

KWALE COUNTY FY 16/17 BUDGET ANALYSIS BRIEF FOR THE MEDIA

1. Revenue over years

- The CFSP 2016 figure of KES 6,303,737,920 is different from Executive Budget Proposal (EBP) figure of KES 6,265,176,374 no explanation is provided and with the absence of the final approved CFSP it leaves a lot of questions unanswered on the variance of 38 Million
- From the FY 15/16 revised budget of KES 7.6B the proposed FY 16/17 Budget is KES 6.2B what has happened and which sources of revenue are going down? Are there no pending bills anticipated?

Local revenue performance over years

<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>
427M (proposed)	500 M (Proposed)	300 M (proposed)	330 M (Proposed)
203M (Actual)	253 M (Actual)	89M (Half Year Actual July Dec 2015)	

- The county continues to make very good progress on revenue collection and this is commendable. However, the county still is not making realistic projections.
- The Budget document does not provide revenue breakdown by source

2. Document availability

- Kwale County still is not making budget documents publicly available on time to enable “quality” participation.

3. Equity and fairness in revenue allocation

- Kwale County does not provide criteria for revenue allocation across wards, so there is no way of telling why certain development is happening in a certain ward and not the other. The same case with bursary and scholarships, with each ward receiving equal allocation there is not fairness.
- Scholarship and bursary should be separate for County polytechnics and other higher education institutions

4. Priorities

The county has prioritised Education and Health in the FY 16/17 budget and these being substantially devolved functions, we commend it for that.

- Education department funding has increased by 16% from 938B in the CFSP 2016 to 1.12B in the Executive Budget Proposals
- Health department funding has increased by 13% from 1.4B in the CFSP 2016 to 1.6B in the Executive Budget Proposal
- Agriculture budget has reduced from 442M in the CFSP 2016 to 295M in the Executive Budget Proposal which is a 49% decrease. There is no explanation for this.
- Finance and planning has a 61% decrease from 457M in the CFSP 2016 to 282 M in the Executive Budget Proposal. There is no explanation for this.

5. General observations

- The proposed budget for FY 16/17 lacks comparative data between FY 15/16 revised estimates and proposed FY 16/17
- From the County Fiscal Strategy Paper (CFSP) 2016 to the budget estimates it is difficult to track the departmental allocations due to lack of clarity in sector allocations in the CFSP and departmental allocations in the EBP
- The Budget does not meet the threshold of a **Programme Based Budget (it lacks baseline targets, indicators, outcomes and narrative)** and should be revised. We acknowledge the effort to improve but we believe the county has retrogressed on this as the FY 15/16 the county provided a well-developed PBB. This is against the PFM Act section 12
- The county still does not make budget implementation reports available to the public which is against PFM section 166 (4) which requires their publishing and publication

- The county has only provided for KES 2 Million as an emergency fund for the FY 16/17. While the emergency fund report are not yet published we are not able to know if the kitty has more funding carried forward from other financial years.
- The County still does not provide allocation for the County Budget and Economic Forum (CBEF) to engage with constituent groups

Prepared by James Muraguri, chief Executive Officer, Institute of Public Finance Kenya