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Evaluating Sub-National Budget Transparency. A Case of Kenya's Counties

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Why sub-national budget transparency survey?

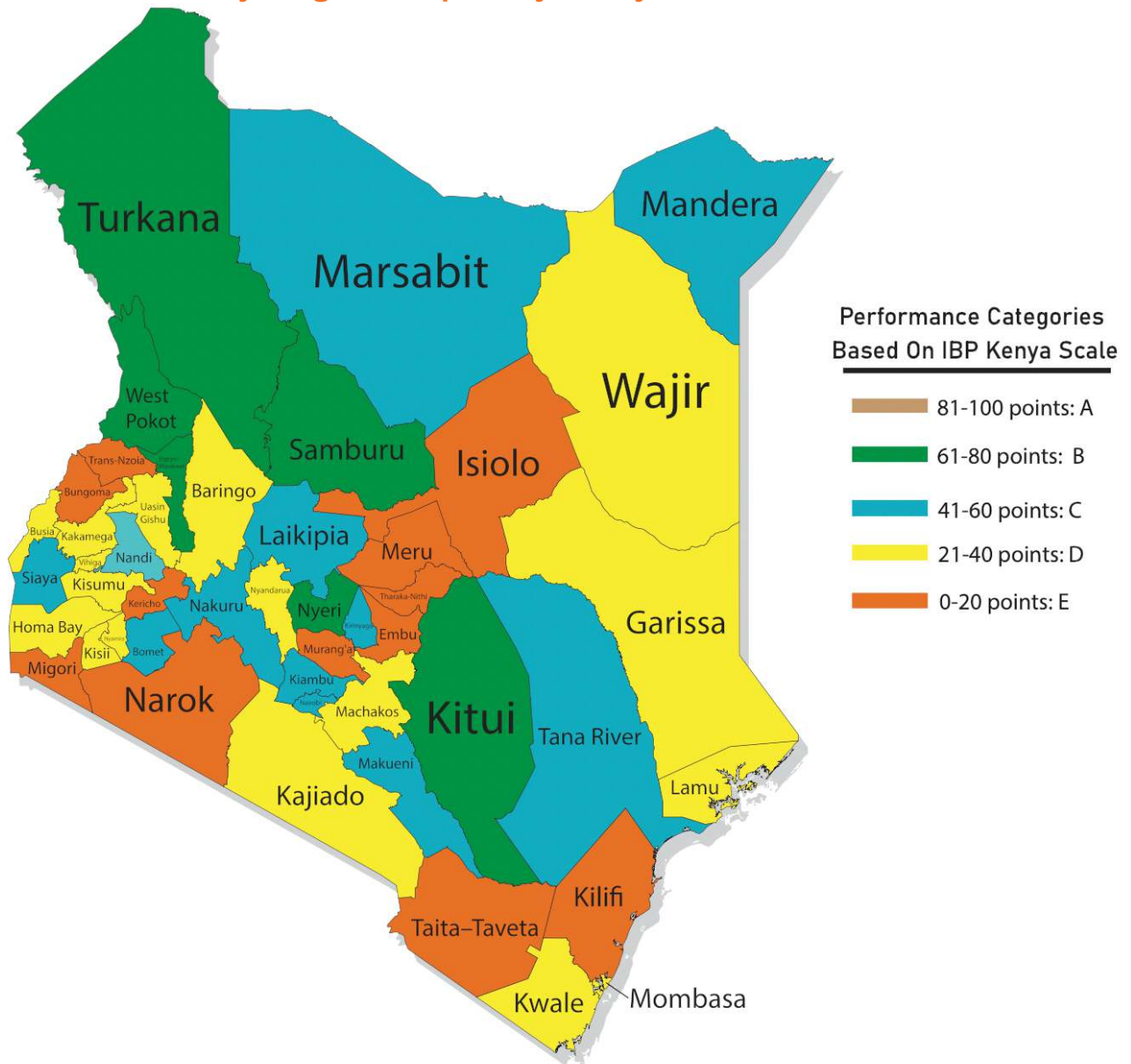
The Kenya County Budget Transparency Survey (CBTS) conducted by the International Budget Partnership Kenya (IBP Kenya) is one of the few sub-national studies that has been carried out successfully across the world.

Kenya has a decentralized system of governance comprising 47 county governments that formulate, approve, and execute their budgets. The counties run a set of functions that are devolved for their management by the constitution.

In addition, the public finance laws require rigorous public engagement in determining the priorities that should be funded and implemented each financial year.

This raises a critical question of how transparent the county governments are regarding their budgets and the level of information available to the public for their participation in budget decisions.

County Budget Transparency Survey Index 2021



The Kenya County Budget Transparency Survey 2021: <https://internationalbudget.org/publications/the-kenya-county-budget-transparency-survey-2021/>
 Other examples of other sub-national studies around the World:
 i) The Nigerian Sub-national (States) Budget Transparency Survey (SBTS) conducted by the Civil Resource Development and Documentation Centre, Nigeria: <https://statesbudgettransparencysurvey-ng.com/>
 ii) The Metro Open Budget Survey (Metro OBS) conducted by International Budget Partnership, South Africa: <https://internationalbudget.org/metro-obs/>
 iii) Local budget transparency index in Slovenia- Online Budget Transparency Index and its Determinants in Slovenian Municipalities: http://real.mtak.hu/101831/1/A_Klun-Maya_2019_3.pdf

Even though there are hardly any empirical studies that address sub-national budget transparency, it is widely known that lack of budget information greatly affects communities' engagement and their ability to monitor the delivery of services as a core factor in holding local governments accountable.

The lack of comprehensive tools and standards that suit the uniqueness of diverse structures of sub-national governments are the major reasons why budget transparency studies are uncommon at these levels. The availability of such tools can allow citizens, Civil Society Organizations, and other like-minded individuals to carry out sub-national studies in their countries. It is worth noting that developing or customizing such acceptable materials takes quite a long time, depending on the technical capacity, resources, and consultative nature of the study's process.

This article lays out IBP Kenya's approach to carrying out the County Budget Transparency Survey, the approach, the actors, lessons, and the future of the survey in building more open sub-national budget transparency.

The Current Situation

As attributed to the strengths and weaknesses of the Public Finance Management (PFM) systems in various countries, the Kenyan PFM system has strongly given distinct roles to the sub-national governments.

Kenya's decentralized system of governance has devolved substantial political, administrative, and financial powers to county governments, giving them the authority to elect local officials, run local governments, and formulate and execute their own budgets. Therefore, it is feasible and necessary to hold local governments accountable for issues related to their local budgets, including their openness and inclusiveness.

Due to increasing knowledge and capacity on devolved services, especially by the civil society organizations and citizens, the need and demand for budgetary information for budget engagements and evidence generation through the budget cycle have been growing, and this information is often missing. However, counties have made slow and irregular progress in publishing budget documents, even with the growing demand for budget information.

Even where budget documents are published, there have been challenges to the completeness of budget information that counties, by law, are required to disclose in various key budget documents.

The latest survey findings launched in 2021 showed that counties have an openness index of 35/100 points.

This means that there are still significant amounts of budget information that counties do not make public. Therefore, there is a need to identify how open each county is to support citizens and CSOs advocating for a more open budget and supporting counties looking to be more open. The law is the benchmark for the budget assessment tools used to carry out the budget transparency survey among sub-national governments.

Kenya's sub-national budget transparency survey takes a unique approach

The Kenya County Budget Transparency Survey (CBTS), conducted by IBP Kenya, is an annual study that is carried out at the end of each financial year.

Currently, it is conducted in two key phases: the first phase is the availability study, which focuses on the public availability of the budget documents across the 47 counties. The second part is the comprehensiveness study, which assesses the level of information disclosed in published budget documents.

Below, we outline four unique ways in which sub-national budget transparency is carried out in Kenya: The process of developing the sub-national survey tools. The process is rigorous yet straightforward, as it involves various actors and experts and can be replicated in a country with a similar structure of sub-national governments as Kenya.

The first tool that IBP Kenya developed is the catalogue, containing all the possible budget issues covering each key budget document that can be assessed.

This content was then put up for deliberations with Civil Society Organizations and County Budget Facilitators to provide their input. This was to gauge and ensure that the survey tools respond to local organizations' challenges in accessing budget information at the county level.

To a greater extent, the value of this engagement was to start solving how CSOs can use the findings from such surveys.

This was also an important step to ensure the process was consultative and the tool would be fair when applied comparatively across all the 47 sub-national governments. In addition, county and national government institutions developed and validated the survey tools.

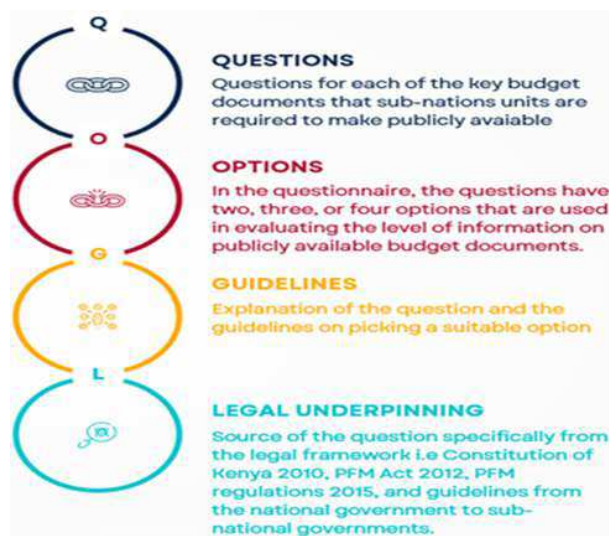
The county governments played a key role in helping clarify the legal requirements placed upon them on budget transparency which in some cases went beyond the PFM Act through circulars and legal notices. The national entities mostly included independent and oversight agencies that ensure accountability across the county governments, and some have powers to initiate directives that can strengthen budget transparency. Their participation in developing the tools was aimed at ensuring that the final survey results would be clear to them, and their credibility would not be in question.

The process was interactive and consultative by involving key stakeholders who play key roles in these sub-national governments. More so, the county[1] officials got a chance to give comments that shaped the survey tools. The involvement of government institutions was one among peers, and no agreements were signed.

Finally, the inclusion of independent peer reviewers to assess the consistency and quality of the survey materials informed the final tool. This is the stage where crucial decisions were made on the number of questions to be assessed, the capacity of the researchers, and the scope of the assessment on the final tool that was used for a dry run.

The process of developing the sub-national survey tools

In moderation of the key assessments in the tools, the survey pays key attention to the information based on legal requirements, which all the 47 sub-national governments are required to make publicly available.



The questions used for the assessment are made straightforward in the questionnaire i.e, each question has four key sections that explain the question's objective, including what guides the The focus on the legal requirements for transparency was to ensure that all the 47 counties felt the criteria applied to the accuracy of the survey was credible and fair.

This means that it becomes harder to dispute the survey findings based on what informed the tools.

Going forward, the survey will incorporate more measures meant to draw in good practices in fiscal transparency.

Who does the survey and why does that matter?

Since the onset of devolution, IBP Kenya and Uraia Trust have continually built the capacity and trained over 70 budget facilitators across 36 counties in Kenya. These budget advocates work for community and civil society organizations stationed in the counties and play a primary role in ensuring citizens engage with government budgets.

Therefore, their access to information is vital if they are to play that role effectively. That makes a good case for IBP Kenya to work with 21 county budget facilitators spread in 19 out of 47 counties who were engaged throughout the survey period and underwent in-depth training to enable them to complete a questionnaire with 75 scored questions based on a methodology in the County Budget Transparency Survey 2021.

[2] County- In the Kenyan decentralized system, the sub-national governments/units are referred to as counties.

Involving these actors who are not only primary users of budget information but also actively engaged with their governments often made the results from the survey easy to use as they have vast budget knowledge and community networks. The uniqueness of the County Budget Transparency Survey is its simplification built on the ownership of that local context. This helps solve one of the key challenges for such a survey on what next after the findings are released and who cares enough to pick up the conversation and engage with them consistently.

Therefore, building ownership of the survey and its findings requires working closely with such advocates from the stage where tools are developed through the survey process and the advocacy engagements that follow.

Also, the budget facilitators are local actors in their counties, and therefore, duty bearers cannot question their authenticity, ownership, and credibility. Therefore, they play a critical role in localizing the budget transparency work within their programmatic engagements throughout the budget cycle.

In addition, working with a majority of these budget facilitators on other joint research and analytical work means there are more platforms to build an understanding of budget work and trust the credibility of IBP Kenya's work. Our experience shows that budget transparency at the sub-national level starts with a slight knock as it gains strength from the citizens to the government officials that should embrace the process.

Sub-national governments' participation and the value they can draw from the survey

The survey methodology is structured in a way that county governments are active participants in the process. Therefore, the results in both phases are shared with all the sub-national governments for their review and confirmation of the accuracy of the findings based on their own budget. The results are shared explicitly with the technical and political offices responsible for developing and approving such budget documents. This includes the governor's offices, the county treasuries, and the county assemblies. Therefore since 2017, IBP Kenya has consistently shared the draft results with county

governments for their review and confirmation of the accuracy of the findings. Often, we have seen positive responses from this consultative process with counties. For example, in the latest survey, 25 out of the 47 counties responded to the survey, and we saw a 78 percent increase in the number of publicly available budgets just by sharing the results.

Importantly, this step acts as a reminder and gives an opportunity to sub-national governments to make budget documents available to the public.

It is also an opportunity for them to discuss with the IBP Kenya research team and explore better ways to improve budget transparency for their counties. There is an in-depth discussion to showcase good practices from other counties available locally and internationally and can be borrowed by counties, i.e., website arrangement, publishing documents consistently, and not pulling down the budget documents online. Simply, there is much learning that counties can benefit from in this phase.

In addition, some sub-national governments used this research to ignite internal discussions on budget transparency and prepare for the coming phase that comprehensively evaluates the available budget documents. For example, Baringo County held consultations with Baringo Civil Society Forum (BACSOFF), which included the researchers, to deliberate on the gaps identified in their county. Therefore, the consultative approach to the survey means that the county government can contribute to improving the study and ultimately have more locally tailored innovative ways to have more transparent budgets.

Second, it also provides an opportunity for county governments to learn from each other and CSOs involved in the process. However, as we advance, IBP Kenya will aim to get clear contact persons responsible for reviewing the draft findings. Currently, the results are shared with four offices: Office of the Governor, County Executive Member for Finance, the Directors of Budget, and Clerk to the County Assembly.

The final results provide counties with specific information on the performance of each of the 47 governments. The county summaries have a section highlighting gaps identified in the survey and what counties can do to improve their overall transparency score.

Below is an example for Homa Bay County. These summaries provide specific advocacy pointers that county governments, assemblies, and citizens can work on to improve the publicly available budget information.

The Action on the Commitments and the Recommendations to improve budget transparency and citizens engagement by the county.

1. Previous surveys show that Homa Bay county had published an approved Programme Based Budget but did not publish it in CBTS 2021. The county published the Citizens Budget, which is informed by the Budget estimates/ Programme Based Budget. The county should publish this budget document on time to ensure the public has access to all the budget details.
2. According to the previous surveys, Homa Bay county has never published the Quarterly Budget Implementation Reports. Also, the Finance Act for Homa Bay county has never been published on the website. The county should publish these budget documents as the number of counties publishing them has grown.
3. The county should ensure that budget documents disclose information on the revenue on the Annual Development Plan. The information includes the sources of revenue and their disaggregation.
4. It is recommended that the county provide a section with feedback on the priorities provided by the public during the public engagement forums in the published budget documents. The information entails the levels in which engagements were conducted with disaggregation of stakeholders involved, which should guide the public on how the county involves the vulnerable and marginalized underrepresented communities. Homa Bay county should ensure this information is available in all their budget documents, i.e. the Annual Development Plan. Also, it should embrace the best practices at the implementation stage to involve the public and capture such details on the County Budget Review and Outlook Paper and County Quarterly Budget Implementation Report.
5. More counties responded to the CBTS draft results by making budget documents publicly available upon the call. Ten counties provided feedback on the availability component, and 19 counties acknowledged the draft comprehensiveness survey results but Homa Bay county was not one of them. It is worth mentioning these are the spaces that counties can leverage to improve their budget transparency.

Pride, denial, silence, and commitments on budget transparency by some counties

After launching and publishing the survey report, diverse reactions emerged from counties. Some like Nyeri published several articles in their county newsletters to explain that the excellent performance was due to commitment to being open with its citizens.



COUNTY GOVERNMENT OF NYERI



Nyeri County emerges as the best nationally in matters of transparency and accountability

International Budget Partnership (IBP) Kenya has been conducting annual surveys, since 2015, on accessibility of county budget documents, by the public, at each stage of the budget cycle, as required by the Public Finance Management (PFM) Act, 2012. According to the County Budget Transparency Survey Report 2021, which was released by the International Budget Partnership Kenya on 13th May, 2022, Nyeri County under the leadership of H.E. Governor Mutahi Kahiga emerged the best nationally in matters of transparency and accountability hence effective delivery of services.

H.E. Governor Mutahi Kahiga while receiving the certificate on behalf of the County Government of Nyeri, reaffirmed his government's commitment in ensuring that it operates within the precincts of the constitution in undertaking its mandate. Article 10 (2) of the Constitution of Kenya, 2010 clearly outlines the national values and principles of governance that includes: good governance, integrity, transparency and accountability. He further noted that his administration always ensured that its planning and budgeting documents are publicized through the County Assembly and County Executive websites as well as in other government institutions that promote dissemination of information to the public such as KIPPRA, CRA, COB among others. These documents include but not limited to; the County Integrated Development Plan, Annual Development Plans, County Budget Review and Outlook Papers, County

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Nyeri County has also automated its own revenue management system leading to reduction in corrupt practices and leakages as it has been in the past.

Fiscal Strategy Papers, Budget Circulars, Budget Estimates, Budget and Project Implementation Reports, Bills and Acts.

H.E. Governor Mutahi Kahiga thanked the entire County Government of Nyeri staff and in

particular those in the Department of Finance and Economic Planning who have continued to ensure that good practices are always upheld in public finance management. Further, the County Treasury has been spearheading the coordination of the performance-based Kenya Devolution Support Programme (KDSP) funded by the World Bank and the Government of Kenya to a great success leading to the county being ranked number one and receiving a total of Kshs. 413 Million which has been utilized in construction of the Naromoro level 4 Hospital. The County Treasury has also ensured timely payment of monthly salaries where all employees have been paid on time including remittance of the statutory deductions.

Nyeri County has automated its own revenue management system leading to reduction in corrupt practices and leakages as it has been in the past. Other initiatives have been undertaken in an effort to improve the performance of own revenue management and in the long run this



Trophies awarded to Nyeri County by the World Bank for stellar performance and governance in the implementation of KCSAP projects.

particular source of county resource envelop which will bring in a significant amount to support development initiatives. The initiatives include: Issuance of waivers on penalty and interests on land rates; Strengthening audit function; Compliance level reviews with a focus on enforcement of risk framework to support execution; Continuous capacity building of revenue management staff, among others.

Nyeri County did not have any pending bill as at 30th June, 2021.

prudent management of available resources as well as expenditure control in adherence to the PFM Act and its attendant regulations. Due to these efforts, for the last two years, the Auditor General has issued the county with qualified audit opinion on our financial statements


The County has performed well in matters related to procurement where it was ranked as the best by the Public Procurement Regulatory Authority and awarded a trophy for achieving 75% compliance with the law during last assessment.



Nyeri County emerged as the overall best county (Position 1) in the Kenya County Budget Transparency Survey released by the International Budget Partnership



A trophy awarded to Nyeri County by the County Pension Fund (CPF) for being the best county in timely payment of employee pension and member affiliation.



Certificate for County Awards
Nyeri County

However, a few still raise issues that they are more open than the survey found. Others are silent but do take actions that show they are putting in some commitment to improving the level of budget information they share with the public.

In the previously conducted survey 2020, some counties that had not published these crucial budget documents took steps and avail the budget documents online as required by the law. For example, Kirinyaga County had failed to publish a single budget document in the last two consecutive transparency surveys. After publishing the CBTS 2020 and the wide media coverage of the study and its' findings. In the current survey, the county emerged as one of the most improved counties scoring 59 out of 100 points.



Why should the legislature do more in matters of budget transparency?

County Assemblies can play a more significant role in ensuring that the executive arm of the government is playing its role in publishing and publicizing budget information consistently and on time per the law. This is why the survey includes communication to County Assemblies in each county. However, the response has been poor. For example, in the 2020 survey, only one of the 47 County Assemblies responded to the survey draft comprehensiveness results shared. Going forward, there may be a good reason to have a component of the survey that looks at oversight provided by the County Assemblies across the 47 counties. This should further help County Assemblies in their role in budget transparency, monitoring, and oversight of service delivery.

What of other budget transparency issues that the survey cannot measure comparatively across counties?

However, a key challenge was on some highly-rated issues such as equity, public participation, gender issues, and supplementary budgets and how open county governments are on such issues. Therefore, IBP Kenya and some budget facilitators started working on analytical modular pieces to ensure there is still a picture of how transparent counties are on such issues. This will also help inform how such issues can be measured across different thematic areas in future County Budget Transparency Surveys.



Anne Waiguru EGH, OGW @AnneWaiguru · 13/05/2022
Proud of my Finance team!! Well done people! @CoB_Kenya @KeTreasury @KenyaGovernors



The launch of the County Budget Transparency Survey 2021 was accompanied by two key modular research pieces that could not be measured comparatively and includes:

Modular research on how transparent are county Supplementary Budgets

The Research on legislative amendments conducted by IBP Kenya has shown critical challenges related to supplementary budgets, including shifts in priorities and commitments, weaknesses in procedures, etc. Expanding the budget transparency survey to evaluate the level of information provided in the supplementary budget and justify the changes they make is essential.

Therefore, in the latest survey, we included an analytical piece that evaluated the public availability of supplementary budgets and the level of information they provide to the public. One major finding was that 85 percent of counties approved their Supplementary Budgets in FY 2020/21 but only 5 counties made them publicly available.

Modular research on the County budgets and what they say about equity in allocations

The latest survey includes a second analytical piece that is focused on how much information counties provide on the measures in their budgets meant to deal with inequalities.

A research paper focused on the part played by county governments and whether their budget

documents provide information on how they are dealing with inequalities.

Further areas of budget transparency that IBP Kenya intends to expand in the coming surveys:

Public participation

On average, only eight out of 100 points of information were disclosed by counties in the latest survey, CBTS 2021. The modular piece sought to understand the extent to which county governments disclose and discuss participation programs and events in publicly available budget documents, further, how county governments adhere to the legal frameworks that establish the mandate of public participation.

Role of Legislature

The County Assemblies have continued to keep a low profile on budget transparency despite the laws giving them powers to authorize the decisions in these budget documents and hold governments accountable through oversight of implementation. IBP Kenya will explore ways to see county assemblies play a key role in budget transparency, especially in documents required to be frequent updates, such as Hansards.

Gender budgeting assessment

This has often been raised, with little already explored at the sub-national levels. In the future, we intend to find ways to assess the level of information that is not limited to only gender disaggregation, at which counties are strengthening gender budgeting.

Conclusion

IBP Kenya anticipates that the budget transparency survey at the sub-national level in Kenya has laid a foundation for what is the value of governments being open to their citizens on public budgets. The survey and the annual findings will provide state and non-state partners with a platform to discuss how budget information can be more facilitative of the dialogue between the right holders and the duty bearers.

The approach taken by IBP Kenya in carrying out the survey is meant to ensure that the platforms for such dialogue have an informed and inclusive public engaging with duty bearers. This also means that the advocacy phase of the survey will be equally important in building the credibility, acceptability, and ownership of the objectives of the survey.

In addition, the budget facilitators and budget champions across the counties and regional budget hubs are now working within broader regional arrangements. This opens new ways to encourage soft regional competition and peer learning. It also provides IBP Kenya with regional platforms for engaging with county governments.

We also hope other countries in the region will embrace such efforts in pushing subnational budget transparency, whether at province, state, or municipality levels. Even as non-state actors continue to find innovative ways to engage governments with others at the local levels, the availability of budget information will remain a critical piece that ensures they are meaningful and fair to all.



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