

Kenya: Are Sector Working Groups an Effective Mechanism for Public Participation?

The logic of Kenya's budget process is to begin by distributing the budget at sector level and then move to finalize allocations at the ministry, program, and sub-program levels. This process begins with a proposed sector distribution in the Budget Review and Outlook Paper (BROP), normally released in October or November. That proposed sector distribution is finalized in the Budget Policy Statement (BPS), approved by Parliament in March. After this, the budget estimates are finalized and tabled in April with ministry, program, and sub-program details.

Between the BROP and the BPS, the process of reviewing and adjusting sector proposals is meant to be carried out by what are known as Sector Working Groups (SWGs). SWGs are meant to facilitate government coordination around the budget, so that the main departments and agencies within each sector negotiate over priorities. For example, the education sector brings together the three education departments with the Teacher Service Commission and other state corporations in the sector. But SWGs are also intended to be the main mechanism for engagement with the public on sector priorities. They organize discussions with government agencies and non-state actors operating within the national government's ten sectors to identify budget priorities for the next three years.¹

As in any public forum on public spending, there are at least four possible outcomes that such a process can result in. First, the proposals from the public are accepted and allocations are adjusted to cater for them. Second, the proposals are deferred by the sector for implementation in future years when resources become available. Third, the proposals are rejected, but reasons are given to ensure that participants feel that they were heard and the process was fair. Finally, the proposals are rejected but no explanation is provided.

In recent times, Treasury has begun to include a discussion of the priorities emerging from public participation in sector discussions in the BPS.² In this brief, we look at the draft BPS 2017 to try to

¹ It is not clear whether hearings are held for the security sector as no sector report is available for the sector for 2017/18 or in previous years.

² See <http://www.treasury.go.ke/component/jdownloads/send/172-budget-policy-statement/459-2017-budget-policy-statement.html>

determine which of the four possible outcomes listed above describe participation in the sector hearings. We assess whether the public's priorities (discussed from page 57 of the BPS) have had an impact on sector allocations and what reasons the government provided for including or excluding them. Our general conclusion is that there is scant information provided in the BPS on the impact of public views in sector allocations. It is not possible to tell whether public views were taken into account in most cases, though in some cases it seems clear that they were not. Where public views were not included, the explanations for excluding them are inadequate.

WHAT ARE THE BUDGET PRIORITY AREAS FOR GOVERNMENT IN 2017/18?

We begin with an overview of the BPS. The total ministries, departments, and agencies (MDA) budget in 2017/18 is projected to be 5 percent (Ksh 77.7 billion) lower than the approved MDA budget in 2016/17. A look at the change in sector ceilings shows what is happening to each sector's allocations.

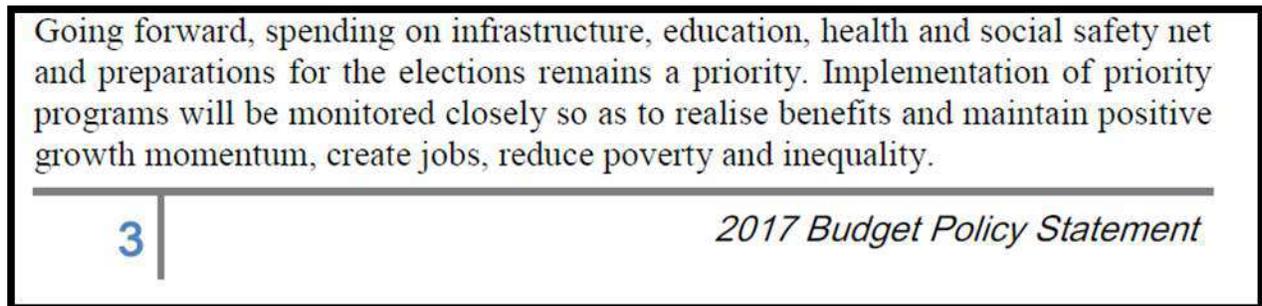
TABLE 1. CHANGES IN SECTOR SHARE OF THE TOTAL MDA BUDGET BETWEEN APPROVED 2016/17 BUDGET AND 2017/18 CEILINGS

Sectors	2016/17 Estimates	2017/18 Ceiling	Absolute changes (Ksh millions)	Changes in total budget	Sector share of the total budget		Changes in the sector shares
	Total budget (Ksh)	Total budget (Ksh)			2016/17	2017/18	
Education	339,924	372,553	32,629	10%	20%	23%	3%
Public administration and international relations	224,910	247,441	22,531	10%	13%	15%	2%
National security	124,045	130,205	6,160	5%	7%	8%	1%
Governance, justice, law and order	195,518	193,597	(1,921)	-1%	12%	12%	0%
Social protection, culture and recreation	44,647	43,368	(1,280)	-3%	3%	3%	0%
Agriculture, rural and urban development	46,544	42,059	(4,485)	-10%	3%	3%	0%
Health	60,270	54,906	(5,364)	-9%	4%	3%	0%
General economic and commercial affairs	23,666	18,971	(4,695)	-20%	1%	1%	0%
Environment protection, water and natural resources	88,999	69,923	(19,077)	-21%	5%	4%	-1%
Energy, infrastructure and ICT	529,163	426,957	(102,206)	-19%	32%	27%	-5%
Total MDA estimates	1,677,687	1,599,979	(77,708)	-5%	100%	100%	

The most significant change is the reduction in the share of the total budget going to energy, infrastructure, and ICT, down from 32 to 27 percent. The reduction is mainly in the State Department for

Energy and State Department of Transport, whose combined budget is going down by Ksh 97.6 billion. This is contrary to the assertion by the Cabinet Secretary National Treasury in the BPS that investments in Energy, Infrastructure, ICT sector are among the focus areas for the budget in 2017/18.

FIGURE 1. PRIORITIES IN THE 2017 BUDGET POLICY STATEMENT



The education sector's share of the budget is going up by 3 percentage points, mainly driven by the State Department of University Education (which is receiving 26.2 out of the Ksh 32 billion increase for the sector). Again, the BPS does not explain what is driving these shifts in funding. Besides education, only two other sectors — public administration and international affairs, and national security — have ceilings that are higher than their approved budgets for 2016/17.

The rest of this brief looks at the main sectors in the BPS and assesses the degree to which we can ascertain how public views affected the sector's allocations.

THE AGRICULTURE, RURAL, AND URBAN DEVELOPMENT SECTOR

The report on public views in this sector is a bit confusing, with some discussion of the overall budget deficit that appears unrelated to agriculture. However, the public generally felt that the budget for the sector should be increased to reflect its importance to the overall economy. The public also argued that taxes on post-harvest equipment were limiting the potential of the sector and should be reduced.

Is it possible to link these comments to the budget in any way?

While the public is calling for an increase in the agriculture budget, the government is proposing a decrease. The BPS 2017 shows that the share of the budget going to the sector will actually reduce to 2.6 percent in 2017/18 from 2.8 percent in 2016/17. Moreover, the agriculture sector's budget is actually falling in absolute terms by nearly Ksh 4.5 billion, a faster rate than the overall decline in the budget for MDAs for 2017/18.

TABLE 2. CHANGES IN THE AGRICULTURE SECTOR SHARE OF THE TOTAL MDA BUDGET

Year	Sector allocation	Total MDA budget	Sector share of the total budget
2016/17	43,544	1,677,687	2.8%
2017/18	42,059	1,599,979	2.6%
Change	-10%	-5%	

The issue of taxation is not one that can be assessed in the BPS, but will be dealt with later in the Finance Bill. There is a mention that the sector is “in talks” with National Treasury to reduce the value-added-tax (VAT) on post-harvest equipment, but no comment from Treasury itself (the actual author of the BPS) on whether this is under consideration.

While the public’s main concerns were around agriculture, this is the ministry within the sector that is experiencing the largest decline in its relative share of the sector budget. The sector seems to instead be prioritizing lands in 2017/18, which will take an additional two percentage points of the sector budget, while agriculture will fall by four percentage points (though still remaining as the largest department). No explanation is provided for this decision, which contrasts with numerous references to the priority that is being given to food security in the document. Overall, there is little evidence that the public’s views impacted the government’s budget for agriculture.

TABLE 3. CHANGES IN MDA ALLOCATIONS WITHIN THE AGRICULTURE SECTOR

MDAs	2016/17	2017/18	MDA share of the sector budget	MDA share of the sector budget	Changes in the sector shares
Ministry of Lands and Physical Planning	6,030	6,137	13%	15%	2%
National Land Commission	1,435	1,802	3%	4%	1%
State Department for Livestock	13,632	12,812	29%	30%	1%
State Department for Fisheries and the Blue Economy	4,183	3,880	9%	9%	0%
State Department for Agriculture	21,264	17,429	46%	41%	-4%
Total MDA estimates	46,544	42,059	100%	100%	

THE HEALTH SECTOR

The public only made two requests related to this sector recorded in the BPS. One was to improve training for health staff on disabilities like cerebral palsy. The other was to scale up and maintain improvements at Kenyatta National Hospital. The BPS also notes that the public sought clarification on

the different roles of the national and county governments in the sector, and the clarification that health has been substantially devolved may have led to limited requests from the sector. Is it possible to link these comments to the budget in any way?

The public did not specifically comment on the share of the budget for health. Like the agriculture sector, the budget for health is set to decline faster than the budget for all ministries, resulting in the sector taking a smaller share of the overall budget in 2017/18 (see Table 3).

TABLE 4. CHANGES IN PROGRAM ALLOCATIONS IN THE HEALTH SECTOR

Health programs	Total budget (Ksh)	2017/18 Ceiling	Changes in total budget	Program share of the total MDA budget		Changes in the sector shares
		Total budget (Ksh)		2016/17	2017/18	
P.2 National referral & specialized services	23,578	25,771	9.3%	39.1%	46.9%	7.8%
P.1 Preventative, promotive & RMNCAH	7,587	10,434	37.5%	12.6%	19.0%	6.4%
<i>P.3 Health research and development</i>	<i>5,597</i>	<i>5,706</i>	<i>1.9%</i>	<i>9.3%</i>	<i>10.4%</i>	<i>1.1%</i>
P. 5 Health policy, standards and regulations	8,088	7,114	-12.0%	13.4%	13.0%	-0.5%
P.4 General administration, planning & support services	15,421	5,881	-61.9%	25.6%	10.7%	-14.9%
Ministry of Health budget	60,270	54,906	-8.9%	100.0%	100.0%	
Total MDA estimates	1,677,687	1,599,979	-5%			
Sector share of the total budget	1,677,687	1,599,979	-5%			

One of the programs that will receive more funding within the sector is the Health Research and Development Program, which does seem to contain the main budget for staff development and training. It is not possible to link this directly with the request from the public for greater training, but it is at least consistent with the public's input. However, the fact that there is a more significant increase in the budget for preventive health, which was not mentioned by the public, reduces the likelihood that these changes were driven by public inputs.

The increase in the share of the health budget for national referral hospitals is also consistent with the public demand for continued improvements at Kenyatta National Hospital. The National Referral and Specialized Services program's share of the budget is set to go up by 8 percentage points. This increase is coming at the expense of General Administration, Planning, and Support Services, which is reducing its share of the sector budget by 15 percentage points.

THE ENERGY, INFRASTRUCTURE, AND ICT SECTOR

The public emphasized the importance of affordable housing and access to electricity. Is it possible to link these comments to the budget in any way?³

TABLE 5. CHANGES IN MDAS ALLOCATIONS IN THE ENERGY, INFRASTRUCTURE, AND ICT SECTOR

MDAs	2016/17 estimates	2017/18 Ceiling	Changes	Sector share of the total budget		Changes in the sector shares
	Total budget (Ksh)	Total budget (Ksh)	Changes in total budget	2016/17	2017/18	
State Department of Infrastructure	176,751	179,044	1.3%	33.4%	41.9%	8.5%
State Department for Information Communication and Technology & Innovation	23,222	20,246	-12.8%	4.4%	4.7%	0.4%
State Department for Petroleum	4,300	4,576	6.4%	0.8%	1.1%	0.3%
State Department for Broadcasting & Telecommunications	2,708	2,853	5.4%	0.5%	0.7%	0.2%
State Department for Public Works	2,944	2,972	0.9%	0.6%	0.7%	0.1%
State Department for Maritime Affairs	237	296	24.6%	0.0%	0.1%	0.0%
State Department for Housing & Urban Development	20,151	15,737	-21.9%	3.8%	3.7%	-0.1%
State Department for Energy	117,262	83,145	-29.1%	22.2%	19.5%	-2.7%
State Department of Transport	181,587	118,089	-35.0%	34.3%	27.7%	-6.7%
Sector total	529,163	426,957		100.0%	100.0%	
Total MDA estimates	1,677,687	1,599,979				
Sector share of total budget	32%	27%				

While the public emphasized the need for affordable housing, the budget for housing is actually decreasing by 22 percent in 2017/18, taking a smaller share of the sector's budget. The BPS does imply that government is working with the private sector to encourage them to provide affordable housing. However, the Housing Development and Human Settlement program that supports both the public and private housing sector also has a declining budget, falling from Ksh 7.8 billion to Ksh 7.1 billion in 2017/18.

³ The State Department for Housing and Urban Development was moved from the agriculture, rural, and urban development sector to this sector and that explains why housing was part of the discussions in this sector's public forum.

The public's concern for electricity also seems not to have been addressed. Electricity connections fall under the State Department of Energy, whose budget is decreasing by 29 percent as its share of the sector budget is reducing by 3 percentage points. The Power Transmission and Distribution program where electricity connections fall has a 46 percent reduction in its budget in 2017/18 compared to 2016/17.

The main priority for 2017/18 seems to be the State Department of Infrastructure, whose share of the sector budget is going up by 9 percentage points. This is mainly for road transport, the only program under the department. However, it is not clear what is shifting between last year and this year in this department. Comparing the 2016 and 2017 BPS, it appears that there are actually fewer new roads slated for construction in 2017/18, but there appears to be more emphasis on maintenance and rehabilitation.

EDUCATION

In the education sector, the main issue raised by the public was related to the inadequacy of Higher Education Loans Board (HELB) funds for students in Technical Vocational Education and Training Institutions (TIVETs). Is it possible to link this concern to the budget in any way?

TABLE 6. CHANGES IN MDA ALLOCATIONS IN THE EDUCATION SECTOR

MDAs	2016/17 estimates	2017/18 Ceiling	Changes in total budget	Sector share of the total budget		Changes in the sector shares
	Total budget (Ksh)	Total budget (Ksh)		2016/17	2017/18	
State Department for Basic Education	67,175	65,686	-2%	20%	18%	-2%
State Department for Vocational and Technical	6,526	6,824	5%	2%	2%	0%
State Department for University Education	72,132	98,344	36%	21%	26%	5%
Teachers Service Commission	194,092	201,699	4%	57%	54%	-3%
Sector total	339,924	372,553		100%	100%	
Total MDA estimates	1,677,687	1,599,979				
Sector share of total budget	20%	23%				

The public did not comment on the overall budget for education, but it is taking an increasing share of the national budget in 2017/18. The sector's share of the budget is growing by 3 percentage points, the highest sector increase and an indication that the government sees education as a strategic priority for the country next year.

There is an increase in the budget for the program under which HELB falls, which is consistent with the public's concerns, though there is no evidence that this will lead to increased loans for TIVET institutions. HELB is under the University Education Program, which is part of the State Department for University Education. The department's budget is increasing by 36 percent, the highest in the sector. This also happens to be the only MDA in the sector whose share of the budget is growing between 2016/17 and 2017/18. There is therefore a possibility to push for higher allocations to HELB for TIVET students.

SOCIAL PROTECTION, CULTURE, AND RECREATION SECTOR

Two issues were discussed in the sector. First, the public felt that labor relations were poor and that the government needed more labor officers. The second issue was on the need to invest more in the arts to stimulate youth employment.

TABLE 7. CHANGES IN MDA ALLOCATIONS IN THE SOCIAL PROTECTION SECTOR

<i>MDAs</i>	2016/17 estimates	2017/18 Ceiling	<i>Changes in total budget</i>	Budget		<i>Changes in the sector shares</i>
	<i>Total budget (Ksh)</i>	<i>Total budget (Ksh)</i>		<i>2016/17</i>	<i>2017/18</i>	
State Department for Social Protection	22,930	23,675	3%	51%	55%	3%
State Department for Labor	1,779	2,229	25%	4%	5%	1%
State Department for Arts and Culture	3,637	3,824	5%	8%	9%	1%
State Department for Gender	4,622	4,573	-1%	10%	11%	0%
State Department for Special Programs	6,517	6,370	-2%	15%	15%	0%
State Department for Sports Development	5,162	2,698	-48%	12%	6%	-5%
Sector total	44,647	43,368	-3%	100%	100%	
Total MDA estimates	1,677,687	1,599,979				
Sector share of the total budget	3%	3%				

Is it possible to link this concern to the budget in any way? There is some indication that the public's concern about labor officers may be addressed. The BPS indicates that 56 new officers are in the process of being contracted. Table 6 also shows that there is a 25 percent increase in the budget for the State Department for Labour, which would be consistent with the intention of hiring additional staff.

There is a small increase in the allocation for the State Department for Arts and Culture consistent with public views, but it is equal to the inflation projection for the year, meaning no increase in the real value of this budget. When we look more closely within the department, the Arts Program has a 10 percent budget

increase, but only a one percentage point increase in its share of the department’s budget. The main priority for next year is Library Services, whose share of the department’s budget is going up by 12 percentage points.

TABLE 8. CHANGES IN ALLOCATIONS IN THE STATE DEPARTMENT FOR ARTS AND CULTURE

<i>Programs</i>	2016/17 estimates	2017/18 ceiling	<i>Changes in total budget</i>	Program share of the total MDA budget		<i>Changes in the sector shares</i>
	<i>Total budget (Ksh)</i>	<i>Total budget (Ksh)</i>		<i>2016/17</i>	<i>2017/18</i>	
P.2 Culture development	2,020	1,573	-22%	56%	41%	-14%
P.3 The arts	731	804	10%	20%	21%	1%
<i>P.4 Library services</i>	836	1,332	59%	23%	35%	12%
P. 5 General administration, planning and support services	50	115	129%	1%	3%	2%
MDA total	3,637	3,824	5%	100%	100%	

CONCLUSION

The effort to include a section in BPS 2017 dedicated to public inputs gives a small window into the outcomes of the SWGs. However, the information provided does not fully explain which issues raised by the public influenced budget decisions and which did not. No justifications have been provided for inclusion or exclusion of public suggestions either.

In this analysis, we looked at all the issues raised by the public that would potentially have a direct impact on budget allocations. We then attempted to relate the public inputs to the allocations in the BPS 2017. While there are some cases where the proposed allocations are consistent with what the public requested — such as in the cases of health and education — the overall impression is that public inputs are not a major factor in determining sector allocations in the BPS. Taking public inputs seriously means making it clear when and why inputs impacted actual allocations. This leaves us closest to the fourth of the possible outcomes we described at the outset, where public views are rejected without comment. It is possible that in some cases these views were incorporated, but there is no clear evidence of this. In future, National Treasury and SWGs should clarify how they considered public views and what impact this had on the final sector proposals in the BPS.