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National Program Based Budget: Past challenges and way forward for 2016/17

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Background: 2015/16 PBB

- Improvement in comparability over time with inclusion of column for 2014/15 approved budget
- Narrative had weak connection to budget numbers; no description of program/SP level changes
- Indicators and targets are improved, but still lack baselines that allow us to track if money=improving services
- Vague economic classifications (other recurrent, other development) major share of spending
- Information on wage costs and Appropriations in Aid missing

Improvements in 2016/17? Let's consider:

- Comparability
- Narrative quality
- Indicators/targets quality
- Economic classification
- Wage and AIA data
- Also look at Equalization Fund
- Quick look at counties

Comparability Challenges

- Good practice is to have most recent year of audited accounts, most recent budget year, and revised budget
- Last year, Kenya added the most recent budget year
- This year, they have removed (and no audited, or revised figure either)
- Tedious to compare ministry, program and SP level changes over time
- Also changes in program names and composition without adequate explanation to track these
- No link back to sectors as agreed in BPS

2015/16 v. 2016/17

Programme	Approved Estimates	Estimates	Projected Estimates	
	2014/2015	2015/2016	2016/2017	2017/2018
	KShs.	KShs.	KShs.	KShs.
0211010 SP1 Administrative Services	266,498,599	578,890,770	356,372,120	360,759,638
0211020 SP2 Planning and Project Monitoring	20,891,674	9,743,760	9,743,760	9,743,760
0211030 SP 3 Financial Services	41,097,387	28,753,525	28,749,192	28,749,192
0211000 P 1 General Administration Planning and Support Services	**328,487,660**	**617,388,055**	**394,865,072**	**399,252,590**
0212010 SP1 Geothermal generation	28,913,338,987	27,016,045,978	17,783,873,747	15,625,395,114
0212020 SP2 Development of Nuclear Energy	300,000,000	378,485,000	506,000,000	556,000,000
0212030 SP 3 Coal Exploration and Mining	484,181,193	689,420,586	690,055,996	695,055,996

Programme	Estimates	Projected Estimates	
	2016/2017	2017/2018	2018/2019
	KShs.	KShs.	KShs.
0211010 SP1 Administrative Services	415,427,089	399,302,003	383,884,124
0211020 SP2 Planning and Project Monitoring	24,412,008	25,927,102	35,314,915
0211030 SP 3 Financial Services	13,818,483	13,818,483	13,818,483
0211000 P 1 General Administration Planning and Support Services	**453,657,580**	**439,047,588**	**433,017,522**
0212010 SP1 Geothermal generation	21,931,058,966	31,469,302,809	24,099,805,874
0212020 SP2 Development of Nuclear Energy	334,000,000	191,000,000	151,000,000
0212030 SP 3 Coal Exploration and Mining	23,055,996	23,055,996	-

Narrative Challenges

- A PBB should have a narrative that explains priority changes over time
- Essentially, this means explaining why particular programs or SPs are receiving more resources than others in a particular year
- The narrative in the 2016/17 PBB still falls short of this:

Min of Energy Narrative in 2016/17

Major services/ outputs to be provided in the 2016/17-2018/19 budget include; 660 Mega Watts of steam equivalent , 1,076 Mega Watts of Geothermal Power, 2,379 KMs of Electricity Transmission lines, 12,500 KMs of Distribution lines, 3 Million new customers connected to electricity, 3,900 public facilities connected with electricity, 8,529 Metric Tons of oil and Gas distributed and 15 Petroleum Blocks created and gazetted.

Can we connect to budget figures?

- No mention of programs
- No mention of choices or tradeoffs
- Not possible to understand how funds are allocated within a program like Power Transmission (National Grid v. Rural Electrification)
- No mention of changes in programs, though indicators suggest a number of possibly new projects/initiatives

Consider SP Coal Exploration & Mining

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Huge decrease in SP, and in projections with no narrative explanation in budget

Budget Summary Narrative Also Confuses…

- For example, the summary states that the government will enhance cash transfer allocations going forward (p. 4); also mentioned that safety net budget enhanced in line with Parliament request (p. 9)
- The PBB figures shows a slight (1%) decline in the National Social Safety Net program that provides these transfers (Ksh 19.1 to 18.9 billion)
- Also speaks of detailed projects with source of financing (inc. debt financing) in the budget (page 22) but not included in any public document

Indicators and Targets Challenges

- Meaningful targets should start from baselines
- How do we know what is reasonable to achieve without a starting point?
- This has consistently been missing
- There also continue to be radical shifts in targets and projections each year with no explanation
- Indicators also come and go from year to year without explanation
- Multiplying number of indicators, but quality is questionable

Energy: To gazette or not to gazette

- No baseline (no update on 2014/15, or 2015/16 to establish a baseline)
- A number of indicators have targets of 0 for all three years in the budget; what is purpose of this?

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2016/2017	Targets 2017/2018	Targets 2018/2019
1151000900 Petroleum Exploration and Distribution	Petroleum Blocks Created and gazetted	No. of Petroleum Blocks created and gazetted	0	0	0

- **This null target also contradicts narrative, which mentions 15 petroleum blocks created**

Road Transport: Many roads, little construction

PART E. SUMMARY OF PROGRAMME OUTPUTS AND PERFORMANCE INDICATORS FOR 2016/2017 - 2018/2019

1091101400 South Sudan Eastern Africa Transport,Trade & Development Facilitation	Km of road constructed	No. of kilometers	0	30	90
1091101600 Northern Corridor Rehabilitation-III	Km of road constructed	No. of kilometers	0	0	0
1091101700 Transport Infrastructure for Regional Integration (Merille River-Mars	Km of road constructed	No. of kilometers	0	0	0
1091102100 Timboroa-Eldoret Rehabilitation Road Project	Km of road constructed	No. of kilometers	0	0	0
1091102200 Kenya/ Ethiopia, Isiolo-Moyale Road Project Phase II (Masarbit-Turbi)	Km of road constructed	% Completion	2	0	0
1091102300 Kenya Ethiopia (Turbi-Moyale) Road Project Phase III Corridor Ph II	Km of road constructed	No. of kilometers	10	0	0
1091102400 Arusha-Holili/Taveta-Voi Road Project	Km of road constructed	Number of kilometers	17	0	0
1091102600 Mombasa Mariakani Highway Project	Km of road constructed	Number of kilometers	0	5.5	5.5

Rail Transport: relocating relocations

Sub Programme: 0203010 SP. 3.1 Rail Transport

2015/16

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2015/2016	Targets 2016/2017	Targets 2017/2018
1092000800 Kenya Railways Corporation	Rail transport system	Kms rail constructed (standard gauge)	95	285	475
		No. of new and upgraded stations	9	6	2
		Kms of commuter rail maintained and rehabilitated	15	20	35
		No of Km light rail constructed	2	4	1
		No. of relocation units constructed	4,000	6,000	9.000

Sub Programme: 0203010 SP. 3.1 Rail Transport

2016/17

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2016/2017	Targets 2017/2018	Targets 2018/2019
1092100200 Development of Mombasa to Nairobi Standard Gauge Railway	Standard Gauge Railway Line track Constructed	KM of Modern standard Gauge railway line phase 1 constructed - Mombasa - Nairobi	270	202	0
1092100600 National Urban Transport Improvement Project (NUTRIP)	Policies, legal and institutional framework Developed	No. of Policies, legal and institutional Framework	2	2	1
1092101000 Relocation Units at Kibera&Mukuru	Housing Units constructed	Number of housing Units constructed	2000	4500	500

Lack of consistency in targets

- Rail Transport: 2015/16 budget had a target for relocated residences in 2016/17 of 6000 units
- In 2016/17, this has now fallen to 2000 units (maybe…language is also different)
- Were the 2015/16 targets realistic? If not, what should we think of these targets now?
- Target of 15 kms of commuter rail for 2015/16 and 20 for 2016/17 in last year's budget
- There is no indicator at all this year

Economic Classification or Obfuscation?

- The PBB uses a standard economic classification that is minimalist

Categories include:

- **Compensation**
- **Goods and Services**
- **Transfers**
- **Acquisition of Assets**
- **Other**

Too much in the “other” category to allow us to understand the flow of funds

A bit more “other” development at NYS?

0711010 S.P.6.1. National Youth Service

Economic Classification	Estimates	Projected Estimates	
	2016/2017	2017/2018	2018/2019
Acquisition of Non-Financial Assets	4,608,478,898	10,884,586,190	10,589,314,880
Other Development	5,791,095,050	9,688,800,000	9,688,800,656
Total Expenditure	**16,864,708,079**	**28,784,234,952**	**27,919,410,145**

Other school feeding?

0501070 SP.1.7 School Health, Nutrition and Meals

Economic Classification	Estimates	Projected Estimates	
	2016/2017	2017/2018	2018/2019
Current Expenditure	**1,030,706,600**	**2,303,814,191**	**2,305,642,000**
Use of Goods and Services	180,706,600	353,000,300	305,642,000
Current Transfers to Govt. Agencies	850,000,000	1,950,813,891	2,000,000,000
Capital Expenditure	**1,650,000,000**	**1,650,000,000**	**1,650,000,000**
Other Development	1,650,000,000	1,650,000,000	1,650,000,000
Total Expenditure	**2,680,706,600**	**3,953,814,191**	**3,955,642,000**

Sub Programme: 0501070 SP.1.7 School Health, Nutrition and Meals

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2016/2017	Targets 2017/2018	Targets 2018/2019
1061001600 School Feeding Programme	Primary school learners provided with meals	No. of school learners provided with mid day meals	800,175	810,200	850,600
1061101300 Access to Basic Education (School Feeding)	Primary school learners provided with meals	No. of school learners provided with mid day meals in 26 Arid Sub-counties	667,703	667,758	667,800

Wage and AIA Data

- This is one area where the old 2012/13 line item budget was superior
- Detailed data on staff by ministry with job group and salaries
- Detailed information on Appropriations in Aid, including donor funding
- Given chronic concerns about low absorption of donor funds, it is important to know what is funded externally
- Treasury also claims to have received new donor funds allowing it to increase the budget since BPS, but not possible to trace them in PBB

Equalization Fund: Here or There?

- Equalization Fund created by 2010 constitution to finally be disbursed in 2016/17

Basic questions we might ask:

- *How much?*
- *Using what criteria?*
- *For what?*

Surprisingly difficult to answer these basic questions

EF: Summary v. Estimates

Budget Summary

- Total to be distributed: 12.4 billion (p. 7) or 6 billion (p. 22)
- Administration: 5%
- Criteria: 50% CDI, 50% population/land
- Isiolo: 4.2%

Estimates

- Total to be distributed: 12.4 billion
- Administration: 10%, (but figure is 600 mln)
- Criteria: 50% CDI, 50% equal
- Isiolo: 6.33%

For what?

- Project details are given in the estimates, but there are allocations for Isiolo and Garissa for which “additional projects” will be identified within the year
- Details of projects are given, but no justifications for the share going to different sectors (more than half of EF to roads)
- No justification for specific projects in terms of EF constitutional function: bringing services in marginalized areas to general level of country

Kwale projects: the right approach?

4. KWALE COUNTY PROJECTS

S/No	Type of Project	Project Name	Amount allocation for FY 2016/17 Kshs.
A.	Water Projects	Mkanda Dam Water Project	200,000,000.00
B.	Roads Project	Kwale - Mwalugaje Sanctuary	595,300,000.00
Total Allocation for Kwale County for financial year 2016/17			**795,300,000.00**

The Kwale - Mwalugaje Sanctuary road : The project entails the construction of 10 Km stretch from Shimba Hills National Park Gate to the Elephant Sanctuary at Mwaluganje. The project is aimed at encouraging local and international tourism within the Shimba Hills National Park and the Mwaluganje Forest Elephant sanctuary. The project will improve the living standards of the local population by encouraging nature walks and bird watching activities as well as open up the area for trade and commerce while enhancing security and emergency response time. In

A word about 2016/17 County PBBs

Nairobi County PBB

Good Practices

- Includes current year estimates (2015/16)
- Includes baselines for indicators (2015/16)
- Indicators and targets improved over last year
- Line item budget available

Challenges

- Narrative does not speak to program/SP allocations
- Staff centralized under administration unit rather than distributed across programs
- Very many indicators and targets, not clear that they can all be measured
- Programs/SPs changed since last year, but no explanation of how to track these changes
- Not easy to link PBB and line item in some cases (staff in public works sector do not match)

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Nakuru County PBB

Good Practices

- Appropriation in Aid is shown
- 2015/16 estimates column; even 2014/15 estimates and 2014/15 actuals
- 2014/15 targets and actuals for some indicators
- Combines PBB and line item by showing inputs by department

Challenges

- Narrative does not explain changing priorities at program/SP level
- No details on staffing
- Not all indicators clear (% advocacy/commemoration observed)
- Centralization of employees (health)

Cross-cutting challenges national and county PBBs?

- Many county budgets are not yet online; national line item not online
- Ministry narratives do not explain program/SP allocations at either level
- Too many indicators/targets, mostly administrative, not all measurable
- Economic classification is minimalist
- No or weak attempts to “close the circle” on budget implementation

Thank you

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