



County Budget and Economic Forums

Principles and Options

Executive Summary¹

16 December 2013
Jason Lakin, Ph.D.

Introduction

Kenya's 2010 Constitution and subsequent legislation require public participation in county public finances. While there are many references to "public participation" in these laws, most are vague and contain no further guidance. The exception to this is the specific requirement that every county set up a County Budget and Economic Forum (CBEF).

The CBEF is mandated by the Public Finance Management (PFM) Act 2012. The Act states that counties shall create these forums in order to "provide a means for consultation by the county government on -

- Preparation of county plans, the County Fiscal Strategy Paper, and the Budget Review and Outlook Paper for the county; and
- Matters relating to budgeting, the economy and financial management at the county level."

While the CBEF is the most concrete example in law of public participation in public finance, existing legislation is still not very clear about how CBEF should work. This brief provides guidance to citizens and officials on how to form and operate a CBEF in their county. It is organized around a set of options and draws on Kenyan and international examples to explain these options.

Why Participation? Why CBEF?

Public participation is in part about aligning the choices of government officials more closely with the needs and demands of the public. This suggests that public participation must occur at the formulation and approval stages of the budget, when priorities are being set.

At the same time, concerns about corruption and failure to account for resources during the course of budget implementation suggest that public participation in Kenya is also important during budget execution and when budget performance is evaluated. The public has an oversight role to play that complements the County Assembly and other bodies.

CBEF is the appropriate forum for public engagement throughout the budget cycle. As we have argued elsewhere, along with other civil society organizations, the primary function of CBEF should be to facilitate consultation with the public at all stages of the budget process.² The key question we try to answer here is *how* CBEF should encourage consultation with the public.

Who Participates and How?

The first issue we look at is *who participates* from the public. How are they identified and how are they represented in consultations? We consider five options.

Option 1: Public participation can happen through multiple open public forums that have been widely advertised around the county

Option 2: Public participation can happen through forums in which people nominate representatives from lower levels (villages/sublocations) to represent them at higher levels (wards/counties)

Option 3: Public participation can happen through the formation of a randomly selected group of citizens, sometimes known as a "mini-public," brought together in one place to deliberate

Option 4: Public participation can happen through the selection of a group of citizens based on particular characteristics, such as region, type of organization, etc., and brought together in one place

Option 5: Public participation can happen through the use of representative surveys or focus groups across the county that ask the public for specific views

¹ Full brief available at internationalbudget.org/kenya

² "Public Participation Under Kenya's New Public Financial Management Law and Beyond," <http://internationalbudget.org/wp-content/uploads/PFM-Brief-.pdf>

What are People Consulted About?

The next issue we consider is the *content* of the consultations. What are people asked to talk about in these consultations? We look at this issue during the formulation stage of the budget, as well as the implementation stage. We consider four options during formulation, and three during implementation.

At the formulation stage:

Option 1: *The public can determine how to spend development (capital) funds on investment projects in the county*

Option 2: *The public can determine how to spend part of the recurrent or operational budget in the county*

Option 3: *The public can participate through councils that are organized around specific sectors (e.g., health, education, etc.) where they discuss part of or the full sector budget*

Option 4: *The public can discuss the entire budget, both recurrent and development, and all sectors, especially if a mini-public is formed to deliberate on this*

At the implementation stage:

Option 1: *The public can participate in sector councils that provide oversight of budget implementation in a single sector (health, education, etc.)*

Option 2: *The public can participate in reviewing regular implementation reports for the whole budget throughout the year and providing input into the performance indicators used to monitor budget execution*

Option 3: *Citizens can participate directly in monitoring projects by working together with county officers to visit project sites and review project records*

How Does Consultation Happen?

The last issue we examine is about the *process of consulting* and what actually happens during public engagements. We look at three options for organizing consultations.

Option 1: *Public participation is organized so that citizens take decisions that are binding on government (but still have to be approved by the County Assembly)*

Option 2: *Public participation is organized so that even if decisions are not binding, government must provide comprehensive feedback to explain how and why citizen inputs were used or rejected*

Option 3: *Decisions in participatory forums can be taken using different voting methods, including different levels of majority rule or consensus*

Challenges

The last thing we consider in the brief are some of the challenges that Kenya and other countries have faced in the past in trying to organize public participation in budgeting. We think it is important to consider these challenges upfront so that counties plan for them and begin to reflect on how to overcome them.

Access to and understanding of information is often a challenge.

Budget information is generally difficult to obtain, and hard to understand. If participation mechanisms are to work, there must be a high degree of transparency, but available information also must be produced in a form that is simple and easy to understand.

Mobilization of participants cannot be assumed.

Almost any approach to participation requires people to be informed, but generally also to be mobilized. A simple advertisement in the paper, or even public notices more widely

distributed, are often not enough to get people to attend or participate in forums, especially in contexts with a long history of exclusion. In cases where participatory approaches have been successful, government or civil society organizations have frequently put substantial resources into mobilization.

Technical support to the process is critical.

In order to ensure that the proposals generated by the public through participatory mechanisms are consistent with what is financially and technically feasible, it is important to have a technical team involved in the process.

Evidence of impact/feedback must be part of the process.

Participatory processes are only sustainable if people feel that their participation matters. If there is no evidence that participation has any impact on what government does or how it does it, people will stop participating.

Engaging legislators early is essential to ensure public preferences are accepted in final budgets.

In Kenya, County Assembly members are particularly powerful and can amend the county budget with few constraints. It is critical to bring them into the process early and ensure that they understand why participation matters and how it benefits them to have more information about their constituents' preferences.

Conclusion

This brief draws on global experience to propose a set of options that counties can consider as they set up their County Budget and Economic Forums. It is intended to provoke debate and innovation in meeting the public participation requirements of the Constitution and the PFM Act. It is not intended to be exhaustive, and we are hopeful that as counties begin to roll out their County Budget and Economic Forums, they will also introduce novel, exciting ideas that go far beyond what we have discussed here.