

## Devolution in Kenya: Is the National Government Still Holding Funds That Should be Devolved?

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### Key Points

- Many believe that the national government retains functions and funds that should have been devolved to county governments. However, there has been little serious analysis of this issue to determine whether or not it is true, or how much money is involved.
- Drawing on publically available budget information, we have identified six factors that should be considered when determining which funds and functions can readily be devolved. These factors take into account present funding arrangements at the county, regional, national, and international level.
- Taking these factors into account, we find that no more than Ksh 65 billion is available for devolution; only part of this could eventually be devolved and we believe the minimum amount that should be devolved is roughly Ksh 28 billion.
- Almost 75 percent of these funds are controlled by state corporations. This means that the agenda of reforming state financing to align with devolution is largely an agenda of state corporation reform.
- Parliament should lead a debate on how to reform state agencies to ensure adequate funding for key services and alignment with devolution and the constitution.

## Introduction

There is a widespread belief in Kenya that the national government is still holding on to funds and functions that should have been devolved to the county level. Last year, the Council of Governors put out a notice in the daily newspapers claiming that around Ksh 100 billion in the 2014/15 national budget was for county functions and should have been devolved.<sup>1</sup>

The Council of Governors' analysis suffered from a number of flaws. First, it included substantial external (donor) funding that cannot be readily devolved. Second, it included funding for a number of state corporations that would require further reform for the funds to be devolved. (We discuss the issue of state corporations performing devolved functions further in Budget Brief 29.)<sup>2</sup> It also included Ksh 9.3 billion in "miscellaneous" funds without further justification.

In this brief, we analyze the 2014/15 national budget to determine how much funding is still going to the national government for devolved functions. Unlike the governors, we argue that the budget cannot simply be divided into national and county functions without taking into consideration a variety of factors. We do not take a position on the total that should be devolved, but rather the total that must be discussed for possible devolution.

## Examining Devolved Functions and Funds

To examine how much funding remains at the national level for functions being performed at the county level, six factors should be considered:

- 1) **Shared functions.** Some budget lines are for functions that are shared between the two levels of government as per the constitution. Such shared functions are common in the energy sector, as both levels of government are responsible for "electricity and gas reticulation and energy regulation." It therefore remains unclear how funding for these items should be split between the two levels of government.
- 2) **Dominant external funding.** Some budget lines are for functions that are clearly devolved, but where virtually all of the funding is from external sources. There is a small amount of domestic funding for these items, but in some cases this is "counterpart" funding, meaning it is a small local contribution required to access donor funding. The issue of dominant external funding for devolved functions is particularly prevalent in a number of areas in the health sector, such as nutrition, and urban development. Unless new agreements with donors are reached, this funding cannot be devolved.
- 3) **Regional agencies.** Some budget lines relate to functions that are devolved but that have significant regional implications. This may make it undesirable to simply dissolve the units. For example, Water Service Boards: water is a devolved function, but it is also a resource that must be managed regionally. In this case, it might make sense to maintain the boards but cede managerial control to counties, in which case the funding would not be devolved. This is just one of several approaches that might be taken to this issue.
- 4) **Single unit running national and county functions.** Some budget lines are for units that appear to have both national and county functions. This includes some state corporations. For example, the National Transport and Safety Authority performs policy functions at the national level, but also

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<sup>1</sup> See [http://cog.go.ke/images/CoG\\_meeting\\_with\\_Editors-07th\\_August\\_2014.pdf](http://cog.go.ke/images/CoG_meeting_with_Editors-07th_August_2014.pdf)

<sup>2</sup> See <http://internationalbudget.org/budget-briefs/budget-brief-no-29-have-state-corporations-changed/>

manages some public road transport, which is a county function. Assuming that such units were restructured, some, but not all, of their funding could be devolved.

- 5) **Initially devolved but partially or fully retained.** Some budget lines were marked for partial or full devolution in the 2012/13 budget, but have remained at the national level in the 2014/15 budget for reasons that are not clear. Some of these items may have been marked for devolution in error. However, if the government previously believed that these items should be devolved, we should look at them carefully to see why this did not occur.
- 6) **Devolved but retained.** Finally, we believe some budget heads correspond to devolved functions, and we do not see any reason why these should remain at national level. In some cases these are related to state corporations and may require some additional reforms. However, they do appear to be fully devolved, lack important regional functions, and are only modestly funded from external resources, if at all.

Taken together, our examination of these six factors reveals that, while there is some additional funding in the national budget that could be devolved, careful analysis and further reform of state agencies is needed before this could take place.

## How Much can be Devolved?

Table 1 breaks down funds according to the six factors we describe above. (A full breakdown of these figures to the budget line level is available in Annex 1.) In the 2014/15 National Budget, a total of Ksh 117 billion has been allocated to functions that fall within these six factors. However, Ksh 52.5 billion of this comes from external sources and cannot be devolved. The maximum that could be devolved, and therefore the amount that we believe should be discussed, is roughly Ksh 64.6 billion (the sum of government grants and local Appropriations in Aid). Some of these funds are for national functions, but it remains unclear as to how much. This requires further interrogation by Parliament. At a minimum, we believe that with some state reforms, the roughly 28 billion for “devolved but retained” functions should be devolved.

**Table 1: How Much Funding in the 2014/15 Budget Could be Partially or Fully Devolved?**

Categories	Government Grants	Local Appropriations in Aid (AiA)	External Funding	Total	Total - External Funding	Share of total (not including external funding)
Shared Functions	15,350,629,702	3,140,000,000	20,163,000,000	38,653,629,702	18,490,629,702	29%
Dominant External Funding	1,803,799,670		12,278,894,126	14,082,693,796	1,803,799,670	3%
Regional Agencies	5,483,697,778	1,817,238,239	11,056,227,277	18,357,163,294	7,300,936,017	11%
Single Unit Running National and County Functions	4,595,299,020	367,000,000	27,985,340	4,990,284,360	4,962,299,020	8%
Initially Devolved But Partially or Fully Retained	4,188,743,678	49,675,917	766,000,000	5,004,419,595	4,238,419,595	7%
Total Allocation to Devolved but Retained Functions	23,772,910,171	4,040,000,000	8,178,740,000	35,991,650,171	27,812,910,171	43%
<b>Total</b>	<b>55,195,080,019</b>	<b>9,413,914,156</b>	<b>52,470,846,743</b>	<b>117,079,840,918</b>	<b>64,608,994,175</b>	<b>100%</b>
<i>of which</i>						
State Corporations	42,029,282,441	4,961,238,239	39,032,452,617	86,022,973,297	46,990,520,680	73%

Most of the funding (73 percent) in the national budget that could potentially be devolved is for state corporations. We found only a relatively small amount of additional funding could be devolved beyond the

funds uncovered in our previous analysis of state corporations.<sup>3</sup> Therefore, those who want to see additional funding released for counties should focus on the reform of state corporations performing at least some devolved functions.

## What We Did

Drawing on publically available budget information (see Box 1), we constructed a comprehensive list of budget items related to devolution (see Annex 1). These are broken down according to the “six factors that should be considered” and the sources of funding. We also include notes explaining why we thought a particular budget item should be discussed for possible devolution.

For example, under “Shared Functions” in Annex 1 you will find “Rural Electrification Authority.” There is a reference to Schedule Four of the constitution because, as noted above, both national and county governments have a role in energy reticulation. The additional notes explain that the Rural Electrification Authority focuses specifically on expansion in rural areas, and that the Transition Authority had called for a phased transfer of at least some rural electrification projects. Without further discussion, however, there is no obvious way to split up a state corporation like the Rural Electrification Authority, which is performing a shared function.

### Box 1: Sources of Information

**Budget estimates:** In the 2012/13 budget estimates, all budget items that were slated for devolution were coded as “98.”<sup>4</sup> We were therefore able to check in the 2014/15 budget which items that were meant to be devolved in 2012/13 actually were, and which remain at the national level.

**Schedule Four of the 2010 Constitution:** This is the basic guide to the functions of the two levels of government. It is a useful source for determining whether a budget item seems like it should be devolved or should remain with national government.

**Transition Authority Gazette Notice of 13 August 2013:** This is the most comprehensive notice from the Transition Authority. It attempted to unbundle Schedule Four and provide further direction on what was supposed to be devolved to counties.

**Websites, annual reports, media reports and other online materials:** Whenever budget lines were unclear, we tried to consult available resources to get a better sense of what an agency or corporation actually does and how this relates to the functions of government contained in Schedule Four of the constitution.

Along with the analysis in Annex 1, we considered two additional issues.

First, as was made clear above, a large share of the funding we considered relates to state corporations. In the budget, state corporations are sometimes listed as part of other items, or they have a related headquarters or administrative program that seems to relate only to the corporation. We did not include budget lines for these related programs because it is not clear whether they are largely administrative and policy functions that should remain at national level or whether, if the state corporation was fully devolved, these items should also be devolved. However, to ensure that we did not miss out on an important set of funds that should be included in our analysis, we checked the magnitude of these figures. Annex 2 shows that, even if all of these related costs were included in our analysis, it would not add more than Ksh 1.5 billion to our estimates.

<sup>3</sup> See <http://internationalbudget.org/budget-briefs/budget-brief-no-29-have-state-corporations-changed/>

<sup>4</sup> See [http://wbi.worldbank.org/boost/Data/boost/boostcms/files/field/country-attachments/kenya\\_boost\\_v1.1\\_2002-2013\\_0.xlsx](http://wbi.worldbank.org/boost/Data/boost/boostcms/files/field/country-attachments/kenya_boost_v1.1_2002-2013_0.xlsx)

Second, we also looked more carefully at some of the areas that were marked as devolved in the 2012/13 budget. Some of these budget items were marked to be partially devolved in 2012/13 but remain at the national level in the 2014/15 budget. Since they were to be partially (rather than fully) devolved, it is not surprising that they are still in the budget. However, it remains unclear whether their budgets went down sufficiently to be consistent with the partial devolution we expected. These items are shown in Annex 3. It can be seen that in 2012/13, on average, the National Treasury expected to devolve about 60 percent of the costs associated with these items. The remaining expenditure for these items in 2014/15 is 28 percent of what was budgeted in 2012/13. This means that more than 70 percent of these costs were devolved or reduced for other reasons.

On balance, it seems that the government did devolve at least as much as it intended from these items. However, there are some exceptions. The Government Chemist, Livestock Information Services, and Kenya National Library Services each saw major increases in national level funding over this period. Other individual items were slated for a high share of funding to be devolved, but retained a high share in 2014/15. For example, Livestock Breeding was supposed to be 76 percent devolved, but 84 percent of its budget in 2014/15 remained at the national level. Further clarity is needed on these items. It is possible that the Government Chemist was devolved in error in 2012/13. It is also possible that most of the increase in national funding for Livestock Information Services is due to major new external funding which cannot be devolved. The situation with other items, particularly libraries, is much less clear.

## Conclusion

Our analysis is intended to guide discussions on how to review the national budget for items that should potentially be devolved. It is the role of Parliament to lead where the Executive has fallen short. While the Transition Authority and the National Treasury have both made some efforts to think through what needs to be devolved, we cannot leave such matters to executive agencies. Parliament must exercise its oversight role and initiate a wider-ranging debate about how the state needs to be restructured to align with devolution and the constitution.

We do not try to answer every possible question about how to interpret either the budget or the constitution, but rather point out issues we think need further debate. A consideration of how we reform current state institutions in a way that is consistent with the constitution and that also maximizes the chances of maintaining, and ultimately improving, service delivery should guide this debate.

Although our analysis includes the budget for the Kenya Electricity Transmission (a state corporation) and the budgets for various other state corporations performing policy and regulatory functions, our position is not that the national grid, or all of these other regulatory bodies, should be dissolved or devolved. It is not possible to tell from publicly available documents what share of these institutions or agencies can and should be devolved, while protecting functions related to items of national interest, or functions that are ambiguous, but that logic clearly dictates should be handled at national or regional level.

The main purpose of our analysis is to spur debate about what share of the more than Ksh 60 billion in the budget associated with partially devolved or shared functions should in fact be devolved. This can only be answered through careful analysis and debate, rather than through the highly charged politics that have tended to drive this discussion thus far.

## Annex 1: Detailed 2014/15 Budget Items that Could be Partially or Fully Devolved

Ministry	Vote Heads	References to Constitution, Transition Authority Gazette Notice 2013, and other legal documents	Further Notes on Our Classification of Items	Government Grants	Local AiA	External Funding
<b>Shared Functions</b>						
Ministry of Energy and Petroleum	Wood fuel Resources Development	Fourth Schedule: energy; TA Gazette Notice 2013: Forestry	Shared - Policy matters are retained at the national level but the counties are in charge of energy regulation and counties will run functions relating to environmental conservation	64,271,625	240,000,000	-
	Alternative Energy Technologies	Fourth Schedule - National - Energy policy including electricity and gas reticulation and energy regulation. County planning and development, including: (e) electricity and gas reticulation and energy regulation.	Shared - Policy matters are retained at the national level but the counties are in charge of energy regulation and counties will run functions relating to environmental conservation	89,178,077	86,000,000	-
	Rural Electrification Authority	Fourth Schedule - National - Energy policy including electricity and gas reticulation and energy regulation. County planning and development, including: (e) electricity and gas reticulation and energy regulation.	Shared - Electricity and gas reticulation and energy regulation. REA mainly engages in distribution (reticulation) of energy in rural areas.	9,754,000,000	2,743,000,000	1,448,000,000
	Kenya Electricity Transmission Company	Fourth Schedule - National - Energy policy including electricity and gas reticulation and energy regulation. County planning and development, including: (e) electricity and gas reticulation and energy regulation.	Shared - Electricity and gas reticulation and energy regulation. KETRACO mainly engages in distribution (reticulation) of energy.	4,666,800,000	-	18,715,000,000
Ministry of Devolution and Planning	Kenya National Bureau of Statistics	Fourth Schedule National statistics and data on population, the economy and society generally. County planning and development, including— (a) statistics	Shared - The national government continues to play a role in national statistics but counties are to take up the same role at the county level, similar to what district statistic offices used to do.	776,380,000	71,000,000	-
Total				15,350,629,702	3,140,000,000	20,163,000,000

Ministry	Vote Heads	References to Constitution, Transition Authority Gazette Notice 2013, and other legal documents	Further Notes on Our Classification of Items	Government Grants	Local AiA	External Funding
<b>Dominant External Funding</b>				-	-	-
Ministry of Health	Special Global Fund	Coded 98 in 2012/13,(Fully Devolved)	Shared- TB, HIV, and Malaria services are devolved functions as per the TA Gazette notice. However, the Kenya Coordinating Mechanism, which manages funds from the Global Fund, is chaired by the national Ministry of Health.	50,000,000	-	1,251,370,525
	Special Global Fund TB	Gazette Notice		67,500,000	-	327,953,869
	Special Global Fund Malaria	Coded 98 in 2012/13,(Fully Devolved)		50,000,000	-	952,644,732
	Rural Health Centers and Dispensaries	Coded 98 in 2012/13 - (Partially Devolved) and transferred by Gazette Notice	These are lower level health facilities that should be run by counties.	800,000,000	-	1,773,750,000
	Nutrition	Coded 98 in 2012/13(Fully Devolved) and transferred by Gazette Notice	This should likely fall under the promotion of primary health care, a county function	851,900	-	681,300,000
	Environmental Health Services	Coded 98 in 2012/13 (Fully Devolved) and listed as a devolved function in the TA Gazette notice of 2013	This is a devolved function, but more than half is from external sources	58,317,240	-	68,375,000
	Kenya Extended Program of Immunization	Coded 98 in 2012/13 ,(Fully Devolved) and transferred by Gazette Notice	This should likely fall under the promotion of primary health care, a county function	265,289,680	-	2,600,000,000
Ministry of Lands, Housing and Urban Development.	Urban Development	Fourth Schedule/Gazette Notice - County public works and services, including— (a) storm water management systems in built-up areas; and - County transport, including— County transport, including— (a) county roads; (d) public road transport; The Urban Areas and Cities Act 2011 puts these areas under jurisdiction of counties	This appears to be funding provided by the World Bank for infrastructure in urban areas in the Nairobi Metropolitan area. See <a href="http://www.worldbank.org/projects/P107314/nairobi-metropolitan-services-improvement-project?lang=en">http://www.worldbank.org/projects/P107314/nairobi-metropolitan-services-improvement-project?lang=en</a>	84,840,850	-	3,697,000,000
State Department for Water and Regional Authorities	Water Services Trust Fund	Fourth Schedule - County public works and services, including— (b) water and sanitation services.	Shared - The WSTF provides funding to improve the access of water services in areas with very low access. Water and sanitation services are now devolved but most funding is external. This project is supported by World Bank: <a href="http://www.worldbank.org/projects/P132979?lang=en">http://www.worldbank.org/projects/P132979?lang=en</a>	427,000,000	-	926,500,000
Total				1,803,799,670	-	12,278,894,126
<b>Regional Agencies</b>						

Ministry	Vote Heads	References to Constitution, Transition Authority Gazette Notice 2013, and other legal documents	Further Notes on Our Classification of Items	Government Grants	Local AiA	External Funding
State Department for Water and Regional Authorities	Athi Water Services Board	Fourth Schedule - County public works and services, including— (b) water and sanitation services.	Water and sanitation services are devolved functions but the boards run invest in regional infrastructure. Given that water is a regional resource, WSBs should be reformed in a way that ensures regional interests and access to services is safeguarded.	450,000,000	500,000,000	3,650,000,000
	Coast Water Services Board	Fourth Schedule - County public works and services, including— (b) water and sanitation services.		1,200,000,000	630,945,000	940,000,000
	Lake Victoria North Water Services Board	Fourth Schedule - County public works and services, including— (b) water and sanitation services.		222,500,000	35,000,000	1,964,727,277
	Lake Victoria South Water Services Board	Fourth Schedule - County public works and services, including— (b) water and sanitation services.		416,000,000	35,000,000	1,750,000,000
	Northern Water Services Board	Fourth Schedule - County public works and services, including— (b) water and sanitation services.		372,532,000	15,000,000	-
	Rift Valley Water Services Board	Fourth Schedule - County public works and services, including— (b) water and sanitation services.		210,000,000	211,223,000	1,680,000,000
	Tana Water Services Board	Fourth Schedule - County public works and services, including— (b) water and sanitation services.		262,699,000	84,250,000	540,000,000
	Tanathi Water Services	Fourth Schedule - County public works and services, including— (b) water and sanitation services.		468,695,541	50,820,239	432,000,000
	Ewaso Nyiro South Development	Coded 98 in 2012/13,(Fully Devolved)	Regional development authorities have a mandate to promote "integrated basin development" around regional water bodies. Therefore they run functions that relate to resources that cross county boundaries and require reforms that recognize the regional character of these resources.	283,412,471	1,500,000	-
	Ewaso Nyiro North Development	Coded 98 in 2012/13,(Fully Devolved)		395,479,281	-	-
	Kerio Valley Development Authority	Coded 98 in 2012/13,(Fully Devolved)		389,906,899	75,000,000	99,500,000
	Lake Basin Development Authority	Coded 98 in 2012/13,(Fully Devolved)		285,321,717	21,500,000	-



Ministry	Vote Heads	References to Constitution, Transition Authority Gazette Notice 2013, and other legal documents	Further Notes on Our Classification of Items	Government Grants	Local AiA	External Funding
	Tana and Athi Rivers Development Authority	Coded 98 in 2012/13,(Fully Devolved)		365,208,409	157,000,000	-
	Coast Development Authority	Coded 98 in 2012/13,(Fully Devolved)		161,942,460	-	-
Total				5,483,697,778	1,817,238,239	11,056,227,277
<b>Single Unit Running National and County Functions</b>						
State Department of Transport	National Transport and Safety Authority	Fourth Schedule - National- Transport and Communications including, in particular-- a) road traffic; Fourth Schedule- County transport, including— (d) public road transport	Shared - The NTSA has a mandate to "advise" and to "implement policies" around public road transport which might be national functions, but also to plan and manage and provide transport service, which appear to be county functions	382,000,000	-	-
State Department for Livestock	Kenya Dairy Board	Fourth Schedule - National- Agriculture Policy ; Fourth Schedule- County - Agriculture, including— (a) crop and animal husbandry; TA Gazette notice	Shared - The functions of the board include regulation, which is a national function, but also marketing, distribution and supply, which may overlap with county functions <a href="http://www.kdb.co.ke/corporate-info/corporate-profile">http://www.kdb.co.ke/corporate-info/corporate-profile</a>	103,618,894	-	-
State Department for Interior	National Campaign Against Drug Abuse Authority	Coded 98 in 2012/13 - (Partially Devolved); Fourth Schedule- County- Control of Drugs	Shared - Drug control is a devolved function but NACADA has a policy role which makes it a national body.	315,026,800	330,000,000	-
Ministry of Sports Culture and Arts	National Museums of Kenya	Fourth Schedule- National- Ancient and historical monuments; County- Cultural activities, public entertainment and public amenities, including—(g) museums	Shared - Museums are devolved but we have the national museum and other bodies such as the primate research institute that remain as national bodies. The national government is also in charge of ancient and historical monuments of national importance that are run by the museums.	659,239,051	-	27,985,340
	Kenya National Library Service	Coded 98 in 2012/13 - (Partially Devolved); Fourth Schedule- County- libraries	Shared -Library services are devolved to the counties. However, TA states that libraries except for Kenya National Library Services are devolved. This suggests that perhaps the National Library is not devolved, while others have been.	1,067,400,000	-	-
	Library Services			12,419,000	-	-

Ministry	Vote Heads	References to Constitution, Transition Authority Gazette Notice 2013, and other legal documents	Further Notes on Our Classification of Items	Government Grants	Local AiA	External Funding
State Department for Agriculture	Pyrethrum Board of Kenya	Fourth Schedule - Agriculture, including— (a) crop and animal husbandry;	These bodies have a policy mandate but they also implement policies which may fall under country agriculture, such as marketing and crop improvement interventions.	300,000,000	-	-
	Coffee Board of Kenya	Fourth Schedule - Agriculture, including— (a) crop and animal husbandry;		10,720,000	-	-
	Tea Board of Kenya	Fourth Schedule - Agriculture, including— (a) crop and animal husbandry;		6,912,000	-	-
	Cotton Development Authority	Fourth Schedule - Agriculture, including— (a) crop and animal husbandry;		171,000,000	-	-
	Coconut Development Authority	Fourth Schedule - Agriculture, including— (a) crop and animal husbandry;		142,000,000	-	-
Ministry of Lands, Housing and Urban Development.	Department of Physical Planning	County - Coded 98 in 2012/13; Fourth Schedule-County- County planning and development, including— (b) land survey and mapping; Fourth Schedule-National- General principles of land planning and the co-ordination of planning by the counties.	Shared - The department seems to work mostly on matters of land from surveying, extension of land leases, as well as some advisory roles. Some of its roles such as subdivision of land and amalgamation of land touch on land survey and mapping which are part of county functions.	180,805,355	-	-
Ministry of Lands, Housing and Urban Development.	Housing Department	National - Housing policy. County - Fourth Schedule (includes civil servant housing) County planning and development, including— (d) housing; and	The department mainly has a policy role, but also seems to engage in "facilitating the provision of improved and affordable housing" which now should be run by counties <a href="http://www.ardhi.go.ke/default/housing/">http://www.ardhi.go.ke/default/housing/</a>	1,244,157,920	37,000,000	-
Total				4,595,299,020	367,000,000	27,985,340
<b>Initially Devolved But Partially or Fully Retained</b>						
Ministry of Health	Radiation Protection Board	Coded 98 in 2012/13	Shared -The department was divided up between the two levels of government in the 2012/13 budget. It is not clear whether this was devolved in error, as it is mainly a regulatory body, but does provide some regional services.	120,821,100	31,825,917	-

Ministry	Vote Heads	References to Constitution, Transition Authority Gazette Notice 2013, and other legal documents	Further Notes on Our Classification of Items	Government Grants	Local AiA	External Funding
	National Public Health Laboratory Services	Coded 98 in 2012/13,(Fully Devolved) and also in the TA gazette as a devolved fund	Given that these are specialized labs for HIV, microbiology, etc., it is unlikely that they should be devolved <a href="http://www.nphls.or.ke/?page_id=16">http://www.nphls.or.ke/?page_id=16</a>	32,504,500	-	581,000,000
	Government Chemist	Coded 98 in 2012/13 - (Partially Devolved)	Provides forensic laboratory services and may have been devolved in error, but also provides regional services	363,166,897	-	-
State Department for Water and Regional Authorities	Land Reclamation Services	Coded 98 in 2012/13 - (Partially Devolved)	Shared - Irrigation and land reclamation allocations were split up between the national and county governments in the 2012/13 budget estimates.	58,985,990	-	-
State Department for Livestock	Livestock Information Services	Coded 98 in 2012/13 - (Partially Devolved); Fourth Schedule- County- Animal and crop husbandry	Part of animal husbandry and devolved in the 2012/13 budget but may also be considered a national regulatory/policy/research function	79,558,710	-	150,000,000
	Livestock Breeding and Laboratory Services	Coded 98 in 2012/13 - (Partially Devolved); Fourth Schedule- County- Animal and crop husbandry	Part of animal husbandry and devolved in the 2012/13 budget; may be economies of scale in having centralized/regional breeding and laboratory services	26,636,573	-	-
	Animal Production Farms	Coded 98 in 2012/13,(Fully Devolved)	These are institutions that support the county function of agriculture, but through higher education (a national function) training for extension and regulatory officers	50,244,470	2,500,000	-
	Sheep and Goat Improvement Stations	Coded 98 in 2012/13,(Fully Devolved)		94,796,678	2,250,000	-
	Pastoral Areas Training Centre Narok	Coded 98 in 2012/13,(Fully Devolved)		10,560,817	780,200	-
	Griftu Pastoral Training Centre	Coded 98 in 2012/13,(Fully Devolved)		24,703,643	350,000	-
	Dairy Training School	Coded 98 in 2012/13,(Fully Devolved)		80,420,407	700,000	-
	Meat Training School Athi River	Coded 98 in 2012/13,(Fully Devolved)		63,154,211	750,000	-
	AHITI Ndomba	Coded 98 in 2012/13,(Fully Devolved)		85,999,354	1,937,500	-
	AHITI Nyahururu	Coded 98 in 2012/13,(Fully Devolved)		50,129,150	332,300	-
	AHITI Kabete	Coded 98 in 2012/13,(Fully Devolved)		127,565,179	250,000	-
	Veterinary Farms Development	Coded 98 in 2012/13,(Fully Devolved)		69,236,325	8,000,000	-

Ministry	Vote Heads	References to Constitution, Transition Authority Gazette Notice 2013, and other legal documents	Further Notes on Our Classification of Items	Government Grants	Local AiA	External Funding
	Mobile Pastoral Training Unit	Coded 98 in 2012/13,(Fully Devolved)		3,821,079	-	-
	Artificial Insemination Services	Coded 98 in 2012/13 - (Partially Devolved)	Part of animal husbandry and devolved in the 2012/13 budget; may have economies of scale or be best organized regionally	127,458,907	-	-
Ministry of Lands, Housing and Urban Development.	Architectural Department	Coded 98 in 2012/13 - (Partially Devolved)	Shared - These departments oversee development of government physical assets and are required at both levels of government.	1,517,496,124	-	-
	Structural Department	Coded 98 in 2012/13 - (Partially Devolved)		346,713,904	-	-
	Electrical Department	Coded 98 in 2012/13 - (Partially Devolved)		118,743,219	-	-
Ministry of Labour Social Security and Services	District Childrens Services	Coded 98 in 2012/13,(Fully Devolved)	The District Children Services is a safety net programme for OVCs. The budget was fully coded 98 in 2012/13. It is unclear which level of government is responsible for social protection.	400,200,000	-	-
Ministry of Devolution and Planning	Relief and Rehabilitation	Coded 98 in 2012/13 - (Partially Devolved)	This might be related to the national level function on Disaster Management, but it is unclear exactly what this item is responsible for.	322,771,529	-	-
State Department for Education (including Teachers Service Commission)	Early Childhood Development	Coded 98 in 2012/13 - Partially Devolved; Fourth Schedule- County- Early Childhood Development		13,054,912	-	35,000,000
Total				4,188,743,678	49,675,917	766,000,000
<b>Devolved but Retained</b>						
State Department of Infrastructure	Kenya Rural Roads Authority	Fourth Schedule - County transport, including— (a) county roads;	Rural roads generally do not cross county lines and would not be classified as A, B, or C roads that might be considered national roads	12,005,000,000	-	3,848,440,000
State Department of Infrastructure	Kenya Urban Roads Authority	Fourth Schedule - National - Transport and communications, including, in particular— (b) the construction and operation of national trunk roads County transport, including— (a) county roads;	KURA is responsible for roads in municipalities and roads excluding any national roads in these areas. <a href="http://www.kura.go.ke/index.php/about-us.html">http://www.kura.go.ke/index.php/about-us.html</a>	4,998,000,000	-	3,010,300,000
State Department for Livestock	Livestock Education and Extension Services	Fourth Schedule - Agriculture, including— (a) crop and animal husbandry;		56,956,335	-	-

Ministry	Vote Heads	References to Constitution, Transition Authority Gazette Notice 2013, and other legal documents	Further Notes on Our Classification of Items	Government Grants	Local AiA	External Funding
State Department for Agriculture	Fertilizer and Seed Fund	Fourth Schedule - Agriculture, including— (a) crop and animal husbandry;		3,000,000,000	-	-
Ministry of Information and Communications	Mobile Cinema and Library Services	TA Gazette notice of 2013 and Fourth Schedule - Cultural activities, public entertainment and public amenities, including : (d) cinemas; (e) video shows and hiring; (f) libraries;		14,859,843	-	-
	National AIDS Council	This was devolved by Gazette Notice and touches on delivery of health care, a county function	Although HIV is heavily funded by external donors, there is no substantial donor funding for this specific item	760,487,918	-	-
	Family Planning and Maternal Health	Coded 98 in 2012/13,(Fully Devolved) These are funds for a devolved function according to the TA Gazette notice of 2013	This programme is mainly for the Free Maternal Health programme funded through a conditional grant by the national government. Maternal health services are a county function.	30,194,772	4,040,000,000	320,000,000
Ministry of Lands, Housing and Urban Development.	Slum Upgrading and Housing Development	Fourth Schedule County planning and development, including— (b) land survey and mapping; (d) housing; and	Although urban and housing development are devolved functions, this project does appear to have substantial donor funding and may be related to the KISIP program under World Bank and other donors. A majority of the funding is domestic, however. <a href="http://www.worldbank.org/projects/P113542/kenya-informal-settlements-improvement-project-kisip?lang=en">http://www.worldbank.org/projects/P113542/kenya-informal-settlements-improvement-project-kisip?lang=en</a>	2,072,199,989	-	1,000,000,000
	Kenya Slum Upgrading, Low Cost Housing and Infrastructure	Fourth Schedule - County planning and development, including— (b) land survey and mapping; (d) housing; and	Urban development and housing fall under counties.	35,409,577	-	-
	Urban Social Infrastructure and Utilities	Fourth Schedule/Gazette Notice - County public works and services, including— (a) storm water management systems in built-up areas; and - County transport, including— County transport, including— (a) county roads; (d) public road transport	Urban development falls under counties	769,003,100	-	-
	Provincial Housing	Fourth Schedule - County planning and development, including— (b) land survey and mapping; (d) housing; and	This is likely to be for civil servant housing for civil servants that have been devolved.	30,798,637	-	-

Ministry	Vote Heads	References to Constitution, Transition Authority Gazette Notice 2013, and other legal documents	Further Notes on Our Classification of Items	Government Grants	Local AiA	External Funding
Total	Total			23,772,910,171	4,040,000,000	8,178,740,000

## Annex 2: 2014/15 Funding for Additional Budget Lines Related to State Corporations

Ministry	Vote Heads HQs	Government Grants	Local AiA	External Funding	Total
Ministry of Energy and Petroleum	Rural Electrification Program	300,000,000	-	334,276,100	634,276,100
Ministry of Energy and Petroleum	Kenya Electricity Transmission Company	10,791,162	67,700,000	-	78,491,162
State Department of Transport	National Transport and Safety Authority + Kenya Maritime Authority + Kenya Civil Aviation Authority + Kenya Ferry Services	394,053,534	62,000,000	-	456,053,534
State Department for Livestock	Kenya Dairy Board	120,464,028	-	-	120,464,028
State Department for Agriculture	Cotton Development Authority + Coconut Development Authority + Plant Genetic Resources	148,720,466	-	-	148,720,466
State Department for Agriculture	Tea Board of Kenya	49,439,904	-	-	49,439,904
State Department for Agriculture	Coffee Board of Kenya	5,184,142	-	-	5,184,142
<b>Total</b>		<b>1,028,653,236</b>	<b>129,700,000</b>	<b>334,276,100</b>	<b>1,492,629,336</b>

## Annex 3: Were Budget Lines Marked for Partial Devolution in 2012/13 Actually Devolved in 2014/15?

Vote Head	Total Estimates 2012/13	Total Estimates 2014/15	Estimates Coded 98 (Devolved) in 2012/13	Difference between 2012/13 and 2014/15	Code 98 (Devolved) as a % of Total Estimates in 2012/13	Total Estimates in 2014/15 as % of Total Estimates in 2013/14
Early Childhood Development	1,735,216,963	90,054,912	1,620,000,000	1,645,162,051	93%	5%
Government Chemist	319,304,136	369,336,744	40,000,000	- 50,032,608	13%	116%
Rural Health Centers and Dispensaries	14,617,385,023	2,573,750,000	10,457,272,309	12,043,635,023	72%	18%
Livestock Information Services	17,133,517	229,558,710	10,000,000	- 212,425,193	58%	1340%
Livestock Breeding and Laboratory Services	31,683,631	26,636,573	24,085,488	5,047,058	76%	84%
Artificial Insemination Services	130,912,482	127,458,907	70,241,901	3,453,575	54%	97%
Relief and Rehabilitation	2,191,283,250	322,771,529	2,000,000,000	1,868,511,721	91%	15%
Architectural Department	4,284,067,674	1,517,496,124	295,667,887	2,766,571,550	7%	35%
Structural Department	1,148,870,628	346,713,904	1,036,866,576	802,156,724	90%	30%
Electrical Department	128,634,406	118,743,219	15,000,000	9,891,187	12%	92%
National Campaign Against Drug Abuse Authority	979,728,000	645,026,800	330,000,000	334,701,200	34%	66%
Kenya National Library Service	788,000,000	1,079,819,000	20,000,000	- 291,819,000	3%	137%
Total	26,372,219,710	7,447,366,422	15,919,134,161	18,924,853,288	60%	28%
<p>*Land reclamation was not included in the table as it was restructured between the two years            *The Kenya National Library Service allocation is inclusive of Library Services. In 2012/13 allocations to libraries were under one budget item named "Library Services"            *Ksh 150 million allocated to the Livestock Information Services is funded by external sources</p>						