Devolution

Practical Citizen Participation in the Budget Process at County Level
Practical Citizen Participation in the Budget Process at County Level
A Publication of HakiJamii

August 2015
### Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>CBROP</td>
<td>County Budget Review and Outlook Paper</td>
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<tr>
<td>CBOs</td>
<td>Community-Based Organizations (CBOs)</td>
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<td>CSOs</td>
<td>Civil Society Organizations</td>
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<tr>
<td>MCA</td>
<td>Member of County Assembly</td>
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<td>MP</td>
<td>Member of Parliament</td>
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County Budget Process

What is devolution?
Devolution is defined as the transfer of power, resources and decision making from a central government to the county government. Think about the services that matters to you like health, water, education or housing. Who prioritizes and decides on which service gets more money? Who actually delivers these services? Under the new devolved system there are two levels of government; the county and national government. The county level is responsible for some services and national government others but they are required to work together for coordination. The county is responsible for services such as early childhood education, markets, County health facilities, housing, water and sanitation among others. The county is supposed to budget for all the services annually and MUST involve citizens in the process.

Why Devolution?
Objectives of devolution Art. 174.

- Promote democratic and accountable exercise of power
- Foster national unity by recognizing diversity
- Give powers of self-governance to the people
- Enable communities manage their own affairs & development
- Protect and promote the interest & rights of minorities
- Promote social and economic
- Equitable sharing of national and local resources
- Decentralization of State organs
- To enhance checks and balances

What is the role of citizens in the budget making process in the devolved system?
As a citizen you have new powers under the devolved system but also new responsibilities. You are entitled to participate in decisions that affect your life such as providing input in the budgets and government plans. Your responsibility is to understand what the government is doing and ensure that you participate actively in the decision-making process whenever possible.

What is a budget?
A budget is an itemized summary of likely income and expenses for a given period. It helps the government to determine the priority areas and allocate sufficient financial resources. It is a spending plan for the year that is based on the priorities identified in the county’s development plans. In general both national and county budget making process is similar. The budget process happens every year and has four steps:

1. First the executive (County Executive in charge of Finance) proposes a spending plan.
2. Second, this proposal is debated and approved by the county assembly.

This is also the period when the County Budget and Appropriation Committee holds public hearings on the budget. You as a citizen should be involved during this stage. The date and
month when the public hearings are held will be discussed below in the budget cycle.

3. Third, the budget is then implemented by the executive.

4. Finally there is a process of review to make sure the budget was properly implemented. This is done by the county assembly, controller of budget and the auditor general.

**Discussion Questions**

What is devolution?

What is a budget?

What is my role as a citizen in the budget process?
What are the key dates in the county budget process?

This is what is normally referred to as the budget cycle at county level. At this stage citizens are involved and this is according to Article 201 of the constitution which lays down some key public finance principles including the need to ensure that there is openness and accountability in all public financial matters and that public participation is emphasized in the whole budget and decision making processes. This has further been emphasized by Public Finance Management Act and the County Government Act part VIII Clauses 87-91 which clearly sets out the principles of citizen participation.

Citizens should keep the dates in mind or write them somewhere to ensure their opportunity to participate is fully utilized.

<table>
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<tr>
<th>Timeline</th>
<th>Activity</th>
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<td><strong>August 30</strong></td>
<td>County treasury releases a circular to all departments informing them that the budget process is beginning so that they make request for funding. This circular is also important because it has details setting out guidelines for public participation before the budget is tabled at the County. Citizens must access this information through their MCAs at the ward offices.</td>
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<td><strong>September 1&lt;sup&gt;st&lt;/sup&gt;</strong></td>
<td>Counties prepare and table a county development plan to the County Assembly for approval. The plan must be made public within seven days.</td>
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<td><strong>September 1 to February 15</strong></td>
<td>During this time, county government departments undertake consultations with the public and other stakeholders. Views from the public should feed into the formulation of the County Budget Review and Outlook Paper (CBROP).</td>
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<td><strong>January 1</strong></td>
<td>By January of every year, the Commission on Revenue Allocation should submit its recommendations for the division of revenue between national and county governments to parliament.</td>
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<td><strong>February 15&lt;sup&gt;th&lt;/sup&gt;</strong></td>
<td>The Division of Revenue and County Allocation of Revenue Bills go to parliament.</td>
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<td><strong>February 28&lt;sup&gt;th&lt;/sup&gt;</strong></td>
<td>Deadline for the County Fiscal Strategy Paper to be tabled in each County Assembly</td>
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<td><strong>March 16&lt;sup&gt;th&lt;/sup&gt;</strong></td>
<td>Deadline for passing the division of revenue and county allocation of revenue bills by parliament</td>
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<td>Date</td>
<td>Event Description</td>
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<td>April 30&lt;sup&gt;th&lt;/sup&gt;</td>
<td>The county executive (Governor and county executive committee) prepares and submits budget estimates (proposed spending plan) to the County Assembly for discussion, amendment and approval. The County Assembly can then debate and change the budget proposal anytime between April 30 and June 30.</td>
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<td>May</td>
<td>This is the period when the County Budget and Appropriation Committee is likely to hold public hearings on the budget.</td>
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<tr>
<td>June</td>
<td>A county finance bill is tabled in the County Assembly</td>
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<td>June 30&lt;sup&gt;th&lt;/sup&gt;</td>
<td>This end of the financial year and deadline for county assemblies to authorize spending for the new budget year.</td>
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<td>October 30&lt;sup&gt;th&lt;/sup&gt;</td>
<td>County government publishes an implementation report for the period (July-September). The national government is supposed to do this by November 15&lt;sup&gt;th&lt;/sup&gt; each year.</td>
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Street lights in our town are not a priority. We need water first!

They’ve budgeted for more foreign trips for MCAs. This is a blatant waste of money!

And what is this miscellaneous domestic expenses for Ksh. 100 million?
What are some of the questions that a citizen can ask during public hearings in the budget making process?

When county governments table their budgets, it is important for citizens to ask certain questions, to ensure that the budget is in line with citizen priorities. The following are FOUR QUESTIONS that citizens can ask on the budget when it is released in April.

1. Are there reasons given for choices my leaders made in the budget?

This question asks whether the budget contains a narrative explanation that explains why the county made certain choices. Every budget must make choices about how to use limited amounts of money. There is right way to distribute funds, but good practice is to provide some explanation of priorities and the reasons for making choices. It is not good practice to simply provide tables with data without a good explanation.

2. What are the priority areas in my budget?

When we talk about priority areas, we generally mean the sectors that have received the highest allocations (most money). This is one way of understanding choices and relative priorities. A priority area can be identified by comparing the current budget to last year or to the budgets of similar counties.

3. Does my budget tell me where (that is, in which ward or constituency) development projects will be located?

In order to assess the degree to which the budget is allocating resources equitably, we want to know where buildings and infrastructure will be located. This requires that spending information be broken down below the county level (to sub-county or ward). Generally, this information should be included in the part of the budget that details development (capital) expenditure.

4. How much money does my county say it will raise from its own taxes and fees and is that reasonable?

Counties mostly receive money from national transfers and from their own taxes and fees. Many counties have estimated very high revenues from their own sources. To know if these are reasonable, one could compare them to what local authorities were able to rise from similar sources. This Data is contained in the 2012/13 PBO report.
What is the role of National & county political leaders in the county budget process?

Members of Parliament (National Assembly)

The MPs play a role in deciding the total amount of money available for counties, but not how counties spend that money. After the President and the Cabinet have begun to implement national plans and budgets, MPs must also oversee implementation and investigate any misuse of funds.

Senators (Senate)

The Senate represents the counties and is designed to protect their interests within Parliament. Unlike members of the National Assembly, who are elected from constituencies, the Senators are elected from counties. The role of the Senate in the budget process is to make decisions about the total amount of funds that counties receive each year. The Senate is also required to oversee national revenue allocated to county governments.

Governor.

The Governor must propose plans and budgets each year to guide the county’s development. Once those plans and budgets have been approved (possibly with changes), the Governor and other members of the County Executive Committee must implement the plans and budgets.
MCA’s (Member of County Assembly)
The Members of the County Assembly, like the Members of the National Assembly, are responsible for discussing the plans and budgets of the Executive (in this case the Governor and County Executive Committee), amending and approving them. Once the Governor and the County Executive begin to implement their plans and budgets, the County Assembly must also oversee their implementation and investigate any misuse of funds.

Women Representative
The Women Representative should champion countywide gender issues and ensure their inclusion in the budget.

Discussion Questions
Which are the important dates in the county budget process?
How do I identify the priority areas in the county budget?

What role do my elected leaders play in the county budget process?

Member of parliament
Governor
Senator
Member of County Assembly

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Women representative

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Mechanisms available for citizen participation in the budget process at the county level

Citizen participation is critical in the devolved system, and this is a requirement by the law. There are many ways that citizens can participate in the budget process. Some of these are formal mechanisms while others require creativity on the part of citizens.

The governor MUST ensure that citizens participate in development of policies, plans and delivery of services. The following guidelines offer the various practical ways citizens can explore in engaging with the budget process.

1. County budget and economic forum

The Public Finance Management Act establishes the formation of the County Budget and Economic Forum which is chaired by the Governor. The forum allows citizens to give their views, input and proposals in planning, prioritization and budgeting. The forum must include members of the County Executive, representatives from professional bodies, CSOs, women, persons with disabilities, and faith-based groups among other groups. The citizens’ views are then integrated in documents such as the Fiscal Strategy Paper.

2. Petitions

Citizens can also review the proposed budget and the priorities fronted and then prepare signed petitions giving a different view of suggesting differently in terms of priorities and allocations.

3. Citizen forums

These forums of are organized by the county government at all administrative levels of the county, sub-county, ward and village levels. This will ensure that all citizens have equal opportunities to participate without discrimination. However, it is the
obligation of citizens to go to relevant county offices and wards to demand for and attend these meetings with a view to give their informed contribution.

4. **County communication platforms and strategies**

The Constitution of Kenya under Article 35 1 (a) and (b) imposes an obligation on the county government to actively publish and publicize information that has direct impact on citizens including all information relating to the budget process. Citizens have a right to critical information that affects their daily lives.

5. **County budget committee hearings**

The Budget and Appropriations Committee of the County Assembly has a constitutional obligation to organize for public hearings where citizens can discuss their priorities. Citizens are given the opportunity to influence the outcome of the budget before it is passed.

6. **Memorandum**

Citizens can also collectively prepare memoranda and use their MCAs to submit to the relevant County committee for consideration. The memorandum must address specific vote heads in the entire budget.

7. **County Budget Review and Outlook Paper**

This is a paper that looks at the performance of the government based on the budget at the end of the financial year. The paper should be of interest to citizens since it explains any discrepancies between the previous year’s budget and the actual performance or variations that may have occurred during implementation. Citizens must grab a copy of the Outlook Paper as part of their budget monitoring exercise to support or explain discrepancies they may have witnessed on the ground and consolidate this in the citizen’s annual budget monitoring report. Where can they get it from?

**Case Example: (Nairobi City County Budget) Overall analysis of the FY 2015/2016 budget**

1. **What is my overall county budget?**

The total overall budget of Nairobi City County stands at Kshs.29.1 Billion of which, per cent (19.87 billion) is financing recurrent expenditure and 19.87 billion (68.28 percent) is Development a land 9.2 billion (31.72 percent) going towards debt repayment.
2. Where is the money coming from?
Out of the overall 29.1 billion, 13.6 billion will be from the National Government whilst 15.5 billion will be generated from their own revenue.

3. Where is the money going and which sectors have the highest priorities?
Salaries often referred to as recurrent expenditure have the highest allocation, followed by agriculture and livestock development sector. The sector on public works/infrastructure (building of roads, hospitals, schools) etc have the lowest allocation.

Why does county expenditure deviate from the budget?
- Poor financial management systems
- Corruption
- Funds diversion
- Use of reserves during unexpected occurrences
- Inadequate funding
- Off-budget donor funds
- Weak oversight

(Illustration of the overall Nairobi county budget)

Nairobi City County Structure and Sector Allocations FY2014/15 (Millions)

- Agriculture and Livestock Development sector
- Public Service Management
- Trade and Enterprise Development
- Public Works & Infrastructure
- Education, Youth Affairs, Sports, culture and Social Services
- Physical Planning, Housing and Lands
- Health
- Water, Energy, Forestry Environment and Natural Resources
- Finance and Economic Planning
- ICT, Egvt and Public Communications
- Deputy Governors Office
- Governor’s Office
- County Public Service Board
- County Assembly
Discussion Questions

How can I participate in the county budget process?

Which factors make the county expenditure to deviate from the budget?

What are the major sources of revenue for my county?