In the absence of explanations, there is still discussion to be had about these priorities. For example, should the social sectors receive more than infrastructure? We need to know the numbers and changes over time, however, to examine this. This requires us to move to the fourth section of the BPS, the ceilings.

4. CEILINGS

In this section, we look at the relative shares of the budget going to each sector and how this is changing over time. A sector whose share of the budget is increasing is generally an increasing priority, while a sector whose share is decreasing is generally a decreasing priority.

The BPS 2016 presents the sector distribution in Table 4.2 on page 52. A more detailed sector table is contained in the Annex (Annex Table 4), but contains errors in the 2015/16 columns. So here we focus on Table 4.2.

The “% shares of total budget” columns to the right of Table 4.2 is useful to focus on. In general, the total budget increases over time, so looking at absolute allocations tells us little about the relative changes in priority. However, this can vary from year to year. We consider both the absolute figures and the percentage of the total below.

The total size of the 2016/17 budget for ministries, departments and agencies (MDAs) is actually slightly smaller (by about one percent) than the 2015/16 budget. As the BPS 2016 notes, this is fairly unusual. Assuming 5 percent inflation in 2016/17 (as the BPS 2016 does), this is a significant decrease in real total spending. This means that the 2016/17 MDA budget will be able to buy less than the 2015/16 MDA budget. The driver of this decrease is the development budget – the recurrent budget is expected to grow, but the development budget is expected to decline by 9 percent.

We should pause here to consider challenges in reading the BPS 2016. Our analysis above (Table 3) shows that the development budget was projected to increase by 4 percent, yet here we find it is declining. What is going on? The key issue is a change in the 2015/16 figure (the 2016/17 figures are the same in both places). There is a discrepancy between the 2015/16 numbers of 643 billion, taken from Annex Table 2, and 721 billion, taken from Table 4.2 on page 52.

Why is there a discrepancy? The BPS 2016 presents different figures as a “baseline” throughout. In some cases it uses the original budget, in other cases it uses a “revised budget,” which is typically based on a supplementary budget approved during the year. This can lead to confusion about how budgets are changing over time. For example, if the original budget was Ksh 100 and the proposed budget for the coming year is Ksh 90, this will look like a Ksh 10 drop in the budget. However, if the government passed a supplementary budget and dropped its total budget to Ksh 80 in the middle of the year, then we will perceive the Ksh 90 for the coming year to be a Ksh 10 increase.

The original 2015/16 budget set development spending at Ksh 721 billion. The BPS 2016, in Table 2 of the Annex, refer to a revised development spending figure of Ksh 643 billion. Did a supplementary budget in 2015/16 revise down the development spending? As an approved supplementary budget

is not available, we do not know. Further, as we do not have revised figures by sector or ministry in the BPS 2016, we cannot use it to look at sector level changes. In light of this, we continue to use the original budgeted figures in BPS 2016 Table 4.2 for this guide.

If we look at the sectors, we can see that some are increasing and some are decreasing in absolute size. Table 4 compares the figures in the BPS to what was proposed earlier in the 2015 BROP. The Treasury is meant to revise these provisional ceilings based on sector hearings with public input. Comparing the revised ceilings in the BPS (or CFSP at county level) gives us some idea of what happened during the sector hearings and whether priorities have changed.

Table 4: Sector Increases and Decreases 2015/16 to 2016/17: Absolute Values (Ksh billions), BPS v. BROP

| Sectors Increasing BPS | Increase Amount BROP | Increase Amount BPS | Sectors Decreasing BPS | Decrease Amount BROP | Decrease Amount BPS |
|--------------------------------|----------------------|---------------------|------------------------|----------------------|---------------------|
| Health | +2.3 | +0.4 | Agriculture | -10.3 | -15.6 |
| Education | +23.1 | +5.8 | Energy/Infrastructure | -46.3 | -37 |
| Governance, Justice | +21.7 | +28.5 | Economic Affairs | -1.9 | -5.9 |
| National Security | +4.7 | +8.3 | Public Administration | +12.8 | -10.6 |
| Environment | +14 | +11.6 | Social Protection | +0.5 | -1.3 |
| | | | | | |
| Total MDA Budget (BROP) | 1,526,067 | | | | |
| Total MDA Budget (BPS) | 1,489,505 | | | | |

Table 4 reveals a number of interesting facts. First, while increases in health and education are consistent with the priority given to the social sector in the BPS narrative, the decrease in social protection is surprising, especially since it was set to increase slightly in the BROP approved by parliament in October 2015. It is also quite surprising to see large increases for governance and the environment, neither of which was mentioned as a sector priority in the BPS narrative. Decreases in agricultural spending (mentioned as a priority) and spending on infrastructure (also mentioned as a priority) are also surprising. The BPS narrative neither describes or explains these issues, all of which should elicit queries from parliament and civil society.

To understand relative priorities, we must still look at relative shares of the budget for sectors that are increasing and sectors that are decreasing. Table 5 shows sector increases and decreases as a share of the budget and compares these to the BROP.

Table 5: Sector Increases and Decreases as Share of Budget, 2015/16 vs. 2016/17, BPS vs. BROP

| Sectors Increasing BPS | Increase Amount (percentage points) BROP | Increase Amount (percentage points) BPS | Sectors Decreasing BPS | Decrease Amount (percentage points) BROP | Decrease Amount (percentage points) BPS |
|------------------------|--|---|------------------------|--|---|
| Health | +0.1 | +0.1 | Agriculture | -0.8 | -1.0 |
| Governance, Justice | +1.3 | +2.1 | Energy/infrastructure | -3.4 | -2.2 |
| National Security | +0.2 | +0.6 | Economic Affairs | -0.1 | -0.4 |
| Environment | +0.8 | +0.8 | Public Administration | +0.6 | -0.6 |
| Education | +1.2 | +0.7 | Social Protection | 0 | -0.1% |

Source: BPS 2016 and BROP 2015

In this particular year, the differences between the two tables is small. One important fact emerging from both tables is that Treasury had initially intended to cut the infrastructure sector further and increase the education sector more in the BROP than it finally did in the BPS. Treasury also intended to increase the share for public administration in the BPS, but then reversed course and actually cut its share. Once again, there is no explanation for these shifts among sectors in the BPS narrative. It is again surprising to see the major increase in the share of the budget for governance, and the slight decrease for social protection, which is at odds with what one might expect from the narrative. All of these shifts raise questions for analysts of the BPS.

While there is no explanation for most of these shifts, it is possible to make some guesses about what is causing them. For example, the big jump in the governance sector is mainly related to an increasing budget for the Independent Elections and Boundary Commission, which is of course related to the 2017 elections. It is less clear what is driving the increase in the environment sector (which has incorrect figures for program level expenditure in 2015/16 in Annex Table 4), though it is not mining: the Ministry of Mining budget is actually declining.

5. DIVISION OF REVENUE

The section of the BPS that covers the division of revenue has become increasingly comprehensive and complex over time, with greater detail being given on decisions about revenue sharing each year. Ultimately, parliament decides how revenues will be divided between the national and county governments by weighing the views of the Commission on Revenue Allocation (CRA) and the Treasury. CRA's views are described in its annual recommendations released by January 1.³ Treasury's views are contained in the BPS.

The big question we should ask is what is happening over time to the county and national share of total revenue. Are the relative shares remaining the same? How are changes over time justified?

For 2016/17, Treasury proposes increasing the equitable share (the main unconditional grant to counties) by 7.9 percent over last year. Table 5.3 on page 68 (footnote 2) of the BPS 2016 contains this information. No explanation is provided for this particular growth factor, though it is noted that the equitable share was increased by 10.41 percent last year. Last year, this figure was agreed to by

³ For a brief analysis of those recommendations this year, see <http://www.internationalbudget.org/publications/kenya-analysis-of-the-commission-on-revenue-allocations-cra-201617-recommendations-on-sharing-revenue/>

both Treasury and CRA.⁴ This year, however, CRA is proposing a revenue growth factor of 15.09 percent, based on the average growth rate of shareable revenue (mainly tax revenue, not including loans and grants) over the past few years (through 2014/15). It is not clear what the basis for Treasury’s figure is. This should raise questions for any analyst of the BPS.

What share of the total shareable revenue has been going to counties and how much is Treasury proposing for this year? Table 6 shows this.

Table 6: Share of Revenue for Counties, 2014/15-2016/17 (Ksh billions)

| Indicator | 2014/15 | 2015/16 | 2016/17 |
|--------------------------------------|---------|---------|---------|
| Total Shareable Revenue | 1,026 | 1,243 | 1,380 |
| County Equitable Share | 227 | 260 | 280 |
| National Share | 800 | 977 | 1,100 |
| County As % | 22.1% | 20.9% | 20.3% |
| Increase in County Allocation | | 14.6% | 7.9% |
| Increase in National Allocation | | 22.1% | 12.5% |
| Conditional Grants* | 3 | 17 | 18 |
| Equitable Share + Conditional Grants | 230 | 277 | 298 |

Source: BPS 2016, Division of Revenue Act 2014 and 2015; 2016/17 is projected.

Note: * Conditional grants do not include donor funds spent by national government in counties, though Treasury normally does call these conditional allocations.

As Table 6 shows, the share of funding to counties through the equitable share is declining over time. This reflects the faster increase in the national allocation also shown above (12.5 percent for national government versus 7.9 percent for counties). Although the county decline is small, it does raise questions. Why should counties be receiving a smaller share from year to year? Are county functions less expensive? Are they less of a priority than national functions?

CONCLUSION

There are three key points that an analyst, or a parliamentarian exercising oversight over the executive during the budget process, should take away from a review of the BPS 2016.

- 1. The BPS 2016 suggests that the revenue and spending targets are less ambitious than in recent years. This is in line with weaker performance in the first half of this financial year.** By testing the projections against a possible further decline in performance, we determined that they were ambitious but not unreasonable. However, revenue targets could arguably be more conservative in light of the possibility of deteriorating performance. It is possible that the onset of the electoral season will lead to a reduction in economic activity.
- 2. The BPS 2016 proposes decreasing infrastructure, public administration, and agriculture spending in order to increase environment, governance, and security spending. There is no justification provided for these choices.** Some of the spending decisions appear to be at odds with the narrative. For example, while the narrative emphasizes the importance of

⁴ See The National Treasury, “Medium Term Budget Policy Statement,” February 2015, p. 50 and CRA, “Recommendation on the sharing of revenue raised nationally between the national and county governments for the financial year 2015/16,” December 2014, p. 34.

social protection, the budget for this sector is decreasing. The narrative provides no indication that governance or environment are priorities for the coming year. In general, the BPS 2016 does not adequately facilitate public debate about budget tradeoffs. The new section at the end of the document (page 88) on inputs from the public does not provide any further insight into why particular choices have been made and focuses instead on why public suggestions were not incorporated. For example, the document mentions that inadequate funding for social protection was an issue raised by the public. The response in the BPS is that this issue “is not unique to this sector but cuts across all sectors.” As the BPS is the time to set priorities in terms of sectors, this is not an adequate response. It appears to dismiss public concerns rather than engage with them.

- 3. The BPS 2016 purports to increase the share of revenue going to counties by 8 percent, while the national share will rise by 12.5 percent. There is no justification provided for this.** This decision should be reflected in a discussion about the relative priority of functions carried out by either level (say, health versus security) as well as the relative costliness of those functions. No such analysis is contained in the BPS 2016.

By focusing on key decisions in the BPS and pointing out where justifications are lacking, this guide should contribute to robust debate of the document and to the related CFSPs. More important than the documents themselves are the decisions and the process of making them. The more that citizens and legislators participate in these decisions, the more likely they are to reflect a broad consensus about Kenya’s national priorities.