



Reasoning About Sharing Public Resources Within Counties in Kenya

How Three Counties Share and Justify Sharing Funds

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January 2016

ACKNOWLEDGEMENTS

Special thanks to the county government officials interviewed in conducting research including:

- From the Kisumu county Executive: the Chief Officers and Directors Economic Planning, Chief Officer Finance and Planning, Director Water Services and Head of Budget;
- From the Kisumu county Assembly: County Assembly Chair Budget and Appropriation Committee, Chairman Finance, County Assembly Fiscal analyst, County Assembly Clerk and the Hansard staff;
- From the Elgeyo Marakwet Executive: County Secretary, County Department Directors for Economic Planning, Finance, Roads, Sports and Culture;
- From the Elgeyo Marakwet County Assembly: Hon Christopher Kibor Chair budget and Appropriation Committee Hon. Timothy Kigen (sponsor of private bill Equitable Development Act, 2015);
- From Nakuru county Executive: the Head of Budget, Department of Agriculture and Fisheries, from the County Assembly Senior Budget Officer.

CBEF and CSO collaborators from Kisumu Israel Agina (CBEF) and Deurence Onyango National Taxpayers Association, Nyanza region; From Nakuru County; Patrick Kigunda (CBEF); and from Elgeyo Marakwet Timothy Kiprono from Kerio Center for Community Development and Human Rights

Dr. Jason Lakin from International Budget Partnership, Kenya for his expert opinion and invaluable insight. This paper would not have been possible without his patience to go through countless versions of it and giving comments that greatly improved this paper.

However, any errors or omissions in this paper are the sole responsibility of the author.

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ABSTRACT

This paper presents findings of a research project that examined the criteria or reasons behind the distribution of development funds across three counties in Kenya. The three counties studied were Kisumu, Nakuru, and Elgeyo Marakwet. While there are many factors counties may take into consideration in distributing public revenues equitably, there is no mandated approach to distributing resources across counties. Whatever approach is taken, however, the rationale behind ward or subcounty distribution should be explicit. These rationales, which should be presented to the public for scrutiny, may be referred to as public justifications or public reasons. Such justifications should be provided for all major choices and must be comprehensible to any reasonable citizens. Deliberations should be encouraged on the criteria for sharing resources in order to ensure a minimum level of understanding and acceptance by county residents. For public reasons to be acceptable to the wider public, they should be grounded on widely accepted principles of fairness, such as sharing resources based on the need, capacity, and effort of different county subunits. It is the responsibility of government to persuade the public that it has taken reasonable parameters into consideration in settling on its preferred mode of distribution.

In this paper, we explore the criteria used in geographical distribution of resources within counties. The principal focus of the research is to examine whether counties are providing reasons for the choices they make, and whether these are coherent. We do not mainly address whether the choices made do in fact result in a fair and equitable form of distribution. However, where justifications are not provided or where the results appear to be patently unreasonable or inequitable, we say so.

We first scrutinize key budget documents in a bid to find data on the distribution of public spending, particularly how much development (capital) expenditure is proposed for each county subunit (ward/subcounty). Generally, this information is not available in all counties. If there is no information about distribution, then there is generally nothing to justify. While the law does not expressly require that these key budget documents must have detailed information on the distribution of spending, it requires detailed description of projects and programs, implying that information about the geographical location of projects would be included. However, regardless of the legal minimums for disclosure about distribution, our purpose here is to advocate for budget documents that contain reasonable information required by an ordinary citizen that wishes to participate in the budget process. From our perspective, the standards of public deliberation over budgets require disclosure of information on the geographical distribution of public spending.

In those cases where there is information about the distribution, we then ask whether there is an explicit criteria used in the distribution of development funds. We check key budget documents because these are the documents the common *mwananchi* (citizen) legally should have access to. Our primary interest is whether and how governments are communicating their decisions and the reasons for these decisions to the public. After reviewing public documents, we augment with data collected based on visits to the three counties. We conducted interviews with key county government officials and collected other documents that were not publically available from the county governments. We then make recommendations on how to better justify the distribution of resources across counties drawing from the findings of the research.

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1. INTRODUCTION

1.1 WHY DEVOLUTION

Fair distribution of public funds is critical to achieving the purposes of devolution. This paper looks at the degree to which counties describe and explain how they make choices about distribution of resources at subcounty level and below. There are numerous criteria that may be used in determining the distribution of resources. There is no legally prescribed way for counties to distribute resources across the county, although the constitution and other legislation do require equity to be considered. Whichever method of distribution is adopted, the county governments should ensure that it is grounded on sound principles acceptable to reasonable county residents.

The process of providing publicly acceptable justifications is core to public participation. Any set of criteria for distribution of resources that is adopted should be supported by data and research. County governments must advance the quality of public participation by encouraging the public to rely on data and reason while deliberating on how to distribute county revenues equitably.

Any approach to distribution should be based on widely accepted principles. For example, county governments may ensure equitable distribution of resources by assessing the need, capacity and effort of different county subunits. In assessing the needs, counties may look at parameters such as the poverty index, population and land area of county subunits. For example, wards that are larger in size may require more funds for construction of roads and other public works expenditure such as laying of water pipelines. Wards with more children under the age of six may require more Early Childhood Development (ECD) centers than others. Another, perhaps more accurate, way of assessing need is by looking at the actual demand of services in a particular sector. For example, a county may look at the relative health of a population and its demand for health services as a more direct measure of need.

Measuring capacity and effort for subcounty units is more challenging, as wards do not manage their own funds but operate as part of the county's financial management system. Nevertheless, fiscal capacity and effort could still be relevant in some scenarios. For example, generally there is data on the amount of revenue collected in fees and charges from different wards which can give an indication of the fiscal capacity of these wards. Some have more business activity and are wealthier while others are poorer, indicating differences in fiscal capacity. It may be appropriate to take this into account in the distribution of funds. While fiscal effort may be difficult to measure *per se*, there are cases where communities do work together to provide services for themselves. For example, families in a particular area may decide to pool resources to supplement funds for pre-primary teachers. A county could encourage such behavior by

providing more resources (such as matching grants) to areas where communities make an effort to improve their own welfare.

In order to adhere to principles of equitable sharing of county revenues, counties must develop reliable and accurate databases on social and economic indicators and disparities across the county. The principles adopted and the evidence supporting distribution should be published in an easily accessible form to ensure that the county residents deliberate on them and accept the justifications offered.

This paper looks at the geographical or spatial distribution of resources in three counties. We seek to find out what informs the decision to allocate funds to one ward/ village/ subcounty as opposed to another. The purpose of this paper is to explore how counties are making these decisions and to use this information to spur a larger conversation across the country. Ultimately, each of the 47 counties must devise ways to distribute their resources fairly; this paper aims to contribute to that process.

1.2 THE LEGAL FRAMEWORK DEFINING CRITERIA FOR DISTRIBUTION OF RESOURCES

With the exception of the distribution of resources to urban areas and cities, the constitution and national legislation do not explicitly indicate the criteria counties should use in spatial distribution of revenues across counties. The underlying principles, however, are prescribed by the Constitution of Kenya. Article 201b (iii) indicates that public finance expenditure should promote equitable development and marginalized groups should have specialized provision. These two specifications apply to both the national and county governments.¹

The constitution goes on to describe how the national government ought to distribute nationally collected revenues to county governments. The Commission on Revenue Allocation (CRA) has a key role to play in this process by recommending to Parliament a formula that ensures equitable distribution of resources. Parliament uses the CRA recommended formula to distribute resources across the country through various legislative instruments such as the County Allocation of Revenue Act. Counties then must decide how to allocate the funds they have received from the national transfer, as well as their own local revenues and donor contributions, within their individual counties. The County Executive Committees are

¹ The constitution of Kenya Article 201(b)(iii)The public finance system shall promote an equitable society, and in particular expenditure shall promote the equitable development of the country, including by making special provision for marginalized groups

required to ensure equitable sharing of available resources throughout the county in exercise of their legal mandate.²

The Public Finance Management (PFM) Act, 2012 provides little guidance on allocation, other than limiting spending on recurrent and wage costs. There is no specific guidance on distribution of funds to wards or subcounties. The County Government Act, 2012 requires county planning to promote equity in resource allocation within the county (section102). In addition, county plans should ensure that marginalized areas are brought to the level generally enjoyed by the rest of the county (section 103f). The PFM Act, 2012 does give the criteria for allocation and distribution of resources to urban areas and cities. Section 172 and 173 of the PFM Act, 2012 provide specific considerations:

- The proportional population (as compared to the total population of the county);
- The land area;
- The relative poverty levels;
- The relative per capita revenue collection (as compared to the county per capita revenue collection);
- A measure to account for price differentials of similar services;
- A minimum amount to ensure that the essential services and responsibilities are maintained; and
- An incentive to encourage urban areas to exercise prudent financial management as well as transparency and accountability in public finance management

These metrics relate to the principles discussed earlier. For example, population and land area are related to need. The measure of per capita revenue may be a proxy for fiscal capacity. The last point about incentives is related to effort. One important principle that emerges from the parameters in the law is the principle of “holding harmless”. By requiring counties to allocate a minimum amount to ensure the essential services and responsibilities are maintained, the standard of living in these decentralized units does not go below the current status. The parameters above can be a starting point in the inclusive deliberations on the criteria to take into consideration in the overall ward or subcounty distribution of resources. This however requires, as mentioned above, sufficient data on the status quo and reliable projections of diverse county subunits. This paper seeks to pick out the reasons and principles behind the manner in which county governments share resources across their respective counties.

² County Government Act,2012, Section(34h)

We begin by scrutinizing key budget documents in a bid to find out whether we can tell how much development expenditure is proposed for each ward/subcounty. The key budget documents referred to in this paper are the County Integrated Development Plans (CIDPs), Annual Development Plans (ADPs), County Fiscal Strategy Papers (CFSPs) and annual budget estimates. We look across these documents for explicit criteria used to distribute development funds. We chose these documents because they are the documents the common *mwananchi* legally should have access to if they are to find out how their taxes are being utilized.

The paper does not seek to test for or advocate for minimal compliance with the law. Instead, it sets a higher but reasonable standard for budget documents in order to honor the spirit of transparency, accountability, and public participation as required by the constitution.³ (See

³ The conceptual framework on public deliberation, public reasons, transparency, and accountability can be found briefly explained in another related paper: Mokeira Nyagaka "Analyzing the Distribution of Revenues at the Ward/Subcounty Level in Kenya," January 2016.

Annex 1: Legal Requirements for Each Key Budget Document). The aim of the paper is also not to assert that where there are no justifications in key budget documents that these justifications do not exist. Rather, we insist that these justifications should be revealed to the public through these documents. This is the difference between reasons, and public reasons. Our findings are augmented with information collected from visits to the three counties of study. We then make recommendations on the distribution of resources across counties drawing from the findings of the research.

1.3 RESEARCH OBJECTIVES

The objectives of the research were:

1. to assess the level of information available about ward/subcounty distribution of county resources in Kisumu, Elgeyo Marakwet, and Nakuru counties; and
2. to assess the availability and quality of public reasons for ward and subcounty distribution of county resources in Kisumu, Elgeyo Marakwet, and Nakuru counties.

1.4 METHODOLOGY

This paper draws on qualitative research undertaken from August to November 2015 in three counties in Kenya, namely: Kisumu, Elgeyo Marakwet, and Nakuru counties. These three counties were selected based on the ease of access to information and contacts. The research entailed extensive research analyzing key budget documents available on county websites or obtained from county government offices, specifically budget documents from financial years (FYs) 2013/14 to 2016/17. This was supplemented by field research in the three counties where primary and secondary data was collected. Primary data was collected from unstructured interviews conducted in the month of September 2015. The interviewees included officials from the executive arm of government such as: chief officers and directors in different departments, heads of budget and economic planning. Also interviewed were officials from the legislative arm of government such as members of county assemblies (MCAs) and their technical staff such as the heads of budget in the county assembly. (See Appendix B for the interview scripts used during the research.) Secondary data collected from the counties included key documents not readily available online that influence the decision to distribute resources across the counties, such as sector strategic plans.

1.5 LIMITATIONS

Two limitations were apparent. Firstly, the research focused on development expenditure leaving out recurrent expenditure. Recurrent expenditure is generally centrally controlled and not explicitly distributed to wards or subcounties. Looking at only development expenditure does not give the full picture on how much really goes to a ward or subcounty. For sectors such as health with heavy recurrent expenditure on health workers, failing to examine the distribution of these workers prevents us from forming a full picture of the distribution of resources. Secondly, and with varying intensity across the counties, there was difficulty accessing information from county government offices; staff were not always forthcoming with information.

1.6 SUMMARY FINDINGS

1. There is no consistency in the way in which counties present projects and their allocations in the CIDPs. The Elgeyo Marakwet CIDP gives the location and allocation for all the development projects at ward and county level without giving the aggregate amount to each ward. The Kisumu CIDP omits the location of projects, their cost estimates, and the aggregate amounts proposed for each ward. The Nakuru CIDP predominantly classifies projects as countywide or to be located in “all 55 wards” or “all 11 subcounties”.
2. The ADPs in the three counties generally give details of all projects in terms of location within wards and cost estimates.
3. The budget estimates for the years 2013-2016 clearly indicate projects and the cost estimates of these development projects in each ward/subcounty in Kisumu and Nakuru. In Elgeyo Marakwet county, the distribution to each ward or subcounty is omitted completely in the annual budget estimates.
4. Where key budget documents give information on the distribution of county revenues, it is impossible to accurately calculate the aggregate development revenue to each ward or subcounty. This is because most budget documents have projects that are described as countywide that are actually meant to be divisible amongst the wards or subcounties. However, the mode of distribution is not provided for and thus one is unable to tell how much will be going to each subunit for these particular projects. For example, where the budget indicates that the county government intends to drill boreholes across the county and a lump sum amount is provided for the project, it is difficult to tell the cost implication for each ward.

Alternatively, where a budget document gives a definite number of boreholes to be drilled “countywide” yet these are either more than or less than the number of wards in the county (for example, 28 boreholes in a county of 55 wards), there is no way to tell how many boreholes will go to each ward even where we know the cost of one borehole.

5. Elgeyo Marakwet county has a formula for distributing development allocations provided for by the Equitable Distribution Act (EDA), 2015. The formula divides development funds into two components: the “equal share” and “the equitable share”. The equal share is 60 percent of the total development funds and is distributed equally across the 20 wards. The equitable share is 40 percent of the total development funds and is distributed in accordance with parameters provided for in the EDA. The other two counties have no specific policy or legal framework providing for distribution of development spending.
6. All three counties have allocated a proportion of their development expenditure equally to the wards across the counties. For Nakuru county, for the FYs 2014/15 and 2015/16, approximately 39% of the development expenditure was towards the ‘Ward Resource Envelope’ at Ksh. 25million per ward. For Elgeyo Marakwet 60% of the development revenue is equally distributed to wards as per the formula mentioned above.⁴ In Kisumu county 7% of the development revenue was equally distributed: 8million per ward under the Ward Development Fund in the FY 2015/16.
7. This equal share in Nakuru and Kisumu counties is dedicated to projects prioritized by each ward during the ward public participation forums. A list is approved either by the Members of County Assembly (MCAs) (Kisumu county) or the individual ward administrators to the executive budget office and then after to the county assembly for approval (Nakuru county). For Elgeyo Marakwet county, the equal share is lumped with the equitable share component and the projects undertaken are as per public participation proposals collected by the county executive and approved by the county assembly.
8. The rest of the development expenditure (over and above the equal share) in Kisumu and Nakuru county (and in Elgeyo Marakwet FYs 2013/14 and 2014/15) is on capital projects that each sector deems appropriate at each sectors’ discretion. According to interviews with

⁴ The EDA has not been fully implemented, so the actual figures differ because the county has removed some of the equal share to fund countywide projects.

county officials in the three counties, this is guided by the needs pointed out in public participation forums, the CIDP, as well as the sector plans.

9. There are no formal opportunities for the public to debate how much funding should go to each ward or, more generally, the criteria to be used in distribution of county revenues.

2. WARD/SUBCOUNTY DISTRIBUTION OF RESOURCES

2.1 CAN THE KEY BUDGET DOCUMENTS TELL US HOW MUCH GOES TO EACH COUNTY SUBUNIT?

We begin by asking whether we can tell from the key budget documents where projects will be located and whether we can derive the total allocations to each ward or subcounty. Nakuru county has the highest number of subcounties and wards, 11 and 55 respectively. Elgeyo Marakwet county has the least number of units with four subcounties and 20 wards. Kisumu county has seven subcounties and 35 wards.

THE COUNTY INTEGRATED DEVELOPMENT PLANS (CIDPS)

The CIDP is a five year development plan that counties must prepare as required under section 108 of the County Governments Act, 2012. CIDPs must provide all known project plans and programs to be implemented within the county. Like all county planning instruments, it should promote the pursuit of equity in resource allocation within the county.⁵ This means that it would be reasonable for the CIDP to speak to the distribution of funds across the county. This does not necessarily mean that it should contain detailed distributional information for all projects, but it should explain how equity will be addressed through the projects and programs that will be pursued. We may reasonably expect some discussion of the criteria for distribution for those divisible projects that will be implemented across all wards or countywide.

Across the counties, in most instances the CIDPs fail to indicate how revenues will be distributed amongst the wards and subcounties.⁶ When the CIDPs provide for distribution, it is usually vague with a significant number of projects indicated to be implemented in “all wards” or “all subcounties”. While there are certain projects in each county that are happening in specific locations, there are few examples where

⁵County Government Act, 2012, Section 108(2b)

⁶ The CIDPs were prepared based on guidelines issued from the Ministry of Devolution and Planning (national government) and as such the structure for most of them has not deviated much from the guidelines provided.

projects seem to be mainly focused on certain wards and not others as opposed to benefiting the county as a whole. There is almost no data in the counties about the spending at ward or subcounty level.

The following was observed in the three counties:

Most development projects provided in the main text of the Kisumu CIDP lack the location or cost estimates or both making it difficult to tell the aggregate distribution to each ward. There are three types of projects: flagship, other ongoing, and new projects. The flagship projects and other ongoing project are categorized as “countywide projects”.⁷ There are a few exceptions where the CIDP mentions the physical focus/location of projects. These exceptions include:

- Trade Sector: Building one market in Maseno Kisumu West subcounty
- Energy and Infrastructure Sector: the only flagship project is to undertake rehabilitation and expansion of the Kisumu airport in Kisumu North subcounties
- Water and Environment Sector: location of the two flagship projects given: establishment of housing technology centers in Kisumu North subcounty and establishment of water conservation structures in Muhoroni/Koru subcounty.
- Governance, Justice, Law and Order Sector: the only flagship project here is closed-circuit television (CCTV) surveillance in Kisumu town

In the Elgeyo Marakwet CIDP, most sectors indicate that projects will be in all wards, all subcounties, and at a subcounty level. For example, for agriculture, ongoing pest control, soil conservation, extension services, and livestock weigh bridges will be done in all wards (p.104) and for the education sector, two dormitories in two centers of excellence will be set up per ward and completion of centers of excellence will be in all subcounties (p.115). There are a few instances where particular places have been mentioned for example reviving four Agricultural Show of Kenya (ASK) show grounds in Kamariny, Chepkorio, Chesoi and Cheplongei (p.105). These are not necessarily ward projects, however. The chapter on implementation (chapter eight) does not break down the cost estimates to specific wards or subcounties. Most project cost estimates are proposed to be shared among a number of wards/ subcounties. We cannot tell conclusively how much is going to each ward or subcounty.

⁷ The wording of the CIDP flagship projects is very broad for example (a) Agriculture: fresh produce and fish ponds, disease and pest control, rural forestation county wide (b) Trade and industrialization: development of 1 SME park and 1 Special Economic Zone (not clear where this will be or what criteria will be used in choosing a location) (c) Health all flagship project are county wide and include very general projects for example. rehabilitation of health facilities and rural health facilities (d) Social Protection, Culture And Recreation: Youth and Women enterprise and development funds

For Kisumu CIDP “proposed” and “other ongoing” projects, one cannot tell where most of the projects will be for the individual sectors. The roads subsector is an exception, as it does include information about the specific road and the targeted kilometers.⁸ Water and irrigation also has three projects with information on location but all other projects in the sector have no locations indicated.⁹ The chapter on implementation (chapter eight) gives the cost estimates for projects without specifying how much will be going to each ward/subcounty.

An annexure to the CIDP provides a list of key challenges, development areas, and projects proposed by each subcounty for implementation in the five years. For some subcounties, projects are given at ward level but even in these instances the projects are very general. This list is incomplete as there are no projects proposed for some wards, including North Seme, Kabonyo Kanyagwal and Kobura. There are no proposed cost estimates for each ward or subcounty projects. Looking at the Hansard, it appears that the annexure was only attached to the CIDP after the County Assembly insisted that the projects proposed during public participation have to be attached. In essence, the Kisumu CIDP prescribes for county wide projects only. We therefore cannot tell accurately the aggregate amount that is proposed to each county subunit.

Generally, in the Nakuru CIDP county resources are distributed at subcounty level. Most of the projects are equal across the 11 subcounties. For example, in the education sector resources are allocated for building 11 primary schools and 11 secondary schools in each of the 11 subcounties. Health has allocations for 100 incinerators in all subcounties, and for agriculture and rural development, there are 11 housing technology centers. A few projects are labeled as projects in all wards. For example, in health there are 55 maternity units in each ward. There are also a few instances where there is mention of the specific ward/subcounty where projects will be located even though these projects benefit several, such as for:

- Energy, Infrastructure and ICT: Improvement of infrastructure in Naivasha and Nakuru; geothermal power exploration at Menengai
- Environmental Protection, Water, and Sanitation; Housing sector: Itare dam water project in Kuresoi;
- Governance, Justice, Law, and Order: Installation of surveillance at Nakuru municipality; and
- Agriculture and Rural Development: Creation of disease free zone in Gilgil and Naivasha

⁸The roads subsector is under the Energy, Infrastructure and ICT sector. Page 157

⁹ Page 171 & 172

The chapter on Implementation, Monitoring and Evaluation Framework does not break down the cost estimates to reflect how much is going to each ward or subcounty; therefore we cannot tell the aggregate allocation to each ward and subcounty.

ANNUAL DEVELOPMENT PLANS (ADPS)

Section 126 of the PFM Act, 2012 requires every county government to prepare an annual development plan (ADP). While the law does not expressly require ADPs to distinguish allocations to each ward or subcounty, the law requires a detailed description of capital projects.¹⁰ It would be reasonable to expect some level of geographical detail in these descriptions.

ADPs for the year 2013/14 were not prepared for the obvious reasons that the county governments were not in place by September 1 in the FY 2012/13 when this document is supposed to be prepared. In FY 2014/15 both Elgeyo Marakwet and Nakuru counties prepared and approved the ADPs. The Kisumu county government did not prepare an ADP for the FY 2014/15, since the CIDP had not been adopted by the end of the financial year 2013/14. In FY 2015/16, the ADPs for all three counties were prepared. The following was observed concerning the ward/subcounty distribution in ADPs from the three counties:

The Elgeyo Marakwet ADP FY 2014/15 provides specific projects and gives details on location, activities, indicators and cost estimates for all those projects. As expected some projects are labeled countywide and others to be implemented in all wards or all subcounties offices.¹¹ Unlike the ADPs FY 2015/16 and 2016/17, there is no list attached showing the aggregate amount to each ward.

The Elgeyo Marakwet ADP FY 2015/16 tabulates allocations given to programs and projects at the county, subcounty, and ward level. The plan gives details on amount allocated to each subcounty for programs in the different sectors. The plan also gives details on specific projects under the sectors in the wards. From the ADP FY 2015/16, we can accurately tell how much goes to each ward as there is an annex providing lists of ward, subcounty, and county allocations per sector, along with lists of specific projects at the ward, subcounty, and county levels.

The Elgeyo Marakwet ADP FY 2016/17 also contains a list of all county level projects per department, all ward level projects summary per department, all ward level projects per ward, and department/sector

¹⁰ Other requirements include: (a) Strategic priorities that reflect the county government's priorities and plans; (b) Programs to be delivered with details for each programme of the budget allocated to the programme; (c) A detailed description of proposals with respect to the development of resources of the county, including measurable indicators where those are feasible; (d) Detailed description of capital projects

¹¹ For example County mechanical & Transport fund and Routine maintenance of other roads in the county at page 25

aggregate allocations. It is clear from the ADP the total amount proposed to be allocated to each ward for the FY 2016/17. Both the ADPs for the FYs 2015/16 and 2016/17 indicated that they were aligned to the EDA, 2015. It is clear that the ADPs for these two years (as submitted to the Assembly) do not strictly follow the EDA. Notably the allocation to county projects is much higher than the required 12 percent. The table below shows the distribution in these two years. The distribution to each ward has a small range in percentage terms, with the lowest to the highest share being approximately 0.7% of the development funds in both financial years (2015/16 and 2016/17).

TABLE 1. WARD ALLOCATION TO WARDS AS PER THE ADPS FOR THE FYS 2015/16 AND 2016/17

| Ward | Proposed allocation ADP 2015/16* | Proposed allocation ADP 2016/17 | Population per ward | Per capita allocation 2015/16 | Per capita allocation 2016/17 | Proportion to total development 2015/16 | Proportion to total development 2016/17 |
|---|----------------------------------|---------------------------------|---------------------|-------------------------------|-------------------------------|---|---|
| Arror | 33,994,289 | 34,579,962 | 6,488 | 5,239.56 | 5,329.83 | 3.08% | 2.06% |
| Chepkorio | 30,625,454 | 40,915,405 | 23,349 | 1,311.64 | 1,752.34 | 2.77% | 2.44% |
| Cherangany/ Chebororwa | 36,925,454 | 40,110,807 | 18,172 | 2,032.00 | 2,207.29 | 3.34% | 2.39% |
| Embotut/ Embolot | 35,901,168 | 42,286,258 | 18,488 | 1,941.86 | 2,287.23 | 3.25% | 2.52% |
| Emsoo | 39,139,739 | 35,680,499 | 9,602 | 4,076.21 | 3,715.94 | 3.55% | 2.12% |
| Endo | 32,583,571 | 45,153,693 | 21,619 | 1,507.17 | 2,088.61 | 2.95% | 2.69% |
| Kabiemit | 36,820,154 | 39,500,734 | 18,970 | 1,940.97 | 2,082.27 | 3.34% | 2.35% |
| Kamariny | 30,714,440 | 41,117,128 | 23,126 | 1,328.13 | 1,777.96 | 2.78% | 2.45% |
| Kapchemutwa | 35,069,894 | 40,021,959 | 19,069 | 1,839.11 | 2,098.80 | 3.18% | 2.38% |
| Kapsowar | 33,419,894 | 45,106,310 | 17,057 | 1,959.31 | 2,644.45 | 3.03% | 2.68% |
| Kaptarakwa | 35,887,267 | 40,160,781 | 25,423 | 1,411.61 | 1,579.70 | 3.25% | 2.39% |
| Kapyego | 36,637,267 | 40,027,240 | 25,057 | 1,462.16 | 1,597.45 | 3.32% | 2.38% |
| Lelan | 29,094,440 | 40,742,714 | 20,111 | 1,446.69 | 2,025.89 | 2.64% | 2.42% |
| Metkei | 29,290,000 | 36,316,858 | 12,945 | 2,262.65 | 2,805.47 | 2.65% | 2.16% |
| Moiben Kuserwo | 27,519,894 | 40,562,370 | 19,277 | 1,427.60 | 2,104.18 | 2.49% | 2.41% |
| Sambirir | 36,714,179 | 43,326,170 | 21,585 | 1,700.91 | 2,007.24 | 3.33% | 2.58% |
| Sengwer | 32,215,440 | 41,728,839 | 18,903 | 1,704.25 | 2,207.52 | 2.92% | 2.48% |
| Soy North | 29,274,025 | 41,080,481 | 14,457 | 2,024.90 | 2,841.56 | 2.65% | 2.44% |
| Soy South | 33,584,186 | 44,692,004 | 20,370 | 1,648.71 | 2,194.01 | 3.04% | 2.66% |
| Tambach | 30,332,015 | 40,427,120 | 15,930 | 1,904.08 | 2,537.80 | 2.75% | 2.41% |
| Total ward allocation | 665,742,770 | 813,537,332 | 369,998 | 1,799.31 | 2,198.76 | 60.30% | 48.42% |
| Sub county Projects¹² | 95,694,534 | 0 | 0 | - | - | 8.67% | 0.00% |
| County Projects | 342,537,555 | 290,437,527 | 369,998 | 925.78 | 784.97 | 31.03% | 17.28% |
| County Projects through Asset Financing¹³ | | 576,312,473 | 369,998 | | 1,557.61 | | 34.30% |
| Total Development Allocation | 1,103,974,859 | 1,680,287,332 | 369,998 | 2983.732 | 4541.34 | 100.00% | 100.00% |

¹²Sub county projects are project which though located in a specific ward or across two or more wards, the expected benefit is across the subcounty. Some of these projects include constructing subcounty offices, building roads and building arboretums in each subcounty.

¹³According to the ADP FY 2016/17, the county intends to borrow money in form of asset financing (Equipment leasing and hire purchase).

| | | | | | | | |
|---|--|---------------|---------|--|--|--|--------|
| <i>Total Development Allocation (without asset financing)</i> | | 1,103,974,859 | 369,998 | | | | 65.70% |
|---|--|---------------|---------|--|--|--|--------|

*The figures here are lifted from annex I of the ADP. These are different from those in Annex IV of the ADP.

There is however a significant difference in the per capita allocation. We can see this by looking at the largest and lowest per capita allocation to wards. In the ADP FY 2015/16, the least per capita allocation (Chepkorio ward) is 25 percent the most per capita allocation (Arror ward). In the ADP FY 2016/17 the least per capita allocation (Kaptarakwa ward) is 30 percent of the most per capita allocation (Arror ward).

In Kisumu the ADP for the FY 2015/16 gives the proposed distribution of resources to each sector. It then gives the specific projects proposed for the financial year 2015/16 by geographical area/ward and sector, but no figures on how much they cost is given. It is therefore impossible to tell the proposed allocations to each ward/subcounty. The county government indicated that it was impossible to indicate the costing of the projects in the ADP as the ADP just included the proposals from the public, and the executive was using these proposals to cost for various projects in the subsequent budget estimates. Kisumu county was conducting public participation forums for the preparation of ADP for the FY 2016/17 between 28th September and 2nd of October, 2016. The plan had not been completed by the end of November 2015.

In Nakuru, the ADP for FY 2015/16, just as in their CIDP, classifies most of the projects as “countywide” or located in “all subcounties” or in “each ward.” It is not clear whether this is actually correct. For example, there is an allocation of Ksh. 5.5 million to livestock enhancing extension services and promotion of dairy cattle and dairy goat farming in each ward, yet some urban wards like Biashara may not have this kind of farming. Even in cases where there is urban agriculture, the level of activity in the urban ward by may be significantly less than that of a rural (agricultural) wards. In addition the ADP lacks sufficient information explaining how projects to be undertaken across the ward will be distributed. For example under the public works department, it is indicated that there will be 25 bridges built “approximately one per ward” (ADP, p.23). The county has 55 wards and as such it is unclear whether these will be shared bridges or whether specific wards will benefit. It is unclear from the ADP how the departments will decide where these bridges will be and how much will be allocated to them.

There are some projects that are ward or subcounty specific, such as solid waste management in major urban centers (Nakuru, Naivasha, Molo and Gilgil). In some instances, there seems to be an intention to distribute resources by ward, but the wording is vague. For example, in the agriculture sector, value addition in potatoes, tomatoes, maize, and wheat through milling to farmer groups in “various wards.”¹⁴There are other instances where the number of subcounties and wards is mentioned, but not the

¹⁴Nakuru Annual Development Plan FY 2015/16 page 12

specific ward/subcounty nor a breakdown of how the money will be distributed. For example, under livestock subsector, the county will be running county veterinary office in two subcounties at Ksh. 11 million. It is impossible to tell the relevant wards/subcounties and how much is going to each ward or subcounty looking at the ADP.

BUDGET ESTIMATES

Most counties produced line item budgets in FY 2013/14. Given the level of detail in these documents at a level below the department, one might expect to find project level information with locations in at least some cases. This was the case in two of our three counties. The following was observed in the three counties in the years between 2013 and 2016:

Budget estimates for FY 2013/14 in Elgeyo Marakwet have very little information about projects in terms of their allocation or location. It is impossible to tell how much is going to each ward or subcounty.

Estimates for FY 2013/14 in Kisumu indicate the allocation of funds to each subcounty project. Uniquely, the Kisumu county approved budget estimates and supplementary budgets indicate the proposed total allocation for each subcounty for both development and recurrent expenditure. The budget estimates also provides a list of all development projects together with their allocation for each subcounty. From the figures in the budget estimates Kisumu West subcounty has the highest budgetary allocation per capita.

Estimates for FY 2013/14 in Nakuru indicate the allocation and location of all projects giving the relevant ward and constituency. The aggregate amount to each ward is not explicitly given in the Programme Based Budget (PBB)¹⁵; however, we can calculate the aggregate development expenditure to each ward from the allocation to each ward.

The approved budget estimates for FY 2014/15 in Elgeyo Marakwet have very little information about projects in terms of their allocation or location. The budget strictly indicates programs and the cost estimates for each. It is impossible to tell how much is going to each ward or subcounty.

Approved estimates for FY 2014/15 in Kisumu describe the location of projects and the proposed allocation to all the projects. This PBB gives details on ward distribution including the amount allocated to a particular ward for each project.¹⁶ While the PBB gives individual project amounts, it does not give the

¹⁵ According to the PFM, 2012, It was not mandatory for counties to prepare programme based budgets till the FY 2014/15

¹⁶Chapter twelve of the budget estimates.(p234)

aggregate amounts allocated to each ward. However, it is possible to calculate the aggregate amount to each ward from the PBB. A list acquired from the economic planning departments gives the aggregate cost estimates to each ward and subcounty.

Similarly, the approved budget estimates for FY 2014/15 in Nakuru describe the location of projects and the proposed allocation to all the projects. Just like in the budget estimates FY 2013/14, the FY 2014/15 estimates have two kinds of projects: those labeled “HQ” and those projects to specific wards and subcounties. The budget office indicated that the “HQ” projects are countywide projects proposed by departments or those that pertain to administrative development costs such as building of subcounty offices. The budget gives a summary of all on-going development projects as well as those projects under the Ward Resource Envelope (WRE). There is no narrative explaining what the WRE development projects are but from an interview with the budget office this is the proportion set aside to be distributed equally (Ksh. 25 million to each ward). The total amount allocated to be distributed equally is Ksh. 1.375 billion, which was approximately 40% of the total development expenditure of Ksh. 3.5 billion.

Just like the approved budget estimates for previous years, the PBB FY 2015/16 for Elgeyo Marakwet has very little information about projects in terms of their allocation or location. It is impossible to tell how much is going to each ward or subcounty

In Kisumu, the approved PBB for the FY 2015/16 has annexes attached to it indicating the projects what are classified as county wide, subcounty and ward projects. There is an additional Ksh. 8 million to each ward courtesy of the Ward Development Fund. This budget also describes the projects that will be funded by the Ksh. 8 million in each ward.

In Nakuru, the approved PBB FY 2015/16 presents projects in each ward in a similar manner as the Nakuru PBB for the FY 2014/15. There is an equal allocation of Ksh. 25 million to all wards. The aggregate figure of Ksh. 1.375 billion was mentioned in the CFSP, indicating that it would be under the Department of Finance and Economic Planning for the purposes of development projects and public participation. Unlike the 2014/15, the PBB 2015/16 does not expressly mention that these are WRE development projects. All other projects are labeled “HQ”. In an interview with a budget office official, it was indicated that these HQ projects relate to flagship projects, projects proposed by the departments for implementation drawn from various policy documents and public participation as well as other capital expenditures for administrative purposes such as construction of subcounty offices.

The table below gives a summary of whether key budget documents reveal the ward or subcounty distribution of resources. Notably, in Elgeyo Marakwet, the planning documents, and especially the ADPs,

give the allocation and location to each project. All the annual budgets in Elgeyo Marakwet fail to indicate the geographical distribution of development revenues. For Kisumu and Nakuru this is reversed: their annual budgets give the location and allocation to wards and subcounties. It is difficult to calculate accurately the aggregate amount proposed for each ward from most key budget documents because while giving the location of each project, the cost estimates for some projects is either omitted or is not divided to show the specific ward/subcounty allocation. This is particularly a challenge where the budget documents provide a lump-sum amount for countywide projects that will be distributed across the county.

TABLE 2. SUMMARY OF THE FINDINGS ON WHETHER WE CAN TELL LOCATION OF PROJECTS AND TOTAL ALLOCATIONS TO WARDS AND SUBCOUNTIES FROM KEY BUDGET DOCUMENTS

| Key budget documents | Kisumu | Elgeyo Marakwet | Nakuru | Key |
|--------------------------|--------|-----------------|--------|--|
| CIDP 2013-2017 | x | Φ | Φ | Key √= All projects and costing given so it is possible to tell how much is going to each subcounty or ward. Φ = Location for most projects indicated but not necessarily with the cost estimates or the proposed allocation. Difficult though not impossible to calculate from the document the allocation to each ward/subcounty. x = Location for most projects is omitted and no cost estimates given to enable one to tell how much will be going to each ward/subcounty. N/R= Document not reviewed (unavailable because it was never prepared(*) or has yet to be finalized and approved by November 2015) |
| ADP 2013/14 | N/R* | N/R* | N/R* | |
| ADP 2014/15 | N/R* | √ | N/R* | |
| ADP 2015/16 | Φ | √ | Φ | |
| ADP 2016/17 | N/R | √ | N/R | |
| CFSP 2015-2016 | x | x | x | |
| Budget Estimates 2013/14 | √ | x | √ | |
| Budget Estimates 2014/15 | √ | x | √ | |
| Budget Estimates 2015/16 | √ | x | √ | |

The table above shows that the Elgeyo Marakwet ADPs¹⁷ and Budget estimates from Kisumu and Nakuru have consistently provided for the distribution of development resources indicating the location and cost estimated of development projects. This is commendable as it enables the public to track the projects undertaken over the years and hold the county government accountable for choices made.

2.2 WHAT ARE THE RATIONALES USED IN DISTRIBUTION OF DEVELOPMENT EXPENDITURE WITHIN COUNTIES?

Looking at the key budget documents, other planning documents, the counties' legal frameworks and drawing on interviews in the three counties, this subsection presents justifications given in distributing county revenues in the three counties of study. We shall look at key budget documents and county legislation (if any) in distribution first. Then we shall look at the reasons indicated in the key budget documents listed above and other planning documents that affect the distribution process.

CRITERIA EXPRESSLY GIVEN IN KEY BUDGET DOCUMENTS

For most key budget documents, the criteria for distribution of resources are not expressly given. There is frequently a casual mention of general justifications of spending in the executive summary, foreword or acknowledgement sections of these documents, but this gives very little insight into the process that led to the preparation and approval of these budget documents. Below is a table indicating summary findings from reviewing of the budget documents. This table only indicates what is included in the key budget documents. Generally, the budget documents highlight the process leading to identification of projects but do not explain the choices made. For example, while most budgetary documents indicate that the projects were identified by wide consultation, the public participation reports are not attached to the main document making it difficult to verify whether the projects selected were indeed proposed by the public or whether any tradeoffs had to be made. In Elgeyo Marakwet and Nakuru counties, public participation reports FY 2015/16 were shared by the executive officials upon demand. The projects in these reports corresponded to those in the budget estimates for Nakuru and in the Annual Development Plan in Elgeyo Marakwet. A further discussion on public participation can be found in section 2.2 below.

¹⁷ According to an interview with the Elgeyo Marakwet county government the ADPs for each year form annexes to the budget estimates. Comparing the total development expenditure in both the ADP for FY 2015/16 and the PBB 2015/16 the figures match (Ksh. 1.146 billion) and therefore it is possible that the distribution though not in the PBB is in the ADP. This is true in the case of Elgeyo Marakwet county only.

TABLE 3. SUMMARY OF THE JUSTIFICATIONS/CRITERIA GIVEN IN KEY BUDGET DOCUMENTS FOR CHOICES MADE IN WARD/ SUBCOUNTY DISTRIBUTION OF RESOURCES IN THE FYS BETWEEN 2013 AND 2016

| Key budget documents | Justification/criteria for distribution of resources | | |
|----------------------|--|---|---|
| | Elgeyo Marakwet | Kisumu | Nakuru |
| CIDP 2013-2017 | Public participation and consultative forums. Annexure gives project proposals identified during the consultative process. There is no public participation report to enable us to verify that that the projects in the CIDP were as a result of public participation | Public participation and consultative forums. Annexure attached giving the time, venue of public participation. | Public participation and consultative forums. There is no attachment of the public participation report. |
| ADPs 2014/15 | Intended strategic objectives and proposals contained in the CIDP. | Not prepared | Not prepared |
| ADPs 2015/16 | Projects derived from: 1. the CIDP Equitable Development Act, 2015 Formula | Plan indicates that projects therein were derived from: 1. the CIDP 2. the departmental strategic plans 3. the development implementation status for 2013/4 and 2014/5 | Projects selected by county government officials with reference to 1. County/National Policy documents 2. the approved county budget estimates 2014/2015 and 3. the CIDP |
| ADP 2016/17 | Distribution was in accordance to the Equitable Development Act, 2015 formula. | Still preparing | Allocation in view of public, CBEF and stakeholders participation and consultation in meetings |
| CFSPs 2014 | The CFSP indicates that the budget allocations are based on: 1. CIDP; and 2. equitability, efficiency and value for money; ¹⁸ and respective sectors' priorities. | The budget allocation should ensure: 1. infrastructure projects are the key driver of the economy and 2. key pillars of the fiscal strategy such as food security and agriculture; industrialization and enterprise | CFSP indicates that budget will be guided by the: 1. departmental strategic plans; and 2. annual sectoral reports as prepared by the various Sector Working Groups (SWG) to ensure equitable development. |

¹⁸Elgeyo Marakwet county CFSP 2014 p. 22

| | | | |
|--------------------------|---|--|---|
| | | development; tourism; technology and sports and talent taken into consideration. | |
| CFSP 2015 | CFSP indicates that distribution should be towards: 1. completion of on-going projects in particular infrastructure projects; 2. other projects with high impact on poverty reduction and equity; 3. strategic objectives and policy goal and policy interventions covering the entire county; and projects that have huge implications in spurring growth in other departments/sectors. | CFSP indicates that budget allocations should be towards 1. pillars of the fiscal strategy; and 2. 5 percent of the county revenues to WDF | CFSP indicates that the budget will be guided by: 1. departmental strategic plans; 2. annual sectoral reports as prepared by the various Sector Working Groups (SWG); 3. Inputs from the public participation; and 4. an amount of Ksh. 1.375 billion set aside for the Ward Resource Envelope funds which will fund will be transferred to respective County departments after the planned public participation in March 2015. |
| Budget Estimates 2013/14 | no criteria given | no criteria given | no criteria given |
| Budget Estimates 2014/15 | no criteria given | no criteria given | The budget estimates indicate that content informed by the: 1. CFSP, 2014 : to achieve equitable economic and social development; 2. CIDP; and 3. public participation forums held between 2nd and 7th February, 2014. (There is no mention of the equal Ksh. 25 million to each ward) |
| Budget Estimates 2015/16 | Budget estimates indicate that budget is based on: 1. consultations among CECs; 2. public participation forums; 3. emphasize on completion of ongoing projects and consideration of previous years allocations; and 4. equitable distribution | Budget Estimates indicate that budget is based on participation and the assistance of the CBEF | No criteria expressly given. |

| | | | |
|--|-------------------------------|--|--|
| | * no mention of the EDA, 2015 | | |
|--|-------------------------------|--|--|

All three counties' CIDPs indicate that the projects in the CIDP were a product of public participation and consultative forums. This is mentioned in the foreword sections written by the respective county governors. The following was observed in the three CIDPs:

Elgeyo Marakwet: The projects in the Elgeyo Marakwet CIDP are also said to be a product of public participation and consultative forums. Just like the Nakuru CIDP, the Elgeyo Marakwet CIDP also has an annexure on public participation. This annexure however only lists project proposals identified during the consultative process that were not prioritized in the CIDP (p.252). These are projects proposed by the public but not included in the CIDP and are a record of possible projects to be undertaken in the FYs after 2017 or where the county revenues allows. Chapter eight on the implementation, monitoring, and evaluation framework provides for proposed annual budgetary requirements for each department for the relevant financial years, i.e., 2013/2014 to 2017/2018. However, there is no express justification or rationale provided for the cost estimates and distribution of resources across the county to subunits (ward and subcounty). Notably, under the education department the CIDP indicates that the reason behind deciding the location for construction of ECD centers in Kapyego was due to “unavailability of titles and distance from schools.”¹⁹ While this is a reason, it is not clear what it means, nor is it clear why a reason is provided only for this project. Moreover, it is not properly labeled as a reason, but rather listed under “targets.”

Kisumu: The CIDP indicates that it was prepared after extensive public participation in the county. The public participation report is attached to the CIDP as an annex giving the time, venue, subcounty, key development challenges and opportunities. The report also includes projects proposed by the public for the county. This report was attached to the CIDP after the direction of the County Assembly in the adoption of the CIDP in June 2014. The wording in the CIDP on the new projects generated from the public is not similar and thus it is difficult to match the proposed projects in the annex and the main text of the CIDP. In addition the manner in which the report is presented is haphazard. For Seme, Nyando and Nyakach both subcounty projects and ward projects are listed. However, there are no projects indicated for some wards including West Seme, North Seme, Awasi Kobura and East Kano. Muhoroni, Kisumu. For Muhoroni Kisumu East and Kisumu Central only subcountywide projects are listed. For Kisumu West subcounty only ward projects are listed. The reason for this inconsistency was that in some places, public participation forums were conducted only at subcounty level as opposed to at a ward level. Therefore the

¹⁹Elgeyo Marakwet CIDP 2013-2017 page 118.

county government did not accurately collect proposals for each ward. From the interviews with the members of the executive, participation was conducted at the subcounty level for the FYs 2013/14 and 2014/15. The county observed that the needs of other wards where residents could not travel far to participate in the preparation of the budget documents were neglected.

The new projects in the CIDP are listed under the heading “2nd Medium Term Paper (MTP) consultations” suggesting that all new projects were from these consultations. There is no express indication on criteria used in spatial distribution of resources.

Nakuru: Here the CIDP mentions throughout the document that the projects were as a result of public participation. However the public participation report is not attached or uploaded in the county website to verify how the public proposals were incorporated and the trade-offs that were made if any. The members of the county executive indicated that documentation of public participation has generally been a challenge for the county so they do not have reports from any of the public participation forums held across the county.

Apart from the casual mention that there was some consultation and references to the CIDP, the ADPs, with the exception of Elgeyo Marakwet FY 2015/16 and 2016/17, have no concrete criteria mentioned therein.

Elgeyo Marakwet ADPs: The ADP for the FY 2014/15 was approved after the budget estimates FY 2015/16.²⁰ The ADP for the FY 2014/15 was therefore just a derivation of the budget estimates FY 2014/15. The plan indicates that the priorities therein were identified “with equal development distribution consideration.”²¹ In addition, distribution was informed by the intended strategic objectives and proposals contained in the CIDP as well as the ambition for departments to ensure balanced development in the county. The method used to achieve equal development distribution and balanced development in the county is however not revealed in the ADP.

The ADP for the FY 2015/16, acquired from the planning department, indicates that the projects in the ADP were identified from the CIDP and the criteria used for distribution was the formula provided for under the Equitable Distribution Act, 2015. The ADP gives the countywide and wards statistical indicators that informed the proposed distribution of resources in the ADP.²²

²⁰ The ADP FY 2014/15 indicates this in foreword section of the plan.

²¹ Elgeyo Marakwet, Approved ADP FY 2014-15, page 8.

²² Elgeyo Marakwet ADP 2015/16 page 4- 6.

The ADP for the FY 2016/17 (as tabled in the county assembly) indicates that distribution for the proposed year will be as prescribed by the EDA, 2015, with the objective of realizing equal and equitable allocation of resources for development projects within Wards. The formula (see **Error! Reference source not found.** below) provides for equitable distribution taking into consideration the population of wards and other factors.

Kisumu county ADPs: Only one ADP in Kisumu county had been prepared and approved by the county assembly by December, 2015. The foreword section of the ADP FY 2015/16 indicates that the 2015-16 plan was derived from the CIDP and departmental strategic plans. The ADP also indicates that the county government considered the “development implementation status for 2013/14 and 2014/15” in identifying the proposed projects for FY 2015/16.²³ In reviewing the previous budget, FY 2014/15, the ADP indicates that Kisumu City received the largest share of the budget: approximately 40% percent of the total development budget.²⁴ The ADP doesn’t indicate how this actually affects the distribution for FY 2015/16. This ADP provides information on the population and size of each ward and subcounty but doesn’t indicate how this was factored in the distribution of resources.

Nakuru county ADPs: The county ADP FY 2015/16 indicates in the acknowledgements section that the ADP was prepared by “a team of officers from the Economic Planning Division of the department of Finance and Economic Planning with valuable inputs from respective county government department/agencies.” The foreword section indicates that the ADP was derived from key county/national government policy documents such as the CIDP, the Second Medium Term Plan (2013 – 2017) of the Vision 2030, the approved county PBB 2014/2015, and the County Strategic Plan (2013 -2017). The ADP also indicates that the proposed priority programs are intended to meet the respective sectoral goals.²⁵ The ADP does not directly link the proposals therein to the documents referred to, however most projects resemble those in the CIDP. The ADP 2016/17 indicates that a similar process to ADP 2015/16 was followed. In addition, it indicates that the County Budget Economic Forum played a role in preparing the plan.

Every year, counties are required to prepare County Fiscal Strategy Papers (CFSPs). These papers provide the broad strategic priorities and goals that should be adhered to in preparation of county budget estimates for the coming year. CFSPs adopted over the financial years 2013-2016 do not give proposed allocations to each ward or subcounty in the three counties. However, these CFSPs do give the criteria to

²³ Kisumu county ADP 2015/16, page 8.

²⁴Page 20

²⁵Nakuru county, Annual Development Plan FY 2015/16, page 9

be used in distribution of resources in each financial year. These criteria are not expressly in reference to ward distribution of resources but may be implied in some cases.

Elgeyo Marakwet CFSP: The Elgeyo Marakwet CFSP 2014 indicates that the CIDP should form a basis for informed decision making regarding resource allocation in terms of equity, efficiency and value for money.²⁶ In addition sectors will allocate funds in line with the respective sectors' priorities.²⁷

It also indicates that development expenditures should be shared out on the basis of CIDP and ADP as well as other strategic objectives and policy goals identified in the CFSP. It goes on to indicate that distribution should be towards completion of on-going projects, particularly infrastructure projects, other projects with high impact on poverty reduction and equity, projects in line with strategic objectives, policy interventions covering the entire county, and those that have huge implications in spurring growth in other departments/sectors. While the above criteria don't directly refer to spatial distribution of funds, it supports equity as an important principle.

Kisumu CFSP: The Kisumu CFSP 2014 indicates that the allocations in FY 2014/15 should prioritize infrastructure as the key driver of the economy. Allocations should be towards pillars of the fiscal strategy such as food security and agriculture; industrialization and enterprise development; tourism; technology and sports; and talent. However, this set of criteria is not conclusive. It is unclear how the county sectors will determine the allocation to ward A versus ward B in order to ensure there is food security in the county.

The **Nakuru CFSP 2014** indicates that the budget will be guided by the departmental strategic plans and the annual sectoral reports as prepared by the various Sector Working Groups (SWG). Similarly, the CFSP 2015 indicates the budget will be guided by the departmental strategic plans, annual sectoral reports as prepared by the various Sector Working Groups (SWG) together with public participation inputs. The CFSP 2015 also provides for the Ward Resource Envelope of an amount of Ksh. 1.375 billion to be placed under the department of Finance and Economic Planning and transferred to respective county departments after public participation that was to be held in March 2015. The CFSP 2015 indicates that one of the strategic priorities (Strategic priority V) is promotion of equitable economic and social development for county stability. However, the CFSP does not explain exactly how this translates to distribution (though it mentions reduction of poverty indices as a goal).

²⁶Elgeyo Marakwet county, CFSP 2014, page 22

²⁷ Ibid p28

The budget estimates between 2013 and 2016 provide only generic explanations of the statutory process leading to the allocation of resources across each county. The specific criteria or principles used in the distribution of resources are omitted. While the budgets identify the challenges faced by the county there is no clear linkage between the challenges and the ward/subcounty allocations. These annual budgets fail to give justification for the allocations to the various county subunits.

The budget estimates FY 2013/14 for each of the three counties lacks narrative on the criteria used in distribution of development revenues. The following was observed from the approved budget estimates for the FY 2014/15.

The **Elgeyo Marakwet Budget Estimates** for FY 2014/15 indicates that the allocations in the budget (to various programs) was in accordance with the CIDP, ward level consultations and “actual results”.²⁸ The budget gives briefly what had been achieved by each sector in the FY 2013/14. This information however is not ward/subcounty specific making it difficult to draw linkages to the allocations in the budget FY 2014/15. The budget indicates that the ADP 2014/15 would contain the details for the budget including the specific projects to be carried out in the county. Looking at the ADP we are able to tell how much went to each ward for ward projects with the rest of the development revenues going to the county and subcounty projects. There is no deliberate indication of how the distribution was done. Interviews with the county executive officials revealed that for the FY 2013/14, the county did not reflect on the spatial distribution of county resources. This was only factored in towards the end of the preparation process where members of the executive sought to reallocate funds if one ward/location or sublocation was thought to have been favored more than other subunits.

The **Kisumu Budget Estimates** FY 2014/15 does not indicate how each department decided to distribute development revenues to each ward or subcounty. The budget provides for the mission, vision and strategic overview for each department.

The **Nakuru Budget Estimates** FY 2014/15 indicate that the content in the budget estimates was informed by the CFSP 2014 and the CIDP. The budget estimates also indicate that it was compiled taking into consideration the input of citizens which was received during public forums held between 2nd and 7th February, 2014. According to the Nakuru budget, resource allocation was directed at programs to achieve four strategic objectives laid out in the Fiscal Strategy Paper: development of infrastructure, promotion of healthcare, value addition in agriculture, and equitable economic and social development.

²⁸ Elgeyo Marakwet, PBB FY 2014/15, page ii.

The following was observed in the budget estimates FY 2015/16.

Elgeyo Marakwet Budget Estimates 2015/16: The PBB indicates that allocations were made ensuring that there was equitable sharing across all wards. This was done on the basis of CIDP priorities as well as other “parameters to ensure social equity and participatory development process.”²⁹ The budget does not define what these “parameters” are. The PBB also indicates that it was also prepared in consideration of previous allocations per ward, however this is not explained to show exactly how this affected the decision made. It is also indicated that emphasis was on completion of on-going projects and in particular infrastructure projects and those with high impact on poverty reduction and equity, employment and wealth creation. In the foreword section, it is indicated that the objectives of the budget were informed by the outcomes of the public participation forums which were held in all wards between 13th and 17th April, 2015.³⁰ During these ward forums participants were presented with a list of projects already developed by the respective departments informed by projects priorities in the CIDP and the list of on-going and previous project implementations. Participants were also guided in avoiding projects proposals being concentrated in one area. Strangely, however, the Elgeyo Marakwet budget estimates for the FY doesn’t explicitly indicate that allocations were in accordance with EDA, 2015.

Kisumu Budget Estimates 2015/16: The foreword and acknowledgements sections in the here indicate that the budget was a product of the public participation and the assistance of the CBEF. There is no public participation report attached to the budget.

The Nakuru Budget Estimates 2015/16 does not give express criteria used in the distribution of resources across the county.

LEGAL FRAMEWORK

Neither Kisumu county nor Nakuru county has adopted any policy or any county assembly legislation that expressly prescribe the criteria by which public revenues should be spatially distributed. However these two counties are in the process of passing WDF bills that, if passed, should prescribe the ward distribution of a small percentage of the counties’ revenues. Elgeyo Marakwet has passed the Equitable Distribution Act, 2015 providing criteria for distribution of resources in the county. While there is an

²⁹ Elgeyo Marakwet, PBB 2014/ 15, page iii

³⁰ The PBB indicates that “Before the budget’s public participation forums, several other participatory processes were undertaken. These processes included a meeting with all CECs and Chief Officers to apportion development allocations to the various programs and subprograms for each department and propose projects for 2015/16 FY based on the approved CFSP departmental ceilings. The list of amended projects proposals arising from public participations were presented to the respective departments to make appropriate changes before the final budget preparation process was undertaken.”

appreciation of the spatial disparities within the counties in the county legislation, a significant proportion of development funds is allocated equally to each county subunit.

Kisumu: As at December 2015, Kisumu county had not passed any statute prescribing the criteria for distribution of development revenue across the county. However one bill, the Ward Development Fund Bill, 2014, proposes the creation of a Ward Development Fund (WDF) which shall not be less than 5 percent of the county ordinary revenue (“ordinary revenue” is not defined in the bill) together with donations that are remitted to the fund. The bill provides for a formula on how this development fund will be distributed across the county. 85 percent of the ordinary revenue set aside for the WDF will be divided equally to all wards. 15 percent of the ordinary revenue of the WDF shall be divided by the population in the country multiplied by the number of inhabitants in the ward as the last national population census.³¹ These funds will be utilized for projects excluding political campaigns and managed by the County Management Committee. Projects according to the bill will be submitted by WDF committees to the County Management Committee. Section 24 indicates that the allocation of funds to various projects in each ward shall be the responsibility of the WDF committee at its own discretion within the act. The mode of distribution allows for wide discretionary powers which may not ensure the principle of equity.

In the year 2015/16 the Kisumu County Assembly allocated Ksh. 280 million to a Ward Development Fund indicating that each of the 35 wards would get an equal allocation of Ksh. 8 million towards development. The current expenditure was Ksh. 43 million with the rest being used for specific development projects. According to the budget the WDF is meant to finance and build capacity in small businesses as well as undertaking small scale development projects. The ward development fund administration is a subprogram together with public-private partnerships and Vision 2030 under the Finance and Planning Department. As of 31st October 2015 these monies had not been disbursed because the Ward Development Fund Bill was not yet passed by the County Assembly. Once enacted into law, 85 percent of the funds will be distributed equally across wards, potentially too much to ensure equity.

Nakuru: Just like in Kisumu county, the Nakuru county government has not enacted any legislation on the criteria for distribution of resources across the county for all departments. In an interview with the Nakuru Head of Budget it was revealed that there was an equal allocation of Ksh. 25 million in the years 2014/15 and 2015/16 to each ward. The CFSP 2015 provides for the aggregate figure of Ksh. 1.375 billion but does not indicate that it will be distributed equally. In essence, there is no policy dictating this equal distribution. The budget office indicated that the agreement was made informally between the

³¹The use of “population of the country” is probably in error, as this would not add up to 100%.

executive and the MCAs to distribute equally. The county considered increasing the equal allocation in the FY 2015/16 to Ksh. 30 million to every ward but after weighing the total amount (Ksh. 30 million for 55 wards) with the money needed by departments to carry out flagship or countywide projects, both arms of the government agreed that the equal allocation should remain Ksh. 25 million. The county also has a WDF Bill with similar provisions as the one for Kisumu county.

Elgeyo Marakwet: While Kisumu and Nakuru have no clear guidelines on distribution of resources, Elgeyo Marakwet county has enacted an Equitable Development Act, 2015 that provides a formula on the distribution of development funds in the county. It first requires that between 2015 and 2018, the county should dedicate at least 40 percent of its total revenues to development expenditure. 60 percent of development revenues shall be distributed equally and 40 percent shall be distributed equitably in accordance with a formula taking into consideration the points of disparity among wards in the county. The formula requires development funds to be distributed as indicated in the table below. This formula guided the distribution of funds for the financial year 2015/16 (indicated in the ADP 2015/16) and in the proposed allocation for the FY 2016/17 as provided for in the ADP FY 2016/17. Notably the distribution is not strictly as per the formula for these two years with more funds dedicated to county wide projects than anticipated by the formula. The range in percentage terms of the allocation to each ward as indicated in the ADPs 2015/16 and 2016/17 to wards is approximately one percent of the total development funds (see table above). The table below provides a summary of the provisions found in county legislation.

TABLE 4. SUMMARY OF COUNTY POLICY INSTRUMENTS ON ALLOCATION OF DEVELOPMENT REVENUE

| County | Policy instrument | Relevant (proportion of) county revenue | Mode of distribution to wards | Further distribution criteria within wards |
|-------------------|---|---|--|---|
| Kisumu/ Nakuru | Ward Development Bill (yet to be passed) | At least 5% of ordinary revenue and donor funds | 85 % of ordinary revenue distributed equally to all wards 15% of ordinary revenue to be distributed in accordance with population of the country multiplied by residents of wards(s.26) <i>Note: subject to the Ward Development Fund Committee(WDFC) approval wards may pool resources for joint projects</i> | The number of projects is at the discretion of WDFC (but these should be minimum of 5 projects and maximum of 25 projects in every ward). 5% for administration (s. 14) 5% Emergency fund 15% for education bursary and school fees etc. 3% wards expenses For example rent salaries 2%sporting activities 2% environmental activities max 3% in purchasing, running and maintenance of vehicles and equipment |

| | | | | |
|-----------------|---------------------------------|--|--|------------------------------------|
| Elgeyo Marakwet | Equitable Development Act, 2015 | All development expenditure (at least 40 % of the county total expenditure) | 60% distributed equally to each ward 40% distributed equitably to each ward using the following parameter <ul style="list-style-type: none"> • 38% in accordance with the population • 23% in accordance with county flagship projects • 22% according to poverty index in the wards • 8% in accordance in accordance with the land area • 5% be allocated for emergencies • 2% in accordance with the fiscal responsibility • 2% be allocated to arid and semi-arid Lands (ASAL) (See next section 0 below) | no further distribution prescribed |
|-----------------|---------------------------------|--|--|------------------------------------|

EQUAL AND EQUITABLE DISTRIBUTION OF COUNTY DEVELOPMENT FUNDS

Looking at the distribution of resources there seems to be a trend or a formula which the counties have adopted in allocation of development funds. The first step seems to be making a minimum equal allocation to each ward. Then county departments are allowed to distribute the rest of the development funds using either a prescribed or discretionary set of criteria. The allocations made by departments are heavily influenced by the need to set up high impact projects as opposed to ensuring that every ward has some allocation. The department projects are referred to as “countywide projects,” “flagship projects” or “HQ projects” (see 0 below). The following was observed in the three counties:

Elgeyo Marakwet county: on passing of the EDA, 2015 the equal allocation for development expenditure for FY 2015/16 onwards has been set at 60 percent of the total development revenues. It was indicated in the interviews conducted both in the county assembly and the executive that for the FY 2013/14 and 2014/15 the county was not following any particular formula in the allocations to each ward. The executive indicated that allocation were discretionary based on the needs of the public in various wards. The individual departments assessed the need for wards by taking into consideration feedback received from public participation and consultation forums held across the county. MCAs interviewed indicated that the observed distribution in those two FYs (2013/14 and 2014/15) was inequitable and that the budget contained projects that were arbitrarily picked by members of the executive. The outcome of

this discretionary allocation, according to the MCAs, was that development projects were mostly in areas where the executive members come from. The formula provided for in the EDA, 2015, the MCAs indicated, was heavily borrowed from the national formula recommended by the Commission on Revenue Allocation. Both county assembly and the executive felt that the other side did not collaborate in the enactment of the EDA, 2015.

Kisumu county: The equal allocation to each ward in the Kisumu county budget estimates is evident in the FY 2015/16. The proportion of this equal allocation was much lower than that of Elgeyo Marakwet and Nakuru counties. This allocation is referred to as the Ward Development Fund (WDF) in the budget. The approved budget allocates Ksh. 8 million to each ward: a total of Ksh. 280 million towards the fund. The figure appears under the department of finance and planning as a subprogram under the county planning development coordination service program. The budget indicates that the purpose of the fund is to ensure "effective cascading of devolution to the lowest level for better service delivery and enhanced rural economic development through strengthening of subcounty and wards."³² The fund is also "to cater for small development projects and finance self-help groups and community based organizations projects and train them on business skills management."³³ This equal allocation however, is a temporary plan which will be changed by coming to force of the WDF Act.

Nakuru county: Here the total allocation towards equal allocation to wards is identified in the budget as the ward resource envelope (WRE). WRE projects were introduced in the budget estimates FY 2013/14 and retained in FYs 2013/14 and 2015/16. The CFSP 2015 mentions the WRE indicating that an amount of Ksh. 1.375 billion will be set aside for the kitty. According to the CFSP the funds will be transferred to respective county departments after public participation in the formulation of the budget in March 2015. Approximately 40 percent of the total development funds were allocated towards this (39.59 percent and 39.19 percent for FY 2014/15 and 2015/16 respectively). The county set the equal allocation at Ksh. 25 million per ward. The MCAs in Nakuru county agreed with the executive arm of the government to amend only the projects to be undertaken in reference to the WRE. The county assembly toyed with the idea of increasing this allocation to Ksh. 30 million while passing the appropriation bill. The budget and appropriations committee report on 2015/2016 budget estimates proposed that an extra Ksh. 5 million should go towards "reducing income inequality as well as reducing poverty indices."³⁴ The equal allocation to each ward is not based on any clear principle.

³² Kisumu county, Approved PBB, page v.

³³ Ibid.

³⁴ Kisumu county, Hansard report,

The question is what proportion of development expenditure should be devoted to equal allocation and what principles can be used in finding a suitable proportion? Has the formula adopted by Elgeyo Marakwet county assisted in equitable allocations to different wards, given the disparities in development across the county? Although complex, the formula has resulted in an almost equal allocation to all wards. Both the members of the county assembly and executive in Elgeyo Marakwet admit that the proportion of the formula towards equal allocation is too large to accommodate the disparities across the counties. The members of the executive were of the opinion that the parameters used in the equitable distribution of resources need to be expanded. The members of the county assembly however were optimistic that even though the margins of allocation to different wards were small, the cumulative effect over five to ten years might be more significant. The MCAs interviewed indicated that they were willing to amend the EDA to first reduce the proportion dedicated towards equal allocation and to include a set of parameters that would be more acceptable to the public and other stakeholders. They observed that they lacked expert advice required in enacting such a law due in part to the executive refusal to support the legislation. Going forward in the amendment process they hoped that the members of the executive would be proactive.

As for Kisumu and Nakuru county, the equitable distribution is driven heavily by individual departments' discretion. Interviews with the members of the executive (chief officers and directors) indicated that the departments look at the need for each ward. As above mentioned this need is assessed by considering the public participation proposals, the CIDP and the individual department plans. For Nakuru, county executive members were of the opinion that the funds to the county are too small for them to spend valuable time developing a more formal way of distributing them. For Kisumu county, both the executive and assembly indicated that they were open to a formula. The department of finance and planning indicated that they were concentrating on passing an economic policy plan that may point out the disparities in the county and will assist in equitable distribution of resources.³⁵

PUBLIC PARTICIPATION

The Constitution of Kenya, the Public Finance Management Act, 2012 and county government public participation legislation require public participation in preparing and approving budget documents.³⁶ The

³⁵ As at October, 2015, the policy was still at the drafting stage and as such the department indicated they were not at liberty to share the same until tabled in the assembly for approval.

³⁶ The constitution of Kenya Article 201(a) indicates that one of the principles that should guide all aspects of public finance is "openness and accountability, including public participation in financial matters." Section 175 of the PFM, 2012 gives the duty to ensure public participation in the budget process to the county executive committee member for finance (under section 125(2)); accounting officers for urban areas or cities (under section 175(9)). The act also tasks the county government to come up with regulation providing for participatory governance under section 207

Elgeyo Marakwet Public Participation Act, 2014 further requires the county government (through the office of public participation) to communicate to participants in public how their input affected the decisions made.³⁷

In interviews held in all three counties both the county assembly and the county executive insisted that key budget documents are largely a product of public participation. In all three counties for the FY 2013/14, the public participation report from the defunct local authorities was used in making decisions to allocate funds. The local authorities through Local Authority Service Delivery Action Plan (LASDAP) had already conducted public participation although the projects were not necessarily consistent with county government functions. ³⁸The next two sections provide observations on the influence of public participation in the three counties and the availability of public participation reports.

The following are observations regarding the influence and outcome of a process of public participation in the three counties:

Elgeyo Marakwet: Public participation for the years 2013/14 and 2014/15 significantly affected the proportion of revenue that went to each ward. The aggregate development expenditure that went to each ward for these years depended on the costing of the top priorities of the wards and the department projects. Each department ensured that each ward has proposed top priorities to be undertaken in that particular ward. Then in a common meeting of department heads (directors, chief officers and County Executive Committee members) and the budget and planning office, the allocations to each ward were moderated so that no ward had significantly more than another ward. The departments would then get either part of the allocations for projects proposed or asked to find another way of fulfilling the need of the public with a project that had a lower cost. For the financial year 2015/16, the formula provided by the EDA was used in the distribution of development funds to the twenty wards. Public participation (and the individual department plans) only decided where the funds were to be utilized within the wards.

Nakuru: Public participation for the past three years was conducted at the ward level. The public under the guidance of the executive gave proposals that added up to a predetermined figure of Ksh. 25 million for the financial years 2014/15 and Ksh. 30 million for the FY 2015/16. The ward administrators would then forward list of the priority projects to the budget and planning office where after department costing, the projects were included in the budget estimates for approval by the County Assembly. Though ultimately the equal allocation in the budget estimates FY 2015/16 was at Ksh. 25 million, in the ward

³⁷Elgeyo Marakwet county, Public Participation Act, 2014 section 4(g)

³⁸ Transition authority Regulation 2013

public participation reports for the FY 2015/16 the total estimate for projects proposed for each ward was described as Ksh. 30 million.³⁹ This is because Ksh. 30 million was the initial proposal for the equal distribution to ward. At the approval stage, the executive and the MCAs ensured that only prioritized project totaling to Ksh. 25 million were included by undertaking additional consultations with the public. Asked the criteria for distribution of the entire development budget, the budget office indicated that this is done on a 'need basis' that is guided by the proposals during public participation. For example, where there are numerous projects proposed for shortage of water, the sector officials decide which one project will best resolve the shortage.

Kisumu: Budget estimates for the financial years 2013/14 and 2014/15 were heavily influenced by proposals by the public. Both the assembly and executive held public participation at the subcounty level. This changed in the financial year 2015/16 because the county government realized that subcounty participation did not fully take into consideration the proposals of some wards that were not well represented. Citizens from other wards found it difficult to travel to attend the forums. The budget and economic planning offices in the executive indicated that public participation was not only done in the preparation of the budget estimates but also in preparation of the planning documents, i.e., the CIDPs and ADPs. While adopting the CIDP, the Kisumu county assembly required that all projects proposed by the public should form part of the CIDP.⁴⁰ This was included as Annex II of the CIDP. The annex to the CIDP is not consistent and comprehensive in the projects given. For example for some subcounties only subcounty projects are given; for other subcounties ward projects are given. For those with ward projects some wards are left out. The projects listed in the CIDP Annex from public participation are not comparable to other budget documents because these projects are too general.⁴¹

In Kisumu, save for the WDF in 2015/16, the costing of the projects proposed ultimately dictates the amount of revenue that is allocated to each subcounty (for the years 2013/14 and 2014/15) and ward (for FY 2015/16). In an interview with a county executive official it was estimated that 70 percent of the allocations in the budgets estimates in FY 2014/15 and 2015/16 were from public participation. So in essence the county government has not adopted a set of criteria that applies to all departments.

Distribution without considering a definite criteria has resulted to unexplained diverse allocation to each ward/subcounty. The key budget documents and especially the budget estimates do not explain why some wards/subcounties got significantly more development funds. There have been no justifications for

³⁹ The public participation report was obtained from the budget office.

⁴⁰ Kisumu County Assembly Hansard Wednesday 18th June 2014 : Adoption of the Kisumu County /Integrated Development Plan

⁴¹ For example: 'improve infrastructure roads and build ECDs'

these diverse allocations to each ward/subcounty between 2013 and 2016. For example, it is unclear from the budget estimates for the FY 2013/14 why Kisumu East received 5 percent of the total development expenditure while Nyakach received more than double of the Kisumu East allocation at 12 percent of the total expenditure. In the FY 2014/15, Seme subcounty received the least allocation of development funds (7.1 percent) and Muhoroni subcounty received the most at 11.4 percent of the total development budget. The budget does not give reasons for these variations.

Allocations in the budget for the FY 2015/16 include ward/subcounty shared and countywide projects. It is impossible to calculate the aggregate allocation to each ward from the PBB because for most of the department specific projects the wards concerned are omitted. For some departments, the budget specifies the location; i.e., ward and subcounty, and for other departments projects are listed without their respective locations.⁴² Only WDF projects are ward specific. The information giving details of allocation to these geographical units was given by the economic and planning department. This also had some gaps, however, because the aggregate allocations omit approximately 23 percent of the total development expenditure in the PBB. In addition, there is omission of the ward Shaurimoyo/Kaloleni in the development projects. There are still no justifications in the budget of why the diverse allocation to each ward and subcounty. See

Annex 3: Tables Showing the Ward/SubCounty Distribution of Resources in Kisumu County for the FYs 2013/14, 2014/15, and 2015/16.

Having looked at the influence of public participation reports let us discuss the availability of public participation reports to verify indeed project in the budget documents are adopted from public participation. We were not able to get the public participation reports from Kisumu county executive but during the visit to the county we attended a public participation forum in one ward (Nyalenda A). The forum collected proposals for projects to be included in ADP for FY 2016/17. Here the planning department handed out pamphlets on the projects in the budget estimates for FY 2014/15 and 2015/16. In Elgeyo Marakwet and Nakuru county, the economic planning departments shared the public participation reports for the FY 2015/16.

In the years 2013-2015 there was no formal, organized way of recording these proposals. The projects in the participation reports match those in the budget estimates. However not all of these projects are included due to scarce resources. The projects are not numbered in order of priority. It was observed in

⁴² Agriculture, water and environment and natural resources, industrialization and enterprise development, energy and mining and transport and infrastructure have indicated the location of projects while health trade tourism and heritage communication and information technology have no location indicated.

the three counties that there is still discretion left to individual departments, which decide whether to include or omit certain projects proposed by the public especially where the resources are less than what was expected to be distributed.⁴³ The departments do not give any reasons for the choices made in selection of proposals from the public that are ultimately included in the budget. In addition, the decision to allocate resources to one ward or another is influenced by MCAs, who carry out public participation forums in the approval stage and change the allocations in the budget to reflect the proposals collected. Often these proposals differ substantially from those the executive claim were suggested by the public and included in the annual budget estimates. The members of the executive insist that the changes made by the MCAs are not well thought through because MCAs do not have the technical knowledge to make decisions about the value of projects.

ALLOCATION AS PER ONGOING PROJECTS

From the budget documents and interviews with members from the county government, ongoing projects play a key role in allocations for subsequent years to wards/ subcounties. For the FY 2013/14, the local authorities' ongoing projects and pending bills were paid out of the county budget allocations. In that year, distribution only depended on where the projects were first located. Some new projects were also implemented in this first year. For the FY 2014/15 and 2015/16, the budgets included allocations toward completion of projects that began during the tenure of the county government. The projects were originally picked from the CIDP, public participation proposals and individual department proposals.

Similarly in Kisumu the budgets for the FYs 2014/15 and 2015/16 consisted of some ongoing projects. For example, in the supplementary budget FY 2014/15 for the health department, almost the entire development amount is allocated to completing ongoing projects from FY 2013/14. See below a table showing the examples of allocation as presented in the approved budget. This was evident in the health, transport and infrastructure, water and the education departments.

TABLE 5. EXAMPLES OF ONGOING PROJECTS FY 2014/15 IN KISUMU COUNTY

| Health Services: Summary of Development Projects for FY 2014-2015. (P.63) | |
|--|---------------|
| PROJECT | AMOUNT (Ksh.) |
| Completion of 2013/2014 FY Projects | 84,452,568 |
| 2013/2014 FY Projects Waiting Award | 5,000,000 |
| Construction of Tiengre Health Centre | 3,000,000 |

⁴³ For example, in Nakuru for the FY 2015/16, because the executive thought that each ward would be allocated 30 million, the proposed projects from the public was capped at a maximum of 30 million (for example in Kiptagich and Amalo wards projects were estimated to cost 30M). However in the budget estimates the maximum allocation was 25 million per ward. It is not clear how the decisions were made about which projects to reduce to fit within the new ceiling, but it appears that the government departments used their discretion, as there was no further public participation.

| Transport and Infrastructure: Summary of Development Projects for FY 2014-2015. (P.245) | |
|--|---------------|
| PROJECT | AMOUNT (Ksh.) |
| Completion of Bolo Kachief | 300,000 |
| Completion of Forems- Green View Access Road | 3,000,000 |
| Completion of Jajapelu Mariwa Access Road | 4,000,000 |
| Completion of Junction To Nyakwere Primary Access Road | 500,000 |
| Completion of Nyamonge-Landi –Masawa Access Road Culvert Lines | 2,240,000 |
| Completion of Paradise Orinde Road | 2,000,000 |
| Completion of Polo Piach-Bungumeri-Achingure Access Road | 3,500,000 |
| Completion of Thurdibuoro Kasae Access Road | 1,500,000 |
| Completion of Waigudha Wandiega Access Road | 2,500,000 |

In Nakuru's PBB FY 2015/16, the majority of development allocations went to ongoing projects. This was over and above the Ksh. 25 million that was allocated to each ward from the Ward Resource Envelope. Calculating from the budget, the aggregate amount to Kabazi ward is Ksh. 37.5 million, 12 million above the equal allocation from the WRE. The ongoing projects picked for the current year's allocation include both the department (HQ) proposed projects and those that are directly proposed by the public for the Ward Resource Envelope. In an interview with the planning department in Nakuru, it was indicated that the provision for ongoing projects included not only initially multi-phased projects but also those that prove to be more expansive than initially thought. It was observed that sometimes basic amenities are left out in the allocations in the previous year. An example cited was in the case of ECD centers where having constructed classrooms, these centers lacked toilets and wash trough areas (for children to wash their hands) compelling an additional allocation to the same ward for the same project. It was also indicated that the ongoing projects in Nakuru were largely as a result of incomplete projects carried forward from previous FYs.

SECTOR PROPOSED ALLOCATIONS

Projects in the budget estimates and other key budget documents are proposed by individual sectors. These projects, as pointed out in interviews held in the three counties, are derived from county planning documents (CIDP, ADP, sector plans), the legal requirements (county and national regulations) and a consistent philosophy. For example, all county governments are required by the County Government Act, 2012 to come up with spatial plans; all the three counties have an allocation towards developing a spatial plan in the years between 2013 and 2016.⁴⁴ In the Kisumu ADP FY 2015/16, the foreword indicates that projects were drawn from the county CIDP and the departmental strategic plans.

⁴⁴ County Government Act, 2012, section 110.

The consistent philosophy guiding these projects is to ensure that proposals that have little possibility of being put forward by the public, but are of utmost importance to the county, are included in the budget estimates. These development projects do not necessarily have perceived impact on the public. The sector heads (directors and chief officers) indicated that there are instances where the public only highlights challenges facing them without giving any solution to the challenges. The sectors try to draw on these challenges and apply their technical knowledge to formulate suitable projects which are included in the budget estimates for approval by the assembly. The following are a few categories that form sector projects. These categories overlap, but they give insight into what such projects entail.

- Allocation to research, planning (preparation of policies and plans), and feasibility studies.⁴⁵
- Allocation to purchase/lease of equipment. These are expenditures classified as development in the budget that ought to be undertaken to fulfill the departments' mandates.
- Allocation to projects dictated by various conditional grant projects. The sectors are aware of these conditions and comply by allocating funds to the relevant wards/subcounties; this is common in the health departments.
- Allocation made by the sector/department as required under national or county legislation.⁴⁶
- Allocation to projects to address challenges pointed out during sector public participation where no particular solution is presented by the public.⁴⁷
- Allocations to projects identified by county government staff working in the each ward. ⁴⁸
- Special allocations to urban areas and cities.⁴⁹

⁴⁵ For example, preparation of a county master plan in the Kisumu county approved budget FY 2014/15 at Ksh. 3 million (p.233) and Kisumu county approved budget FY 2015/16 tourism research and development at Ksh. 7 million (p.245).

⁴⁶ For example the agriculture, livestock, and fisheries department should allocate funds towards a Nakuru agriculture development fund which is required under the Nakuru County Agricultural Development Fund Act, 2014.

⁴⁷ For example while attending a public participation forum in Nyalenda A for the ADP FY 2016/17, the members of the public indicated that something needs to be done about waste disposal in the ward.

⁴⁸ For example in an interview with an official at the agricultural department in Nakuru county it was indicated that some projects in the annual budget estimates were identified by agricultural extension officers having assessed the challenges faced by farmers.

⁴⁹ For example, the Kisumu county approved budget estimates FY 2015/16 allocates Ksh. 90 million to projects that are vital to the running of the city.

Allocation to these projects are often removed or reduced by the MCAs at the approval stage of the budget estimates. MCAs express their suspicion that these projects are schemes for stealing by the members of the executive as they seem not to produce results. In Elgeyo Marakwet, the county executive indicated that such projects were easily provided for in the budget estimates in the FY 2013/14 and 2014/15 but with the passing of the EDA, these projects are not very popular as they draw resources away from publicly proposed projects. Many times these projects are categorized as countywide projects. Those which have specific ward/subcounty mentioned may or may not be beneficial to the entire county.

These projects are labeled “HQ” in the Nakuru PBB FY2015/16. MCAs mainly change the projects funded by the ward resource envelope (25 million to each ward) rather than these projects. Below is a table showing the approximate amount of county development budget that is dominated by county department discretionary projects for the FY 2015/16.

TABLE 6. APPROXIMATE AMOUNT OF COUNTY DEVELOPMENT BUDGET THAT IS DETERMINED BY SECTOR/ DEPARTMENT DISCRETION FOR THE FY 2015/16

| Kisumu | | Nakuru | | Elgeyo Marakwet** | |
|---|---------------|--|---------------|--|---------------|
| These are labeled as county wide projects less the Ward development fund allocation. | | These are labeled as ‘HQ’ project and form total development less Ward Resource Envelope. | | These are not labelled in the budget but are labelled as county projects in the ADP. | |
| total development expenditure (A) | 3,930,674,706 | Total Development Expenditure (A) | 3,508,882,865 | Total development expenditure (A) | 1,145,520,332 |
| countywide projects (B) | 1,517,190,028 | Allocation To Wards: Ward Resource Envelope (25M*55) (B) | 1,375,000,000 | Allocation To CIDP ongoing projects) (B) | 313,982,945 |
| proportion of sector allocations (B/A) | 39% | Allocation To HQ projects (and ongoing projects) (C=A-B) | 2,133,882,865 | Proportion of County projects to total development expenditure B/A | 27.33% |
| <p><i>Note: the county wide projects include shared projects which are projects that are enjoyed by two or more subcounties or two or more wards.</i></p> | | Proportion of HQ projects to total development expenditure C/A | 61% | <p><i>Note: The proposed allocation to county projects in the FY 2015/16 was significantly higher than the proportion anticipated in the EDA, 2015. According to the EDA, only 9.2% (23 %*40%) of the total development funds should go to county projects. County officials indicated that an administrative decision was made to lump the proportion to emergencies (5% of 40%) and fiscal responsibility (2% of 40%) together with that of county projects. In addition, the amount towards equal allocation was reduced and added to the allocation towards county projects.</i></p> | |
| | | <p><i>Note: the total development allocation includes allocation to the county assembly office; the governor and deputy; the treasury and county public service board and public service management development.</i></p> | | | |

| | | |
|--|--|---|
| | | <p><i>It is important to note that if the EDA is strictly adhered to, the departments' discretion should reduce significantly. According to the EDA formula, the flagship projects should only be derived from the CIDP.⁵⁰</i></p> |
|--|--|---|

***the programme based budget had no list of projects in every ward/ subcounty or countywide projects*

From Kisumu and Nakuru county, we were able to get some sector plans and all sector reports respectively. In Elgeyo Marakwet, county heads of department interviewed indicated that they were in the process of completing sector strategic plans and these plans could be available by the end of the year. In Kisumu we obtained the county strategic plans for the water, environment, and natural resource department for the year 2015-2019 as well as the Health Sector strategic and investment plan for the year 2013-2017. Below are some of the observations made.

The Kisumu County Water Environment and Natural Resource plan gives a detailed explanation of the process of its preparation and the data used including population data, service levels costs, and the sector status across the county. The plan acknowledges that the investments in the water sector should be guided by a set of principles including equity which requires decreasing "inequity in terms of %" of people that access water between different wards of the county (p. 26). According to the plan, the sector aims at reducing the accessibility of water services in terms of time for fetching water "to less than 30 minutes for 20% of all rural users that in 2015 need more than 30 minutes to fetch water for their domestic water needs."⁵¹ This strategic plan gives the status of the sector within the county, indicating that only 48 percent of the county residents use improved sources of water. This information is broken down to reflect the worst hit areas in terms of access to improved sources. Adopting data from Kenya National Bureau of Statistics (KNBS), the plan gives statistics on the different levels of access to improved or unimproved water (p. 20) across the county. It indicates that access to improved water is worse in rural areas than urban areas. In urban areas, the slums are no better than the rural areas.

According to the plan, the department will reduce disparities by conducting equity monitoring. The annex to the strategic plans gives a narrative on practical approaches to how achieving equity and inclusion in the water sector may be achieved. There is an appreciation that unrealistic and skewed investments lead to further inequalities from a geographical perspective. The plan indicates that investment in the water

⁵⁰ From the EDA, there are two kinds of projects: flagship projects and ward projects.

⁵¹ The county government of Kisumu, Ministry of Water and Energy, Kisumu Water and Urban Sanitation County Strategic Plan 2015- 2019, p. 38

sector should be guided by actual needs and logic as opposed to political persuasion and perceptions of entitlement.

Does the water sector plan help us understand the choices made in the budget? Information concerning the disparities in access to water should be reflected in choices made in actual allocations. Given that the plan applies to the years 2015-2019, it is expected that the allocations starting in FY 2015/16 would reflect this. The plan indicates that accessibility to safe water is poorest in Muhoroni, Seme, and Nyakach subcounties.⁵² There is no particular reference to these subcounties and the need to address water scarcity in the PBB neither is there a special allocation to these subcounties to raise the level of access to water. According to the water plan, Nyalenda A has the highest proportion of residents using improved sources of water. Nyalenda A receives no allocation from the sector in the FY 2015/16.⁵³ While this could be the reason for no allocation we can only make that assumption as this is not expressly indicated in the budget. South West Nyakach is identified as the ward with least coverage of residents using improved water sources. In the budget estimates FY 2015/16 countywide projects, Nyangoma Masongo ward and shared projects have the highest three allocations. Direct allocation to South West Nyakach is 11th in the scale. However, the shared projects include Ksh. 3 million for a project that will benefit both West and South West Nyakach wards. See Annex 4: Table Showing Distribution of Revenue by Kisumu Water Sector for the FY 2015/16. It is not easy to connect the focus on equity in the water sector plan to the distribution of funds in the budget.

The Kisumu health sector strategic and investment plan FYs 2013-17 does not highlight the geographical disparities in the county or how disparities will be reduced over the five year period. The foreword casually mentions that the sector will ensure equity in access to health services and the dimensions to be looked at include rural and urban equity. Other than this, it is impossible to tell how the plan directly influences the geographical distribution of development funds across the county. The budget estimates for the FY 2014/15 specifies the ward and/or subcounty where development funds will be allocated. For the FYs 2013/14 and 2015/16 there is no indication of location for the various projects.

Nakuru county sector reports obtained provide for strategic goals and objectives for the three financial years from FY 2015/16 to 2017/18. These reports do not provide data on wards or subcounties. The strategies adopted for development expenditure are general in nature with no emphasis on reducing spatial disparities in the county. These strategies make broad comments on how each sector will work across the county. For example, in the agriculture subsector report, it is indicated that the sector intends

⁵²These three counties have 60%, 71% and 87% of the subcounty residents using unimproved sources of water respectively.

⁵³ The ward did not receive any allocations for the FY 2014/15 as well.

to reach all wards in the sensitization on management of crop diseases (p. 26). It is not possible to link these sector reports to the allocations made in the annual budget estimates.

3. RECOMMENDATIONS

Below are nine recommendations that should assist county governments in ensuring that they provide justification for the decisions made in the budget process:

1. County governments should consider legislation that jointly commits the executive and assembly to consider equity when allocating funds and that lays out some principles and measures for doing so. Socioeconomic disparities across the counties should guide this process and county governments should not insist on equal allocation where there are apparent disparities in the county subunits.
2. County governments consulting with all stakeholders must rethink the process of public deliberation in the budget process and preparation of budget documents so that the criteria and justification for distribution are discussed, agreed and revealed at the earlier points of the formulation process; for example in the preparation of the budget circulars, annual plans and CFSPs.
3. Members of the executive should strive to persuade the county assembly and the general public of the importance of countywide projects and other projects without a perceived direct benefit to the public.
4. There is need for greater oversight of distribution of resources by the county assemblies and the public ensuring that the criteria for distributing revenue is clear and well justified both at the formulation and implementation stage of the budget.
5. The county planning departments should revamp their statistical data collection units ensuring that data regarding the disparities in development across the county is updated annually and uploaded to the county website to assist in decision making toward equitable distribution of resources across the county. Research reports and feasibility studies related to public investments should be accessible to the public.
6. Strategic plans for each county department should provide sufficient details on the mechanisms to be adopted to ensure equitable distribution of resources.
7. Public participation reports should be accessible and linkages between these reports and plans such as the CIDP should be clearly indicated in the county budgets.
8. Key budget documents should show clear linkages between the justifications given and the distribution adopted by the county governments

4. CONCLUSION

County governments must decide whether the disparities within the counties can best be addressed at a subcounty level, at a ward level, or even a village level. Whichever criteria adopted, it should reflect the disparities in development across the county. If a formula is adopted, it should put more weight on equitable distribution as opposed to equal distribution. Equitable distribution takes into consideration the principles of need, effort and capacity of county subunits. This is especially appropriate where subcounties and wards have huge disparities in development. Urban areas should also get a special allocation to ensure a high level of services is maintained.

The criteria adopted should be transparent. If based solely on public participation then public participation reports should form addenda to the budget estimates and appropriation acts each year. If the set of criteria is derived from other plans, such as sectoral strategic plans, these should be accessible to the public and clear linkages shown in the budget documents. Where there is a formula adopted then the public should be able to clearly tell how the formula was applied, what data was used and how much is actually going to each county subunit. Equitable development expenditure can only be achieved where there is public participation and transparency in the distribution of resources.

ANNEX 1: LEGAL REQUIREMENTS FOR EACH KEY BUDGET DOCUMENT

| Key Budget Documents | Legislation and Description | List of Mandatory Content |
|---|--|---|
| County Integrated Development Plan (CIDP) | <p>County Governments Act, 2012, section 108</p> <p>This is a five year development plan prepared by the county executive and approved by the county assembly.</p> | <p>The CIDP shall contain:</p> <ol style="list-style-type: none"> 1. Clear goals and objectives; 2. An implementation plan with clear outcomes; 3. Provisions for monitoring and evaluation; 4. Clear reporting mechanisms. 5. The institutional framework, which shall include an organization chart, required for implementation of the plan; and addressing the county's internal transformation needs; as informed by the strategies and programs set out in the plan; 6. Any investment initiatives in the county; 7. Any development initiatives in the county, including infrastructure, physical, social, economic, and institutional development; 8. All known projects, plans and programs to be implemented within the county by any organ of state; and 9. The key performance indicators set by the county. 10. Attachments such as maps, statistics and other appropriate documents; or reference to maps, statistics and other appropriate documents that are not attached but held in a GIS based database system; and 11. A resource mobilization and management framework including the budget projection required under and the financial resources that are available for capital project developments and operational expenditure; and a financial strategy (revenue raising strategies; asset management strategies; financial management strategies; capital financing strategies; operational financing strategies; and strategies that would enhance cost-effectiveness). |
| The Annual Development Plan (ADP) | <p>Public Finance Management Act, 2012 section 126</p> <p>This is a plan prepared by the county executive and submitted to the county assembly by 1st September in each year.</p> | <p>The ADP should contain:</p> <ol style="list-style-type: none"> 1. Strategic priorities for the medium term that reflect the county government's priorities and plans; 2. A description of how the county government is responding to changes in the financial and economic environment; 3. Programs to be delivered with details of relevant strategic priority, measurable indicators, goods and services to be provided and budget allocation for each programme; 4. Payments to be made on behalf of the county government, including details of any grants, benefits and subsidies that are to be paid; 5. A description of significant capital developments; 6. A detailed description of proposals with respect to the development of physical, intellectual, human and other resources of the county, including 7. Measurable indicators where those are feasible; 8. A summary budget; and 9. Such other matters as may be required by the law |
| County Fiscal Strategy Paper (CFSP) | <p>Public Finance Management Act, 2012, section 126</p> <p>Public Finance</p> | <p>The CFSP contains:</p> <ol style="list-style-type: none"> 1. The broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term; |

| | | |
|-------------------------|--|--|
| | <p>Management (County Governments) Regulations, 2015. regulation 26</p> <p>This is prepared by the county executive and submitted to the county assembly for approval by February 28th each year.</p> | <ol style="list-style-type: none"> 2. The financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term; 3. An assessment of the current state of the county economic environment which may include <ol style="list-style-type: none"> a. The medium term macroeconomic framework and its outlook as contained in the Budget Policy Statement and how it impacts on the county economic environment; b. A medium-term fiscal framework defining a top-down aggregate resource envelope and broad expenditure levels; c. Indicative allocation of available resources among county government entities; d. The economic assumptions underlying the county; and e. Budgetary and fiscal policy over the medium term; and a statement of fiscal responsibility principles, as specified by the law indicating whether the fiscal strategy adheres to these principles; 4. A fiscal risk statement; 5. The ceiling for the development expenditure and personnel spending of the county government budget; 6. Updated forecasts expressed for the current budget year and three further years and actual results for the previous budget years for the consolidated county government budgets for— <ol style="list-style-type: none"> a. Level of budgetary revenues by classification of the main categories of revenues; b. Level of budgetary expenditures by economic and functional classifications; c. Capital expenditures; d. The overall balance and primary balance position; e. Level of county public debt; f. Sensitivity analysis taking account of possible changes in macroeconomic and other conditions; and g. Any other material information as determined by the CEC Member, Finance 7. An explanation of the fiscal policies in relation to fiscal responsibility principles, and any temporary measures to be implemented to ensure compliance, 8. An analysis and explanation of— <ol style="list-style-type: none"> a. Revenue policy, including planned changes to taxes and policies affecting other revenues; b. Deficit and debt policy, including an analysis of county debt sustainability; and c. Expenditure policy including expenditure priorities, aggregate expenditure intentions, including the county consolidated budgets, and expenditure ceilings and other targets or limits implied by or required by the fiscal responsibility principles. 9. An analysis of the consistency of the updated fiscal strategies with the previous fiscal strategies, providing an explanation of any significant changes. |
| <p>Budget Estimates</p> | <p>Public Finance Management Act, 2012 section 130.</p> <p>This is prepared annually by the county executive (by April, 30th) and approved by the county assembly (by June 30th) each year</p> | <p>A budget contains:</p> <ol style="list-style-type: none"> 1. A budget summary that includes <ol style="list-style-type: none"> a. A summary of budget policies including revenue, expenditure, debt and deficit financing; b. An explanation of how the budget relates to the fiscal responsibility principles and the financial objectives; and c. A memorandum by the CEC member for finance explaining how the resolutions adopted by the county assembly on the budget estimates have been taken into account; 2. A list of all county government entities that are to receive funds appropriated from the budget of the county government; |

| | | |
|--|--|---|
| | | <ol style="list-style-type: none">3. Estimates of revenue projected from the Equalization Fund over the medium term;4. All revenue allocations from the national government over the medium term, including conditional and unconditional grants;5. All other estimated revenue by broad economic classification;6. All estimated expenditure, by vote, and by programme, clearly identifying both recurrent and development expenditures;7. Information regarding loans made to the county government, including an estimate of principal, interest and other charges to be paid by that county government in the financial year in respect of those loans;8. Information relating to any payments and liabilities to be made or incurred by the county government for which an appropriation is not included in an appropriation act, together with the constitutional or national legislative authority for any such payments or liabilities; and9. A statement by the county executive committee member for finance specifying the measures taken by the county government to implement any recommendations made by the county assembly with respect to the budget for the previous financial year. |
|--|--|---|

ANNEX 2: INTERVIEW SCRIPTS



DATE:

INTERVIEW SCHEDULE
Researcher: Mokeira Nyagaka

NAME OF RESOURCE PERSON

POSITION:

EMAIL ADDRESS (ES):

COUNTY:

CONSENT AND ANONYMITY: How would you like to be referred to in the final report?

Anonymous Name Office Just Mention the Only Other.....

Please sign to give consent:

1. What information is used in making spending decisions across the county by the county assembly (Ward distribution)?
2. How does the budget office assist the county assembly in revenue allocation across the county? Any analysis and reports?
3. Is there any data, feasibility studies, public participation reports that inform the county assembly on revenue distribution?
4. Would you share the above?
5. Would you kindly comment on your county distribution of resources from an equity and equality stand point?
6. What are the success and failures of the county distribution policies in your county?
7. What are the challenges faced in guiding the county assembly on the ward distribution of county revenues across the county?
8. Is there any coordination between the executive and the assembly budget office on data and studies that should inform budget allocation? In what way?
9. What are the lessons learnt over the past three years on the budgeting process by the budget office in supporting the county assembly?

COUNTY GOVERNMENT EXECUTIVE : SECTOR HEADS (CHIEF OFFICERS AND DIRECTORS)

1. What information/ what informs the spending decisions of county revenues across the county by your sector (Ward distribution)?
2. How does (The process) the sector make the decision to spend revenue across the county i.e. to specific wards (even for flagship projects)? Budgetary allocations towards public participation?
3. Apart from the CIDP and ADP, is there any data, feasibility studies, sector hearings reports, that informs your sector in ward and subcounty allocation of county revenues?
4. Is your department generating new statistics or improve the KNBS/SID and the district planning departments' reports? Would you share the above?
5. Is there a platform where there can be cross sector consultation of projects within the county? And when and how does this occur?
6. Would you kindly comment on your county distribution of resources from an equity and equality stand point?

7. What are the success of the distribution policy your county and does this interfere with the sector's vision of county distribution of resources?
8. What are the challenges of ward/ subcounty distribution of county revenues?
9. Do you engage with the MCAs in the process on revenue allocation to wards? Please describe how?
10. What are the lessons learnt over the past three years on the budgeting process and revenue distribution across the county?
11. Could you kindly share documents that can assist in understanding allocation to ward: PBBs ADPs CFSPs Strategic plans, department work plans and reports (FYs 2013-16) and feasibility studies?

Thank you!

ANNEX 3: TABLES SHOWING THE WARD/SUBCOUNTY DISTRIBUTION OF RESOURCES IN KISUMU COUNTY FOR THE FYS 2013/14, 2014/15, AND 2015/16

The tables below show the diverse allocations that were an outcome of public participation at ward and subcounty level for the FYs 2013/14, 2014/15 and 2015/16.

For the year 2013/14, Nyakach subcounty got the highest development allocation, receiving 12 percent of the total development expenditure, while the least went to Kisumu East (5 percent). Most (approximately 72 percent) of the development projects in Nyakach county for FY 2013/14 were towards the development of roads. The following table indicates the total expenditure in each subcounty, the per capita development expenditure and the percentage of development expenditure to each subcounty.⁵⁴

In the supplementary budget, Nyakach still had the highest development allocation for a single subcounty, taking 16 percent of the total development budget (City East/Central takes slight more but combines more than one subcounty).

⁵⁴Kenya National Bureau of Statistics, population census 2009 projections

TABLE: ALLOCATION TO EACH SUBCOUNTY IN THE KISUMU COUNTY BUDGET FOR THE FY 2013/14

| | Executive | County | Kisumu | Kisumu | Kisumu | Kisumu | Seme | Nyando | Muhoroni | Nyakach | Totals |
|---|------------------|-----------------|---------------|----------------|---------------|---------------|-------------|---------------|-----------------|----------------|----------------|
| | | <i>Assembly</i> | <i>City</i> | <i>Central</i> | <i>East</i> | <i>West</i> | | | | | |
| Recurrent expenditure | 2,982,213,676 | 990,217,030 | 542,520,537 | 315,886,760 | 518,734,224 | 268,635,531 | 135,482,842 | 334,370,654 | 218,549,071 | 121,368,041 | 6,427,978,366 |
| Development expenditure | 357,000,000 | 861,344,250 | - | 328,963,964 | 166,729,819 | 364,528,783 | 305,850,000 | 266,193,188 | 336,451,000 | 424,549,500 | 3,411,610,504 |
| Debt repayment | - | | 72,810,217 | 87,000,000 | 156,314,338 | 3,495,879 | 200,000 | 10,975,951 | 10,952,447 | 19,981,140 | 361,729,972 |
| Total expenditure | 3,339,213,676 | 1,851,561,280 | 615,330,754 | 731,850,724 | 841,778,381 | 636,660,193 | 441,532,842 | 611,539,793 | 565,952,518 | 565,898,681 | 10,201,318,842 |
| 2012 population projections | | | | 179,885 | 159,895 | 139,789 | 105,236 | 150,217 | 155,252 | 141,700 | 1,031,973 |
| Per capita development expenditure | | | | 1,828.75 | 1,042.75 | 2,607.71 | 2,906.32 | 1,772.06 | 2,167.13 | 2,996.12 | 3,305.91 |
| Percentage of total development expenditure | 10% | 25% | - | 10% | 5% | 11% | 9% | 8% | 10% | 12% | 100% |

**TABLE: ALLOCATION TO EACH SUBCOUNTY IN THE KISUMU COUNTY
SUPPLEMENTARY BUDGET FOR FY 2013/14**

| DEPARTMENTS | EXECUTIVE | CITY (EAST/CENTRAL) | KISUMU WEST | SEME | NYANDO | MUHORONI | NYAKACH | TOTAL (Ksh.) |
|--|---------------|------------------------|----------------|-------------|-------------|-------------|-------------|---------------|
| Total Recurrent (Ksh.) | 2,910,116,237 | 389,006,511 | 149,549,748 | 100,183,458 | 194,040,260 | 155,175,543 | 76,149,768 | 4,822,979,171 |
| Development Expenditure (Ksh.) | | | | | | | | |
| County Assembly (Ksh.) | | | | | | | | 300,000,000 |
| Sub -County Allocations (Ksh.) | 181,000,000 | 401,517,472 | 326,827,994 | 291,548,994 | 242,990,753 | 312,118,565 | 399,380,064 | 2,155,383,842 |
| | 181,000,000 | 401,517,472 | 326,827,994 | 291,548,994 | 242,990,753 | 312,118,565 | 399,380,064 | 2,455,383,842 |
| Total Expenditure (Ksh.) | 3,091,116,237 | 790,523,983 | 476,377,742 | 391,732,452 | 437,031,013 | 467,294,108 | 475,529,832 | 7,278,363,013 |
| Population Projection for 2012 | | 339,780 | 139,789 | 105,236 | 150,217 | 155,252 | 141,700 | 1,031,974 |
| Per Capita Development Expenditure (Ksh.) | | 1,181.70 | 961.88 | 858.05 | 715.14 | 918.59 | 1,175.41 | 7,226.39 |
| Proportion to Total Development Expenditure | | 16.35% | 13.31% | 11.87% | 9.90% | 12.71% | 16.27% | 100% |

In the budget in 2014, data from the executive economic planning department indicated the allocations to each ward and subcounty. Approximately 40 percent of the development budget went to subcounty projects. Each subcounty got less than 12percent of the development funds with Seme subcounty getting the least allocation. The table below shows the proportion allocated to subcounties. For this year, Kisumu West, Nyando and Muhoroni had the highest allocation of approximately 11percent of the total development expenditure. 60 percent of the total expenditure was toward the county wide or subcounty projects. There is however no explanation for the diverse allocations.

TABLE: ALLOCATION TO EACH SUBCOUNTY IN THE KISUMU COUNTY BUDGET FOR THE FY 2014/15

| Subcounty/Constituency | Population 2012 | Total allocation 2014/15 (Ksh.) | Proportion to total allocations to subcounty | Proportion to total development expenditure | Per capita development expenditure (Ksh.) |
|--|------------------------|--|---|--|--|
| Kisumu East | 159,895 | 165,400,000.00 | 14.94% | 9.05% | 1,034.42 |
| Kisumu West | 139,789 | 202,260,000.00 | 18.26% | 11.07% | 1,264.96 |
| Kisumu Central | 179,885 | 162,931,280.00 | 14.71% | 8.92% | 1,018.99 |
| Seme | 105,326 | 130,096,000.00 | 11.75% | 7.12% | 813.63 |
| Nyando | 150,217 | 199,900,000.00 | 18.05% | 10.94% | 1,250.20 |
| Nyakach | 141,700 | 168,100,000.00 | 15.18% | 9.20% | 1,051.36 |
| Muhoroni | 155,252 | 208,773,800.00 | 18.85% | 11.43% | 1,305.69 |
| Total | 1,031,973 | 719,252,315.00 | 100% | 39.38% | 4,498.27 |
| Subcounty and countywide projects | - | 1,107,365,080.00 | | 60.62% | |
| Total development budget | | 1,826,617,395.00⁵⁵ | | 100% | |

The tabulation above was borrowed from a list of development projects acquired from the department of planning.⁵⁶ The table below shows the allocation to each ward for ward-specific projects. We aggregated the ward-specific projects to get subcounty total allocation. The table also shows allocation to specific subcounties. Projects under this category include for Kisumu East ward: Kisumu international airport export shade for Ksh. 11 million; Kisumu Central advisory plan for markets and beaches for Ksh. 4 million and Seme Emergency, Disaster Management & Relief Services a Ksh. 70million; Kisumu West Sub County Piloting of County Cooperative and Sacco Development Fund for Ksh. 30 million. Then there is the aggregate county wide projects which are only flagship projects or projects that the sectors proposed for the year.

⁵⁵ This figure matched the Operation and Management Total in the actual approved budget estimates FY 2014/15. The Aggregate figure for development in the budget is 5.1 billion.

⁵⁶ The list contains ward, Subcounty and countywide projects

TABLE: ALLOCATION TO EACH SUBCOUNTY IN THE KISUMU COUNTY BUDGET FOR THE FY 2015/16

| Subcounty | Total Allocation (Aggregate Allocation to Ward Projects In Each Subcounty) (Ksh.) | Proportion To Total Development Expenditure 2015/16 |
|--|--|--|
| Kisumu Central | 95,610,800 | 2.43% |
| Seme | 118,546,600 | 3.02% |
| Kisumu East | 125,334,800 | 3.19% |
| Kisumu West | 142,380,800 | 3.62% |
| Muhoroni | 154,924,400 | 3.94% |
| Nyakach | 174,120,300 | 4.43% |
| Nyando | 176,084,200 | 4.48% |
| Total funds to sub counties (for ward specific projects) | 987,001,900 | 25.11% |
| Subcounty | Total Allocation to Subcounty Specific Projects (Ksh.) | Proportion to Total Development Expenditure 2015/16 |
| Kisumu East | 11,620,000.00 | 0.30% |
| Kisumu West | 30,000,000.00 | 0.76% |
| Kisumu Central | 97,200,000.00 | 2.47% |
| Seme | 70,000,000.00 | 1.78% |
| Nyando | - | - |
| Nyakach | - | - |
| Muhoroni | - | - |
| Total funds to subcounty specific projects. | 208,820,000.00 | 5.31% |
| County Wide Projects / Shared Projects | 1,797,190,028.00 | 45.72% |
| Development expenditure whose location we can tell | 2,993,011,928.00 | 76.14% |
| Development allocation not directly linked to geographical areas | 937,662,778.00 | 23.86% |
| Total development expenditure as per the final budget | 3,930,674,706.00 | 100.00% |

TABLE: ALLOCATION TO EACH WARD IN THE KISUMU COUNTY BUDGET FOR THE FY 2015/16

| Subcounty/ Ward | Total Allocations 2015/16 before Ward Development Fund ⁵⁷ (A) (Ksh.) | Allocation in Approved Budget from the Ward Development Fund (B) (Ksh.) | Total Allocation including Ward Development Fund (A+B) (Ksh.) | Proportion to Total Development Expenditure 2015/16 |
|-------------------------|--|--|--|---|
| Kajulu | 22,172,400 | 8,000,000 | 30,172,400 | 0.77% |
| Kolwa East | 12,000,000 | 8,000,000 | 20,000,000 | 0.51% |
| Manyatta B | 12,000,000 | 8,000,000 | 20,000,000 | 0.51% |
| Nyalenda A | 22,700,000 | 8,000,000 | 30,700,000 | 0.78% |
| Kolwa Central | 16,462,400 | 8,000,000 | 24,462,400 | 0.62% |
| South West Kisumu | 29,360,600 | 8,000,000 | 37,360,600 | 0.95% |
| Central Kisumu | 12,832,400 | 8,000,000 | 20,832,400 | 0.53% |
| Kisumu North | 13,315,400 | 8,000,000 | 21,315,400 | 0.54% |
| West Kisumu | 30,753,000 | 8,000,000 | 38,753,000 | 0.99% |
| North West Kisumu | 16,119,400 | 8,000,000 | 24,119,400 | 0.61% |
| Railways | 6,000,000 | 8,000,000 | 14,000,000 | 0.36% |
| Migosi | 22,509,800 | 8,000,000 | 30,509,800 | 0.78% |
| Shauri Moyo Kaloleni | allocation missing even in the budget | 8,000,000 | 8,000,000 | 0.20% |
| Market Milimani | 4,600,000 | 8,000,000 | 12,600,000 | 0.32% |
| Kondele | 9,001,000 | 8,000,000 | 17,001,000 | 0.43% |
| Nyalenda B | 5,500,000 | 8,000,000 | 13,500,000 | 0.34% |
| West Seme | 20,857,400 | 8,000,000 | 28,857,400 | 0.73% |
| Central Seme | 31,545,000 | 8,000,000 | 39,545,000 | 1.01% |
| East Seme | 22,056,400 | 8,000,000 | 30,056,400 | 0.76% |
| North Seme | 12,087,800 | 8,000,000 | 20,087,800 | 0.51% |
| East Kano/Wawidhi | 22,999,800 | 8,000,000 | 30,999,800 | 0.79% |
| Awasi/Onjiko | 30,244,800 | 8,000,000 | 38,244,800 | 0.97% |
| Ahero | 22,662,400 | 8,000,000 | 30,662,400 | 0.78% |
| Kabonyo/Kany agwal | 31,854,800 | 8,000,000 | 39,854,800 | 1.01% |
| Kobura | 28,322,400 | 8,000,000 | 36,322,400 | 0.92% |
| Miwani | 18,009,800 | 8,000,000 | 26,009,800 | 0.66% |
| Ombeyi | 16,472,400 | 8,000,000 | 24,472,400 | 0.62% |
| Masogo/Nyang 'oma | 22,172,400 | 8,000,000 | 30,172,400 | 0.77% |
| Chemelil | 11,000,000 | 8,000,000 | 19,000,000 | 0.48% |

⁵⁷These figures were obtained from the planning department. The list of projects undertaken in the FY 2015/16 was also presented to the public during public participation in the preparation of the ADP 2016/17.

| | | | | |
|--|-------------|-------------|------------------|---------|
| Muhoroni Koru | 47,269,800 | 8,000,000 | 55,269,800 | 1.41% |
| South West Nyakach | 36,974,800 | 8,000,000 | 44,974,800 | 1.14% |
| North Nyakach | 45,312,800 | 8,000,000 | 53,312,800 | 1.36% |
| Central Nyakach | 27,927,400 | 8,000,000 | 35,927,400 | 0.91% |
| West Nyakach | 2,741,300 | 8,000,000 | 10,741,300 | 0.27% |
| South East Nyakach | 21,164,000 | 8,000,000 | 29,164,000 | 0.74% |
| Total funds to ward specific projects | 707,001,900 | 280,000,000 | 987,001,900 | 25.11% |
| Total funds to subcounty specific projects | | | 208,820,000.00 | 5.31% |
| County wide projects / shared projects | | | 1,797,190,028.00 | 45.72% |
| Development expenditure whose location we can tell | | | 2,993,011,928.00 | 76.14% |
| Development allocation not directly to geographical areas | | | 937,662,778.00 | 23.86% |
| Total development expenditure as per the final budget | | | 3,930,674,706.00 | 100.00% |

ANNEX 4: TABLE SHOWING DISTRIBUTION OF REVENUE BY KISUMU WATER SECTOR FOR THE FY 2015/16

This table shows the allocation in the water sector for the FY 2015/16 in an attempt to verify whether or not the information provided in the water plan affected the decisions made in the budget estimates.

TABLE: PERCENTAGE SHARE OF TOTAL WATER DEVELOPMENT EXPENDITURE TO EACH WARD IN KISUMU BUDGET 2015/16

| Location | Amount (Ksh.) | Percentage of Total Water Development Expenditure |
|--|---------------|---|
| Countywide | 20,000,000.00 | 12.50% |
| Nyangoma Masongo | 11,644,800.00 | 7.28% |
| Shared projects (West and South West Nyakach Ksh. 3 million* and West and South West Kisumu Ksh. 8.14 million) | 11,140,600.00 | 6.96% |
| West Nyakach | 10,613,001.00 | 6.63% |
| South West Kisumu | 9,160,600.00 | 5.72% |
| Kobura Kanyagwal | 8,941,800.00 | 5.59% |
| North Seme | 7,391,800.00 | 4.62% |
| Kabonyo Kanyagwal | 6,754,800.00 | 4.22% |
| Awasi/Onjiko | 6,644,800.00 | 4.15% |
| Central Nyakach | 5,727,400.00 | 3.58% |
| South West Nyakach* | 5,474,800.00 | 3.42% |
| Miwani | 5,409,800.00 | 3.38% |
| North Kisumu | 4,815,400.00 | 3.01% |
| East Kano Wawidhi | 4,699,800.00 | 2.94% |
| Koru/Muhoroni | 4,397,400.00 | 2.75% |
| West Seme | 4,000,000.00 | 2.50% |
| Kolwa Central | 3,862,400.00 | 2.41% |
| Chemelil | 3,500,000.00 | 2.19% |
| Central Kisumu | 3,362,400.00 | 2.10% |
| North Nyakach | 3,197,400.00 | 2.00% |

| | | |
|--------------------|-----------------------|----------------|
| South East Nyakach | 3,164,000.00 | 1.98% |
| East Seme | 3,072,400.00 | 1.92% |
| Ombeyi | 3,072,400.00 | 1.92% |
| Ahero | 3,062,400.00 | 1.91% |
| Central Seme | 3,057,400.00 | 1.91% |
| Kajulu | 2,572,400.00 | 1.61% |
| Nyalenda "B" | 1,280,000.00 | 0.80% |
| Nyalenday "A"*** | 0 | 0 |
| Total | 160,020,001.00 | 100.00% |

**Ward with the least coverage of residents using improved sources of water at 22%*

***Ward with the highest share of residents using improved sources of water at 88%*