



Budget Brief

County Budgets: How Do We Know If There is Enough Money to Maintain Key Services?

Number 19, August 2013

Toward the end of June 2013, Kenyan counties raced to complete and approve their 2013/14 budgets in order to meet the June 30 deadline set by the Public Finance Management Act. As the budgets were presented in the County Assemblies and details began to trickle out through the media, concerns were raised that county budgets were not focused on the right priorities. But how do we know for certain?

There are a number of ways that citizens and civil society organizations (CSOs) can evaluate government budgets, but first they must have access to the detailed, approved budget documents. Although the PFM Act requires counties to make their budgets available to the public no later than 21 days after they are approved, there has still been limited access to approved budgets. And, not all County Assemblies have approved the budgets for 2013/14 yet.

Nevertheless, some approved budgets are slowly beginning to circulate. As these budgets become available, how can a CSO or citizen judge whether the funds that have been allocated for different services, such as health or agriculture, are reasonable?

One place to start is by looking at how much it cost to provide these services in each county last year (2012/13). If we know how much it cost to run health services in a given county in 2012/13, those figures give us a good idea of how much it should cost to run those same services in 2013/14. Of course, counties may wish to put more money into particular services, or to put less money into areas that are not a priority. But, in most counties, the current level of services being provided in health, agriculture, and water (to take a few important examples) is not adequate to meet the need. This means that counties are unlikely to want to further reduce expenditure in these areas; if anything, they may wish to increase it. However, many counties will not have enough money to massively increase spending in these areas in a single year, nor do they have the capacity, in terms of personnel and infrastructure, to be able to effectively spend such increases. This is why last year's spending is a good estimate of what this year's spending should be.

The National Treasury has made spending information available by sector and county for 2012/13. While there are some questions about the accuracy of the data, it is the best currently available to the public, so it is a good place to start interrogating the county budgets. These Treasury figures are estimates of how much it cost to deliver devolved services in each county in 2012/13; therefore, they provide a basis for the anticipated costs of maintaining current services in each county in 2013/14. These estimates are based on how much the previous line ministries spent in each geographical area that has now become a county since, as we know, counties did not exist last year.

In the tables below, we present the estimated allocations for four key sectors that have been devolved: agriculture, health, roads, and water. Health costs include both what was spent through the Ministry of Medical Services and what was spent through the Ministry of Public Health and Sanitation. Agriculture includes the former ministries of Agriculture, Livestock, and Fisheries.

Table 1 provides both recurrent and development costs. Recurrent costs — i.e., those based primarily on wages and other spending that must happen every year — are more likely to be stable from one year to the next. In contrast, development costs may fluctuate between years because they are linked to larger projects that may not occur every year. You can compare the estimates of spending in Table 1 to those in your county budget for 2013/14 to get a sense of what is “reasonable.” Small increases or decreases from these figures may be reasonable; very large increases or decreases are unlikely to be reasonable. More weight should be given to the recurrent than the development figures.

One note of caution: Treasury also released estimates of the cost of continuing to provide devolved services in 2013/14. In theory, these simply update the estimates from 2012/13. However, unfortunately, there are major unexplained differences between the two sets of figures (see Table 2). This can be seen in the total estimated costs for each county. For example, there is a sudden 50 percent decline in a single year in Nairobi’s estimated cost of maintaining all of its recurrent services. Likewise, the estimates for Turkana show that recurrent spending will be 3.5 times higher than in 2012/13.

Do these reflect changes in the way Treasury estimates costs that make the 2013/14 figures more accurate? Or are they instead an attempt to provide guidance to counties facing massive changes in their allocations due to the new formula for revenue sharing? Remember that there was a shift in allocations from historical spending patterns to the use of the new Parliament-approved formula for revenue sharing mandated by the 2010 Constitution. This shift means that some counties are getting much more in 2013/14 than they need to cover last year’s costs, while other counties are receiving much less.

We don’t really know why the 2012/13 and 2013/14 figures are so different. But we suspect that the fact that the Treasury estimates for Nairobi, which is receiving much less from the formula than it used to, show a big cut in costs, while those for Turkana, which is receiving much more from the formula than it used to, show a big increase, is not coincidental. Similar changes can be seen in other “winners” from the formula (e.g., Mandera) and “losers” (e.g., Mombasa). For this reason, we suspect the 2012/13 figures are a more accurate measure of current costs, while the 2013/14 figures may have been altered to fit the available resources in each county. Nevertheless, for completeness, we include the 2013/14 figures for the four sectors we have considered (Table 3).

Conclusion

The first year of proposing and approving county budgets has been marked by considerable confusion. Are counties taking over all staff costs in the first year? Are they taking over all of the functions assigned to them by the constitution in the first year? How much money are they receiving in total, and how much freedom do they have to spend it?

Many of these questions are still unanswered. It appears that counties will be taking over most of their functions and staff costs in the first year. If this is the case, then the main question for citizens and oversight bodies is whether or not counties are using the money they are getting to at least maintain the current level of basic services that they inherited. In order to ensure that citizens do not experience sudden drops in health services, or agricultural services, or water, it is crucial that counties allocate sufficient funds to cover the estimated cost of continuing to provide these services. At the same time, counties with the money to do so may wish to expand access to key services, which should also be done in a reasonable way that does not massively increase budgets without the personnel or infrastructure needed to spend the money well.

The data in this brief are intended to provide citizens, County Assembly members, and other oversight institutions with a starting point for evaluating the choices made in county budgets. It is only one of the many inputs needed to understand county budgets. It must be complemented by other considerations. For example, how reasonable are the own revenue estimates (the money a county will raise on its own) in each budget? How much has been allocated for administrative costs versus service delivery and development? Is there sufficient narrative detail to justify the spending choices made and the estimates of cost? We will continue to look at these and other questions in subsequent briefs.

TABLE 1: Estimated costs of continuing devolved services in four sectors in 2012/13 (Ksh)

County	Recurrent				Development			
	Agriculture	Health	Roads	Water	Agriculture	Health	Roads	Water
Baringo	124,819,105	765,476,460	157,435,382	59,018,456	18,500,000	242,384,560	170,004,000	63,600,000
Bomet	56,633,796	399,611,739	156,191,672	33,234,280	13,997,400	213,072,745	90,002,000	52,000,000
Bungoma	200,105,586	1,023,766,068	207,177,976	41,460,972	30,304,530	492,341,833	410,003,000	68,000,000
Busia	120,267,345	617,037,698	160,722,905	39,845,701	28,702,632	370,559,075	436,004,000	88,500,000
Elgeyo Marakwet	109,212,210	569,091,073	120,880,000	37,572,800	5,000,000	218,435,122	380,003,000	54,900,000
Embu	230,877,767	1,129,820,603	155,159,795	65,812,040	21,587,411	288,085,830	52,501,000	65,408,739
Garissa	104,538,226	777,682,330	152,180,423	63,238,808	90,590,000	264,795,793	50,002,000	109,800,000
Homa Bay	117,078,796	564,633,386	192,557,063	40,042,700	12,250,000	391,239,275	10,000,000	71,600,000
Isiolo	75,271,328	340,013,963	60,440,000	44,453,916	125,271,000	120,542,426	0'	45,400,000
Kajiado	111,880,109	506,453,744	90,660,000	37,903,031	32,800,000	310,282,912	305,002,000	61,600,000
Kakamega	241,064,334	1,537,359,570	317,877,802	58,574,656	54,221,870	524,072,875	230,000,000	86,500,000
Kericho	142,530,186	602,293,664	109,541,545	39,892,184	18,200,000	338,199,428	506,255,425	48,900,000
Kiambu	292,403,650	1,821,264,626	229,944,179	75,359,024	35,950,000	685,720,770	1,145,006,000	80,000,000
Kilifi	150,099,710	710,825,102	177,460,894	32,461,984	53,630,000	435,893,498	120,001,000	66,000,000
Kirinyaga	179,137,869	579,236,422	126,960,157	46,142,840	45,650,000	250,956,008	105,003,000	47,558,745
Kisii	146,654,508	1,069,121,257	227,928,924	45,242,512	21,769,700	480,507,242	730,000,000	37,000,000
Kisumu	182,401,499	1,734,827,952	292,262,125	32,637,343	41,650,000	514,999,606	9,001,000	47,200,000
Kitui	78,522,514	463,952,896	90,660,000	36,383,889	25,544,500	454,783,030	425,002,000	109,350,000
Kwale	81,350,134	463,952,896	90,660,000	36,383,889	33,970,000	305,819,394	50,000,000	36,400,000
Laikipia	122,185,601	463,365,353	73,605,780	57,120,596	34,000,000	211,526,902	260,005,000	74,900,000
Lamu	47,931,219	214,121,988	60,440,000	32,521,984	16,550,000	98,003,463	30,003,000	26,500,000
Machakos	195,959,912	1,133,104,511	221,308,091	66,031,492	73,098,605	431,209,251	395,000,000	73,625,000
Makueni	140,467,098	737,547,125	151,100,000	50,704,643	20,950,000	469,495,449	155,005,000	65,500,000
Mandera	56,711,701	205,007,270	90,660,000	27,755,031	17,850,000	327,147,152	128,521,000	72,400,000
Marsabit	54,833,522	326,610,913	120,880,000	26,282,027	11,485,311	188,497,302	70,003,000	90,500,000
Meru	215,231,038	1,046,015,222	236,525,216	60,509,292	22,550,000	519,315,088	1,590,001,000	84,358,739
Migori	111,041,522	600,892,925	167,589,874	42,106,452	42,089,707	367,695,840	537,002,000	54,000,000
Mombasa	109,761,932	1,630,300,500	415,875,170	38,114,389	21,150,000	405,706,224	80,001,000	53,000,000
Murang'a	148,224,089	483,889,704	310,920,195	57,402,264	8,650,000	324,276,980	1,795,001,000	66,133,739
Nairobi	246,494,437	4,296,160,666	1,300,449,528	2,273,500	90,329,294	1,112,513,446	3,203,001,000	10,400,000
Nakuru	361,195,843	2,534,316,813	334,752,891	84,505,672	40,119,895	537,737,136	540,801,338	84,700,000
Nandi	107,119,920	587,732,502	128,825,016	32,397,700	18,091,410	333,939,594	248,001,000	56,800,000
Narok	86,568,370	476,668,438	90,660,000	17,583,438	29,165,000	287,233,415	20,008,000	42,225,000
Nyamira	80,500,500	411,891,587	90,660,000	28,512,508	15,663,760	224,772,064	130,000,000	19,300,000
Nyandarua	192,320,836	652,500,415	129,595,945	51,680,523	11,200,000	285,524,819	370,001,000	62,220,000
Nyeri	222,839,427	1,624,875,672	218,654,715	74,094,226	42,400,000	397,808,199	2,273,740,000	72,233,739
Samburu	41,211,178	245,388,431	60,440,000	17,633,438	7,200,000	170,359,526	60,000,000	36,500,000
Siaya	116,255,919	510,385,930	157,147,368	37,236,782	35,883,520	337,205,039	873,000,000	52,800,000
Taita Taveta	97,888,655	440,187,590	135,704,016	36,403,889	56,650,000	191,878,654	15,000,000	54,000,000
Tana River	62,087,632	263,933,437	90,660,000	32,511,984	7,500,000	156,030,841	360,000,000	58,400,000
Tharaka Nithi	92,653,180	468,098,244	64,917,616	39,909,323	18,750,000	166,607,515	40,000,000	40,033,739
Trans Nzoia	119,690,980	447,394,642	116,927,177	41,569,728	25,702,500	263,637,459	15,000,000	34,000,000
Turkana	62,111,022	314,376,349	99,334,113	32,857,230	20,200,000	284,023,410	120,000,000	88,000,000
Uasin Gishu	136,180,145	703,902,675	187,184,298	44,036,188	41,518,330	335,642,616	435,003,000	37,900,000
Vihiga	63,537,936	374,247,334	129,206,770	30,505,343	13,700,000	217,322,156	40,000,000	51,500,000
Wajir	77,317,146	262,207,545	120,880,000	27,668,471	64,250,000	334,940,295	130,000,000	73,000,000
West Pokot	57,211,323	402,899,400	97,080,506	40,200,270	59,850,000	208,329,545	20,000,000	61,450,000

Table 2: Comparison between total estimated costs of continuing devolved functions, 2012/13 & 2013/2014 (Ksh)

County	Recurrent		Development	
	2012/13	2013/14	2012/13	2013/14
Baringo	1,540,085,232	1,632,702,759	1,271,478,309	1,313,125,624
Bomet	1,100,251,684	1,911,965,057	1,040,882,337	1,615,784,732
Bungoma	2,301,515,942	2,659,248,681	2,340,268,154	2,624,235,675
Busia	1,433,231,700	1,776,788,922	1,608,815,385	1,890,659,717
Elgeyo Marakwet	1,179,587,228	1,014,416,165	1,273,863,365	1,107,386,480
Embu	2,060,601,789	1,548,217,271	1,282,426,571	988,656,259
Garissa	1,759,385,492	2,220,083,382	1,410,172,925	1,699,549,423
Homa Bay	1,558,650,206	1,307,985,059	2,926,693,154	2,492,375,918
Isiolo	776,204,575	1,031,261,475	790,793,880	966,106,758
Kajiado	1,214,977,771	1,439,241,848	1,332,671,018	1,502,139,924
Kakamega	3,206,430,705	3,331,473,193	2,757,688,619	2,824,966,385
Kericho	1,383,548,965	1,121,287,877	1,809,809,787	1,500,414,558
Kiambu	3,738,836,013	2,654,925,198	3,354,222,970	2,444,864,595
Kilifi	1,918,269,670	2,661,791,304	1,878,537,174	2,469,213,279
Kirinyaga	1,362,075,742	1,203,837,386	1,254,507,071	1,113,818,242
Kisii	2,251,015,668	2,331,571,375	2,482,177,458	2,526,163,618
Kisumu	3,332,659,445	2,424,986,926	1,906,022,197	1,418,742,686
Kitui	1,761,945,563	2,294,398,840	2,184,639,531	2,700,001,954
Kwale	1,192,203,781	1,801,320,203	1,206,852,960	1,677,443,660
Laikipia	1,095,212,019	1,166,669,588	1,067,069,270	1,102,085,244
Lamu	529,545,007	433,136,305	978,782,433	829,272,794
Machakos	2,363,582,811	2,408,053,201	2,212,343,598	2,221,502,621
Makueni	1,641,807,937	2,170,427,135	1,512,812,194	1,893,752,611
Mandera	920,046,319	3,064,098,047	1,185,649,748	3,184,231,780
Marsabit	919,852,415	1,697,171,300	1,132,105,137	1,828,586,493
Meru	2,414,446,145	1,817,764,611	3,365,040,974	2,601,187,581
Migori	1,516,073,178	1,590,955,703	2,305,709,207	2,357,070,090
Mombasa	4,072,317,734	2,417,861,877	1,752,294,791	1,081,828,848
Murang'a	1,593,106,058	1,184,744,360	3,133,963,974	2,421,083,102
Nairobi	10,833,341,939	5,915,473,837	5,681,472,336	3,183,718,302
Nakuru	4,794,596,544	3,645,687,520	2,516,822,213	1,941,067,626
Nandi	1,314,418,045	1,658,837,288	1,274,729,666	1,516,996,625
Narok	1,197,646,673	2,006,153,272	1,034,343,914	1,559,453,787
Nyamira	1,007,601,717	1,427,204,565	1,031,774,578	1,341,230,231
Nyandarua	1,609,881,974	1,515,621,200	1,441,147,060	1,348,447,461
Nyeri	2,865,854,603	1,207,635,637	3,696,613,465	1,744,472,006
Samburu	649,701,750	1,125,514,891	821,532,765	1,218,468,401
Siaya	1,437,363,227	1,387,874,746	2,057,452,377	1,963,637,084
Taita Taveta	1,071,826,333	1,208,643,889	872,526,135	941,855,547
Tana River	717,216,036	1,068,864,378	1,200,120,662	1,591,409,339
Tharaka Nithi	939,217,106	1,206,989,269	695,823,366	833,558,212
Trans Nzoia	1,280,776,521	2,119,088,499	879,270,711	1,324,648,126
Turkana	905,257,569	3,586,533,469	1,202,796,414	3,776,175,766
Uasin Gishu	1,929,257,615	1,879,856,963	1,674,388,957	1,614,703,691
Vihiga	1,016,728,403	1,370,439,702	945,108,370	1,174,986,501
Wajir	1,075,416,674	2,015,516,574	1,807,039,421	2,972,816,978
West Pokot	998,050,922	1,308,779,336	1,293,848,767	1,576,094,398

TABLE 3: Estimated costs of continuing devolved services in four sectors in 2013/14 (Ksh)

County	Recurrent				Development			
	Agriculture	Health	Roads	Water	Agriculture	Health	Roads	Water
Baringo	166,196,006	568,450,835	218,038,204	101,254,291	37,219,562	220,003,373	223,726,191	98,697,003
Bomet	119,936,775	538,411,144	332,908,867	83,405,973	52,375,263	262,473,196	375,407,858	95,255,039
Bungoma	305,202,763	911,294,400	329,727,866	75,434,139	114,439,737	373,466,536	505,433,715	79,674,576
Busia	199,774,461	591,056,714	246,936,669	67,653,259	75,808,477	336,471,243	584,691,484	136,571,265
Elgeyo Marakwet	107,860,244	350,782,365	135,482,515	59,113,413	38,739,723	180,658,930	251,789,837	69,507,495
Embu	191,729,653	675,047,022	159,588,473	74,225,147	42,761,847	228,354,444	30,381,390	56,443,858
Garissa	164,315,556	631,916,831	227,092,908	94,997,534	66,582,947	234,631,603	34,740,820	163,390,310
Homa Bay	124,458,563	401,684,899	193,541,301	44,659,186	63,146,526	193,271,256	13,917,067	51,996,589
Isiolo	102,114,273	353,453,904	102,161,601	88,122,916	65,162,043	107,044,487	10,151,017	59,730,293
Kajiado	165,775,738	433,916,097	137,615,100	76,705,490	70,470,116	265,922,684	277,522,245	112,274,569
Kakamega	306,414,296	1,290,880,321	448,504,383	96,512,513	147,985,179	372,072,425	283,495,814	93,303,606
Kericho	140,200,425	380,119,060	122,783,242	42,387,048	56,005,919	211,432,697	388,159,073	66,870,589
Kiambu	250,147,372	1,063,595,804	231,362,777	83,631,522	89,761,194	367,978,986	905,192,780	66,901,702
Kilifi	243,987,521	791,230,404	308,732,645	63,674,731	206,675,464	382,805,126	132,748,490	109,432,006
Kirinyaga	118,565,909	559,947,113	129,630,996	50,956,901	58,764,531	201,494,033	175,013,854	32,337,101
Kisii	218,930,500	859,290,824	324,681,047	70,563,995	103,867,446	351,594,092	711,929,579	85,165,164
Kisumu	161,277,656	993,716,306	308,662,882	72,562,946	67,846,704	350,884,762	4,311,412	61,765,776
Kitui	336,658,511	698,378,259	318,414,310	88,022,048	133,806,389	510,648,954	403,341,023	160,836,991
Kwale	145,187,490	562,574,227	174,499,493	67,113,630	119,190,343	286,575,828	97,983,486	77,900,615
Laikipia	136,247,523	361,394,655	97,239,214	87,903,860	37,014,599	151,241,670	302,717,760	101,903,730
Lamu	45,636,901	126,122,035	57,551,003	36,137,045	55,863,351	123,162,388	67,193,654	46,988,784
Machakos	230,480,218	965,866,932	307,126,300	98,905,899	115,765,304	338,832,727	266,431,278	129,203,089
Makueni	223,070,740	672,867,497	238,679,112	81,992,635	85,301,100	356,159,944	388,087,487	135,597,787
Mandera	251,967,950	484,651,278	301,648,135	124,812,118	51,764,034	601,119,437	345,808,659	278,252,233
Marsabit	138,254,646	407,870,878	219,192,927	71,034,780	35,591,225	287,509,405	69,986,674	172,645,450
Meru	196,046,643	624,327,238	239,402,709	66,433,129	99,788,972	303,109,677	1,091,418,314	105,576,899
Migori	143,631,808	461,000,152	238,734,000	64,451,860	89,846,952	368,071,571	441,673,678	74,846,840
Mombasa	72,201,392	748,659,345	335,033,134	28,302,612	23,386,152	169,767,659	16,464,823	41,416,951
Murang'a	120,839,895	315,319,728	276,850,791	55,305,127	62,062,001	251,634,294	1,338,229,880	44,559,876
Nairobi	136,847,587	1,798,390,565	962,301,587	39,830,062	69,691,366	485,540,104	1,312,579,465	4,216,790
Nakuru	292,518,262	1,525,318,251	386,414,862	99,534,716	73,860,197	308,584,568	477,857,468	68,221,051
Nandi	179,430,391	590,720,421	216,666,511	57,638,812	70,363,610	334,343,301	269,566,568	83,946,544
Narok	188,511,398	617,970,720	203,112,870	80,726,447	60,482,908	358,771,791	247,792,672	98,905,420
Nyamira	164,291,106	485,810,024	159,363,028	55,073,877	63,874,561	215,739,259	207,962,453	44,916,991
Nyandarua	183,889,073	491,737,454	152,855,257	69,399,796	49,534,002	242,542,658	219,080,906	62,777,292
Nyeri	107,829,834	553,156,151	132,832,106	51,070,701	36,209,509	202,769,201	990,416,419	25,081,721
Samburu	106,469,442	287,800,536	117,016,795	66,090,752	11,282,443	167,193,043	111,186,135	113,364,736
Siaya	161,059,587	346,374,638	205,057,431	52,471,731	97,245,578	291,226,701	725,004,983	73,238,628
Taita Taveta	123,304,834	386,990,288	184,021,338	56,030,694	58,083,376	176,483,939	29,119,780	94,764,260
Tana River	98,329,942	260,253,732	142,146,581	62,563,835	62,302,455	238,072,919	213,639,800	132,318,930
Tharaka Nithi	141,340,050	471,045,336	106,830,137	71,999,256	44,384,529	174,412,203	33,443,229	88,683,011
Trans Nzoia	214,385,499	739,840,883	235,741,777	92,105,039	65,833,066	248,462,190	176,964,771	67,567,509
Turkana	309,019,851	844,809,219	406,347,678	203,835,470	83,272,667	627,289,149	313,912,314	422,019,679
Uasin Gishu	145,388,415	531,214,007	256,204,561	66,634,512	88,361,428	234,488,893	247,511,910	86,690,014
Vihiga	120,435,434	371,533,148	226,166,414	59,458,871	54,517,006	240,380,803	30,053,522	87,002,068
Wajir	161,902,355	306,967,870	208,714,469	62,634,627	141,382,611	621,656,607	124,888,508	203,699,613
West Pokot	97,514,375	404,230,235	151,375,781	71,458,946	76,997,682	180,295,006	77,023,931	227,267,832