



Institute of
Economic Affairs

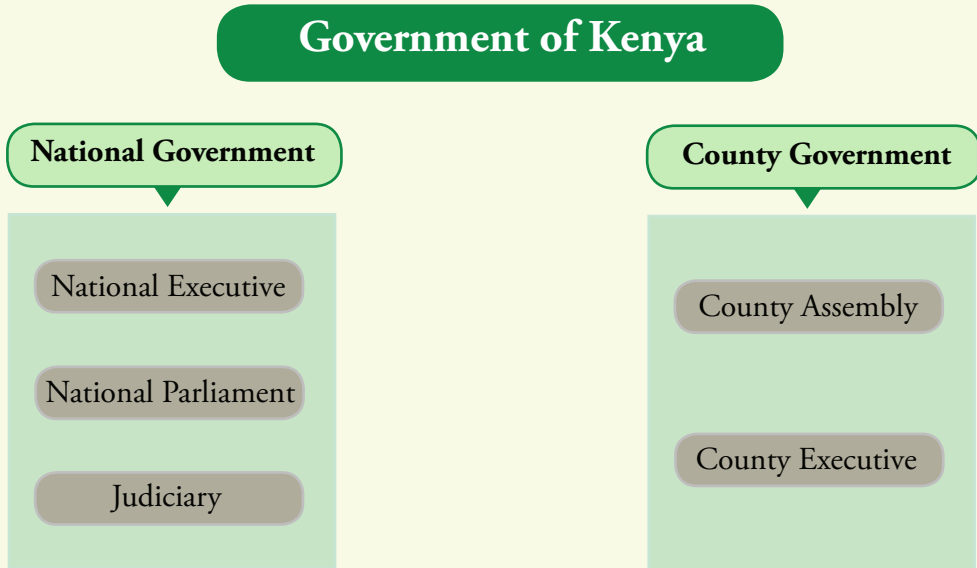
County Planning, County Budgeting and Social Accountability

*Fostering Social Accountability in Public Finance
under Devolved Governance*



1.0 Devolved Government Structure

The constitution of Kenya 2010 established a devolved system of governance with 47 County governments. The constitution in schedule four also transfers service delivery in health, water and agriculture sector among other functions to county governments.



2.0 County Government Structure

A county government is made up of the County Executive and the County Assembly. The county executive consists of the Governor, the Deputy Governor and County Executive Committee Members. The county assembly is made up of: Members elected by the registered voters of the wards; Special seat members; Number of members of marginalized groups, including persons with disabilities and the youth; and the Speaker.

Functions of County Executive Committee	Functions of the County Assembly
<ul style="list-style-type: none"> • Implement County law • Implement, within the county, national legislation to the extent that the legislation so requires • Manage and harmonize the functions of the county administration and its departments • Supervise the administration and delivery of legislation • Prepare proposed law for consideration by the county assembly 	<ul style="list-style-type: none"> • Representation of the people • Make laws for the effective performance of the functions and exercise of the powers of the County government • It pays an oversight role on all county public establishments • Approve county budget and expenses • Oversee the implementation of development projects and programmes by the County Executive

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| | <ul style="list-style-type: none">• Approve plans and policies for the management and exploitation of county resources |
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3.0 Source of revenue for County Governments

- At least fifteen percent of the most recently audited revenue approved by Parliament
- Marginalized counties will receive additional equalization funds comprising of one half percent (0.5%) of all the revenue collected by national government
- Property rates
- Entertainment tax
- Charges imposed on the delivery of services
- Grants or financial transfers from the national government

4.0 Units of further decentralization under County Governments

Administrative units below the county level include:

- Urban areas and cities
- Sub - Counties administered by a Sub - County Administrator
- The ward administered by the Ward Administrator
- The village administered by the Village Administrator
- Other units as may be determined by the county

4.1 Functions of Sub County administrator, Ward Administrator and Village Administrator

- Coordination, management and supervision of the general administrative functions in the devolved unit
- Development of policies and plans
- Facilitation and coordination of citizen participation in the development of policies and plans and delivery of public services
- Organize forums in their jurisdictions.

4.2 Functions of the village council

- The Village Council is responsible for among other things ensuring and coordinating the participation of the village unit in governance

5.0 County Planning

5.1 Objectives of County Planning

- Ensure harmony between national, county and sub-county spatial planning requirements;
- Facilitate the development of a well-balanced system of settlements and ensure productive use of scarce land, water and other resources for economic, social, ecological and other functions across a county;
- Maintain a viable system of green and open spaces for a functioning eco-system;
- Harmonize the development of county communication system, infrastructure and related services;
- Develop urban and rural areas as integrated areas of economic and social activity;
- Provide the preconditions for integrating under-developed and marginalized areas to bring them to the level generally enjoyed by the rest of the county;
- Protect the historical and cultural heritage, artifacts and sites within the county;
- Make reservations for public security and other critical national infrastructure and other utilities and services;
- Develop the human resource capacity of the county.

5.2 Plans to be developed by County Governments

5.2.1 County Integrated Development Plan

This is a five year development plan which shall have: clear goals and objectives; an implementation plan with clear outcomes; provisions for monitoring and evaluation and clear reporting mechanisms.

5.2.2 Sectoral Plans

This is a ten year sector plan developed by a county department. The plan shall be programme based. It shall be the basis for budgeting and performance management. It shall be reviewed every five years and updated annually.

5.2.3 Spatial Plans

A spatial plan identifies development projects and programmes and locates them on specific geographic areas in a county. The plans display the necessary coordination between various sectors, e.g. transport networks and their relationship to agricultural production and markets; industrial areas and energy projects that supply them; zoning of urban-versus-rural areas; public facilities and private home developments. The plan shall be reviewed every five years.

5.2.4 City or Municipal Plans

A city or municipal plan shall be the instrument for development facilitation and development control within the respective city or municipality. These plans will include city or municipal land use plans and building and city or municipal building and zoning, and location of recreational areas and public facilities. These plans will provide for functional and principles of land use and building plans, location of various types of infrastructure.

5.3 Levels of Planning

Planning in county governments will take place in the following levels:

- Settlements with a population of at least two thousand residents (*Urban Areas and Cities Act, 2011 Section 36 (3)*)
- Towns with a population of at least 10,000 people
- Municipality with a population of at least 250,000 people
- Cities with a population of at least 500,000 people
- Sub - County units
- Ward units
- Village units

5.4 Citizen Participation in County Planning

Citizen participation is key to successful devolution and good governance at the county level. The law provides that “county planning shall provide for citizen participation” and that participation shall be done in a process that “involves meaningful engagement of citizens. Citizen participation in planning is to be facilitated by a county planning unit.

5.5 Facilitating public participation in county planning

Public participation in the county planning processes shall be facilitated through:-

- Mechanisms for citizen participation
- Information communication technology based platforms including websites, blogs, social media sites, e-conferences, chat rooms, text message services and call centres;
- Town hall meetings where citizens meet at a dedicated venue in a central place and have conversations on the governance of their counties;
- Budget preparation and validation fora where citizens contribute to the content of the budget and also help validate it;
- Notice boards used to announce jobs, appointments, procurement, awards and other important announcements of public interest;
- Development project sites where citizens participate in managing the project and also provide the implementation mechanism;

- Avenues for the participation of peoples’ representatives including but not limited to members of the National Assembly and Senate where they can made a meaningful contribution in the county;
- Establishment of citizen fora at county and decentralized units for contributing to service planning and delivery; or
- Referenda where citizens contribute by voting for or against specific matters.

6.0 County Budgeting

6.1 Citizen participation in county budgeting

County governments are required to facilitate establishment of modalities and structures for public participation in governance processes including participation in budget making and validation.

6.2 Advantages of public participation in county budgeting

- Leads to better alignment of public needs with the choices of government officials.
- Leads to more equitable distribution of resources.
- Reduces corruption
- Builds the legitimacy and credibility of government.
- Ensures support of government programmes through citizen ownership.
- Encourages citizens to pay taxes.
- Encourages investors to commit funds.

6.3 Budget timelines

Date	Activity
August 30th	National Treasury releases a circular to all government agencies starting the process, and setting out guidelines for public participation. The County Executive Member for finance must also release a circular by this date doing the same at county level
September 1st	Counties must prepare and table a county development plan in the County Assembly by this date. The plan must be made public within 7 days.
September 1st to February 15th	The National Treasury and the various ministries and agencies undertake consultation with the public and other stakeholders. This can include sector hearings. Views from the public should feed into the formulation of the Budget Policy Statement.
January 1st	By January of every year, the Commission on Revenue Allocation should submit its recommendations for the division of revenue between national and county governments, and among the counties, to the rest of government.

February 15th	Cabinet Secretary for Finance to submit the Budget Policy Statement to Parliament. Also the deadline for the debt management strategy paper, and the Division of Revenue and County Allocation of Revenue Bills to go to Parliament.
February 28th	Deadline for Budget Policy Statement to be approved by Parliament. This is also the deadline for the County Fiscal Strategy Paper to be tabled in each County Assembly.
March 1st	Deadline for Budget Policy Statement to be made available to public
March 16th	This is the deadline for passing the Division of Revenue and County Allocation of Revenue Bills
April 30th	This is the deadline for the Cabinet Secretary to submit the budget proposal, or Budget Estimates to Parliament. It is also the deadline for the Judiciary and the Parliamentary Services Commission to submit their own budgets to Parliament. This is also the date for the county budget proposal to be submitted to the County Assembly.
May	This is likely when the Budget Committee will begin to hold public hearings on the budget.
May – June	This is when the Budget Committee will table its recommendations on the budget in Parliament.
May 15th	This is the deadline for the Cabinet Secretary to give any comments on the Judiciary and Parliamentary budget requests.
June	The County Finance Bill to authorize tax and revenue collection is tabled in Parliament. A county Finance Bill is to be tabled at this time in the County Assembly.
June 30th	This is the end of the financial year, and the deadline for the Appropriations Bill to be passed by Parliament to authorize spending for the new budget year.
July	Sometime in the latter half of July, the final approved budget estimates should be available to the public.
November	Government must publish the Budget Review and Outlook Paper, reviewing last year's budget performance and this budget year's initial forecasts from the Budget Policy Statement in February. There is no deadline for the County Budget Review and Outlook Paper, but it should be available around this time as well.
December 15th	Government must publish an implementation report on the first quarter of budget implementation from July-September no later than 45 days after the end of the quarter.

6.4 Public participation can happen through:

<p><i>Pre-budget public sector consultative forums</i></p>	<ul style="list-style-type: none"> • The county government may conduct Pre-budget public sector consultative forums where the citizens are invited to deliberate on the inputs for the new financial year's budget. • In such fora, citizen are usually encouraged to either make oral submissions on the material day or present a memo clearly specifying their policy proposals addressed to the county treasury. Submissions can be made by individual members of public, civil societies, private sector representatives or members of any organized groups.
<p><i>Participation through the County Budget and Economic Forum</i></p>	<ul style="list-style-type: none"> • The County Budget and Economic Forum provides means for consultation by the county government on: the preparation of county plans, the County Fiscal Strategy Paper, and the Budget Review and Outlook Paper for the county; and matters relating to budgeting, the economy and financial management at the county level. Deadline for Budget Policy Statement to be made available to public • The forum is to be chaired by the governor and has the representation of an equal number of County Executive and non-public officials • Non - public officials should be nominated by organizations representing professionals, business, labour issues, women, persons with disabilities, the elderly and faith based groups
<p><i>Sector Working Groups /Department Working Groups</i></p>	<ul style="list-style-type: none"> • The Sector Working Group are made up of many different actors, including representatives from the Ministries of Finance, Planning and National Development, and Health among others. • Each SWG includes representatives from development partners, civil society and the private sector. • The work of the SWG is to prepare the Medium Term Expenditure Framework sector reports that synthesize ministerial expenditure requirements to implement policy goals in reference to a Treasury Call Circular. • The SWG identifies and ranks sector priorities, and analyzes the costs of the different proposed policies, programmes and activities. • The departments within the sectors are expected to review their budgetary priorities and needs, taking into consideration the national priorities as set out in the guidelines; on-going activities and projects; and the financial plans of the sectors.

<p><i>County Assembly Budget and Appropriations Committee hearings</i></p>	<ul style="list-style-type: none"> • The Committee has the mandate of examining the County Fiscal Strategy Paper and evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays. • The committee is expected to invite submissions from members of the public in addition to the Chairpersons of all Departmental Committees to make presentations during the pre-budget public consultations and also during consideration of the budget estimates.
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7.0 Social Accountability

Social accountability is citizen-led action to demand accountability from the duty bearers. It aims at strengthening the voices of citizens to demand greater accountability and responsiveness directly from public officials and service providers.

Social accountability mechanisms cover a broad range of actions that citizens, communities and civil society organizations can use to hold government officials accountable. Social accountability is demand driven (bottom-up).

7.1 Reasons for social accountability

- Concern about issues of governance
- Concerns about issues of accountability
- Dissatisfaction with public service delivery
- Lack of transparency in the utilization of public resources
- Corruption in the management of public resources
- Failure of existing mechanisms for ensuring public accountability to resolve governance and accountability problems
- Addressing poor discharge of functions or provision of services by the government agencies in between elections.

7.2 Importance of social accountability

- Improved governance
- Increased development effectiveness
- Improved public service delivery and more informed policy design
- Empowerment of the poor

7.3 Mechanisms of social accountability

Mechanism	What it is about and the importance
<i>Participatory planning</i>	<ul style="list-style-type: none"> • Process by which citizens take part in development planning • Allows citizens, local Community Based Organisations (CBOs), CSOs, government officers and other stakeholders to take part in the identification and prioritization of development projects to be implemented with public funds
<i>Participatory budgeting</i>	<ul style="list-style-type: none"> • An approach in which citizens engage with government officials on how public funds are prioritized and used • Allows for the preparation of budgets that are more responsive to citizens' preferences • Ensures the direct participation of citizens and their representatives in respect of budget allocation, and the management and monitoring of expenditure.
<i>Public hearings</i>	<ul style="list-style-type: none"> • These are formal meetings at the community level where local officials and citizens have the opportunity to exchange information and opinions on community affairs • Provides an opportunity for citizens receiving local services and officials providing services to share on matters of public interest
<i>Social audits</i>	<ul style="list-style-type: none"> • Social audit relies on engagement from citizens and/or civil society organizations to directly and/or indirectly demand accountability and transparency in the public policy and budget cycles • Is based on the principle that citizens want and have the right to know what the government does; how it does it; how it impacts on them; and that the government has an obligation to account and be transparent to citizens • The central concern is how resources are used for social objectives.

8.0 Some key documents in county budgeting

<i>Appropriations Bill</i>	<ul style="list-style-type: none"> • A Bill that the county assembly must approve to allow the government to start spending the money that is in the budget. .
<i>Budget Estimates</i>	<ul style="list-style-type: none"> • This is the executive budget proposal. It lays down the spending of all ministries.
<i>Budget Policy Statement</i>	<ul style="list-style-type: none"> • A document which lays down government's broad plans for the next budget year. It includes discussions of economic trends and an estimate of overall spending and revenues.
<i>County Allocation of Revenue Bill</i>	<ul style="list-style-type: none"> • A bill that determines how much each county will get of the total amount that is allocated for all 47 counties

<i>County Emergency Fund</i>	<ul style="list-style-type: none"> • Special fund set aside by county government for emergencies that were unforeseen when the budget was passed
<i>County Fiscal Strategy Paper</i>	<ul style="list-style-type: none"> • A paper that lays down the broad plans for the next budget year. It discusses economic trends and an estimate of overall spending and revenues
<i>Budget Review and Outlook Paper</i>	<ul style="list-style-type: none"> • A paper that assesses how well the government did in meeting its revenue and spending targets in the previous year. It also updates the forecasts for the current year that were obtained in the County Fiscal Strategy Paper
<i>Division of Revenue Bill</i>	<ul style="list-style-type: none"> • A bill that establishes how much of national revenue will be given to the national government and how much will go to the counties together
<i>Finance Bill</i>	<ul style="list-style-type: none"> • A bill to authorize tax and other revenue measures by a county government or the national government

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With funding from

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