SOCIAL BUDGETING IN KENYA:
CONCEPTS AND PRACTICE

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Social Budgeting in Kenya: Concepts and Practice

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Executive Summary

Development is a complex process, which remains imperfectly understood despite decades of vigorous research on the topic. Thus, it is not surprising that there is no agreement in the literature as to the meaning of development or on mechanisms for achieving it. In practice, development is often seen as attaining certain outcomes supporting good life such as building roads and fulfilling other human needs. Occasionally it is also seen as a process in which participation; transparency and accountability in social decisions are adhered to and emphasis is laid on welfare of all citizens.

As it happens, preparation and allocation of national budgets, particularly in developing countries, are mainly guided by the view that development is about certain outcomes. The process is generally assumed to be right and remains unquestioned. Consequently, process limitations vitiate the setting of priorities and allocation and utilization of funds. Using Kenya as an example, this paper argues that development is both a means and an end, and that this dual fact should be taken into account in the budgetary processes and allocation of the budgetary resources.

The paper contends that budgetary allocations are not independent of budgeting processes, and urges that institutions for participatory budget preparation be established. The key institutions in this regard include budget negotiation and harmonization mechanisms. Also identified is the need to build budgeting capacities at the national and district levels, a task that can be accomplished by establishing interdisciplinary groups of professionals, whose function would be to observe and monitor budgetary processes and the associated human development outcomes. These groups are labeled in the paper as national and district observatory groups.

The paper also illustrates conceptually the interdependence between economic and social development, arguing that the two are dual to each other. Thus, sustainable development is not possible without budgeting adequately for the production of economic goods as well as for the enhancement of human capabilities. A dual budgeting framework that takes into account macroeconomic constraints and human development needs of the population is shown to be consistent with the idea of sustainable development. The human development needs must be ascertained independent of macroeconomic constraints, as is macroeconomic framework is generally prepared independent of development needs. The two sets of proposals need to be harmonized, as they must be, through a participatory process so that vision, needs and priorities of the two are fully considered. The paper outlines in most general terms a process of harmonization and negotiation of the human development and macroeconomic frameworks.

A clear conceptual demonstration of economic benefits of a people and child-centered approach to budgeting is the main objective of this paper. The demonstration is based partly on Streeten (1994) and partly on the synthesis of general development literature. First, human development is a self-evident end, and hence requires no justification. Second, it is a means to higher productivity. Third, it reduces mortality, particularly the IMR, and thus increases longevity -- a greatly valued end and means. Fourth, it promotes physical environment, thus enhancing sustainability of economic growth. Fifth, it reduces poverty because the main asset of the poor is their human capital, whose size and productivity is increased by enhancement of human capabilities. Sixth, it reduces civil disturbances, thus promoting political stability, which is
conducive to equity, innovation, saving, investment, desirable institutions and efficient use of resources.

In light of the above benefits, the paper concludes with two observations about the Social Budgeting Initiative in Kenya. First, there is need for the Government to establish or promote institutions under which social budgeting practices can take root. The paper describes a limited trial of the process undertaken in three districts and at the national level. There is a need to continue implementation and successive strengthening of the process. Second, there is need for development partners to provide technical and financial support to the initiative, especially in areas of capacity building and the decentralization of budgetary functions.
Resumen Ejecutivo

El desarrollo es un proceso complejo, que todavía no se comprende plenamente a pesar de varias décadas de investigaciones sobre este asunto. Por tanto, no es sorprendente que no haya acuerdo en las publicaciones sobre el tema con respecto al significado del desarrollo o los mecanismos para lograrlo. En la práctica, se considera con frecuencia que el desarrollo consiste en obtener ciertos resultados que apoyen un buen nivel de vida, como construir carreteras y satisfacer otras necesidades humanas. En ocasiones, se le considera como un proceso en el que se asumen valores como la participación, la transparencia y la rendición de cuentas, y se hace hincapié en el bienestar de todos los ciudadanos.

En la actualidad, la preparación y asignación de los presupuestos nacionales, especialmente en los países en desarrollo, se rigen en general por el punto de vista de que el desarrollo se refiere a determinados resultados. Por lo general, se asume que este proceso es el adecuado y no se suele poner en tela de juicio. Por consiguiente, las limitaciones en el proceso perjudican la consideración de prioridades y la asignación y utilización de los fondos. Si utilizamos Kenya como un ejemplo, este documento sostiene que el desarrollo es tanto un medio como un fin, y que este hecho dual debe tenerse en cuenta en los procesos presupuestarios y en la asignación de los recursos presupuestarios.

El documento afirma que las asignaciones presupuestarias no son independientes del proceso presupuestario, y exhorta a que se establezcan instituciones para la preparación participativa del presupuesto. Las instituciones más importantes a este respecto incluyen los mecanismos de negociación y armonización presupuestarias. También se considera la necesidad de fomentar capacidades presupuestarias a niveles nacionales y distritales, una tarea que es posible lograr estableciendo grupos de profesionales de diversas disciplinas, cuya función sería observar y dar seguimiento al proceso presupuestario y a los resultados asociados en materia de desarrollo humano. Estos grupos se designan en el documento como grupos de observación nacionales y distritales.

El documento ilustra también conceptualmente la interdependencia entre el desarrollo económico y el social, y sostiene que los dos son mutuamente duales. Por tanto, un desarrollo sostenible no es posible si no se realiza adecuadamente un presupuesto para la producción de bienes económicos así como para la mejora de las capacidades humanas. Un marco presupuestario dual que tenga en cuenta los límites macroeconómicos y las necesidades de desarrollo humano de la población ha demostrado su compatibilidad con la idea del desarrollo sostenible. Es preciso determinar las necesidades de desarrollo humano independientemente de los límites macroeconómicos, ya que el marco macroeconómico se prepara por lo general independientemente de las necesidades de desarrollo. Los dos conjuntos de propuestas tienen que armonizarse, y esto se debe lograr por medio de un proceso participativo para que la visión, necesidades y prioridades de ambas se tengan plenamente en cuenta. El documento presenta en términos generales un proceso de armonización y negociación de los marcos de desarrollo humano y macroeconómico.
El principal objetivo de este documento es una demostración conceptual clara de los beneficios económicos de un enfoque presupuestario centrado en las personas y los niños. La demostración está basada en parte en Streeten (1994) y en parte en una síntesis de diversos documentos y publicaciones generales sobre el desarrollo. En primer lugar, el desarrollo humano es un fin evidente en sí mismo, y por tanto no requiere justificación. En segundo lugar, es un medio para obtener una mayor productividad. En tercer lugar, reduce la mortalidad, especialmente la tasa de mortalidad infantil, y por tanto aumenta la longevidad, que es un fin y un medio altamente valiosos. En cuarto lugar, reduce la pobreza porque el mayor activo de los pobres es su capital humano, cuya escala y productividad aumentan como consecuencia de la mejora de las capacidades humanas. En sexto lugar, reduce los disturbios civiles, promoviendo por tanto la estabilidad política, lo que a su vez conduce a la igualdad, la innovación, el ahorro, la inversión, la creación de instituciones convenientes y la utilización eficaz de los recursos.

A la luz de los beneficios mencionados anteriormente, el documento concluye con dos observaciones sobre la Iniciativa Presupuestaria Social de Kenya. En primer lugar, es necesario que el gobierno establezca o promueva instituciones en las que se enraízan las prácticas de la presupuestación social. El documento describe una prueba limitada del proceso que se llevó a cabo en tres distritos y a nivel nacional. Existe la necesidad de mantener la aplicación y fortalecer sucesivamente el proceso. En segundo lugar, hace falta que los aliados en materia de desarrollo proporcionen apoyo técnico y financiero a la iniciativa, especialmente en esferas relacionadas con el fomento de la capacidad y la descentralización de las funciones presupuestarias.
Résumé analytique

Le développement est un processus complexe, qui reste mal compris en dépit de décennies de recherches sur le sujet. On ne s’étonnera donc pas si dans la documentation sur le sujet, on ne trouve guère de consensus sur ce qu’il signifie ou sur les mécanismes qui permettent d’y arriver. En pratique, le développement est souvent défini comme la réalisation de certains objectifs permettant d’améliorer la vie, comme la construction de routes ou le fait de satisfaire d’autres besoins humains. Il arrive aussi qu’on l’envisage comme un processus impliquant l’adhésion à des critères comme la participation, la transparence et la responsabilité en matière de décisions sociales, où l’on insiste sur le bien-être de tous les citoyens.

En règle générale, la préparation et l’allocation des budgets nationaux sont souvent guidées par l’idée que le développement se définit en fonction de certains résultats, en particulier dans les pays en développement. On considère souvent que le processus est correct et ne doit pas être remis en question. Or, ses limitations font que la définition des priorités ainsi que l’allocation et l’utilisation des fonds sont viciées. Prendant le Kenya à titre d’exemple, le présent article avance l’idée que le développement est à la fois un moyen et une fin, et que cette caractéristique duele doit être prise en compte lors de l’élaboration des budgets et l’allocation des ressources.

Les auteurs du présent article soutiennent que les allocations budgétaires ne se font pas indépendamment des processus budgétaires et poussent à la création d’institutions spécifiques pour une préparation participative du budget. A cet égard, les institutions clés comprennent des mécanismes de négociation et d’harmonisation du budget. Les auteurs relèvent également le besoin de renforcer les capacités budgétaires aux niveaux national et de district, une tâche rendue possible par la création de groupes interdisciplinaires dont la fonction serait d’observer et de surveiller les processus budgétaires et les résultats qui en découlent en termes de développement humain. Ces groupes sont appelés ici des groupes d’observation nationaux ou de district.

L’article illustre également de manière conceptuelle l’interdépendance entre le développement économique et social, et soutient que les deux sont complémentaires. Aussi le développement durable n’est-il possible que si l’on prévoit un budget adéquat pour la production des biens économiques autant que pour l’amélioration des capacités humaines. Un cadre double pour l’établissement du budget, qui prendra en compte les contraintes macroéconomiques et les besoins en développement humain de la population s’avère être en phase avec l’idée de développement durable. Il s’agit de déterminer les besoins en développement humain indépendamment des contraintes macroéconomiques, tout comme le cadre macroéconomique est souvent préparé indépendamment des besoins en développement. Comme il se doit, il faut harmoniser les propositions reprises dans ces deux ensembles à travers un processus participatif, pour que la vision, les besoins et les priorités de l’un comme de l’autre puissent être pris en compte. Le présent article décrit en termes très généraux un processus d’harmonisation et de négociation des deux cadres (développement humain et macroéconomie).

L’objectif principal de l’article est de faire une démonstration conceptuelle claire des avantages économiques qui découlent d’une approché budgétaire axée sur la population et l’enfance. Cette démonstration s’appuie sur Streeten (1994) et en partie sur une synthèse générale de la documentation sur le développement. Premièrement, le développement humain est une fin en soi.
et ne requiert donc aucune justification. Deuxièmement, c’est un moyen d’obtenir une meilleure productivité. Troisièmement, il réduit la mortalité, en particulier le taux de mortalité infantile, et accroît donc l’espérance de vie… un moyen et une fin ayant une grande valeur. Quatrièmement, il promeut l’environnement physique, améliorant ainsi la viabilité de la croissance économique. Cinquièmement, il réduit la pauvreté, car le principal atout des pauvres, c’est leur capital humain, dont la taille et la productivité augmentent quand on améliore les capacités humaines. Sixièmement, il réduit les troubles civils, promouvant ainsi la stabilité politique, qui mène naturellement à l’équité, l’innovation, l’épargne, l’investissement, des institutions désirables et une bonne utilisation des ressources.

Au vu des avantages sus-mentionnés, le présent article conclut par avec deux observations sur l’Initiative de budget social au Kenya. D’abord, il est nécessaire que le gouvernement établisse ou promeuve des institutions qui permettront aux pratiques budgétaires sociales de s’enraciner. L’article décrit un processus pilote limité entrepris dans trois districts et au niveau national. Il est nécessaire de continuer la mise en place puis le renforcement de ce processus. Deuxièmement, les partenaires du développement doivent fournir une aide technique et financière pour appuyer cette initiative, en particulier dans les domaines du renforcement des capacités et de la décentralisation des fonctions budgétaires.
SOCIAL BUDGETING IN KENYA: CONCEPT AND PRACTICE

Background

Until 2000, Kenya’s budget process was largely “incremental;” that is, annual budgets for ministries were based on spending levels during the previous year. It remained weak in defining priorities, achieving fiscal discipline and creating desired results from public expenditures (Kiringai and West 2002). In addition, the process focused heavily on achieving macroeconomic rather than social targets and permitted little or no participation by those affected by budget decisions. Beginning 2000/2001, the government adopted a new budgeting methodology called the Medium-Term Expenditure Framework (MTEF) approach, which sets macroeconomic framework and expenditure priorities for three years within which rolling annual plans are prepared. This process, while sound in theory, has lacked in key areas, thus resulting in a failure to reverse the widening gap between social policy and social sector performance. A social budgeting initiative has been set up and is being tried in Kenya with the objective to overcome some of the weaknesses of the MTEF process as they concern public spending for children. From a global perspective, the exercise is being developed to address similar budgeting issues in other developing countries which have constrained social investment and its efficiency and effectiveness.

1. MTEF process- objectives and gaps

The key objectives of the MTEF are to:

1. Create a macroeconomic environment capable of attracting investment, through support for efficient production
2. Promote efficient and effective public resource utilisation to increase incomes and spur employment.

The tension between these two goals in an environment of constrained resources is at the centre of debates over how the national budget should allocate resources. It is argued that the MTEF framework has resulted in an over-emphasis on spending to achieve macroeconomic goals at the expense of social goals, thereby failing to acknowledge the importance of building human capital. The MTEF has also failed to incorporate ideas and suggestions emanating from the district level, thus discouraging a more participatory process. The process is theoretically anchored in:

- a top-down, multi-year projection of the resources to define affordability,
- a bottom-up, multi-year cost estimates developed by sector programmes that define what needs to be financed, and
- a budget negotiation mechanism to reconcile goals and availability of resources.

While theoretically quite sound, these objectives have not been realised fully. Some of the failures of the process are characterised as follows.
i. Being top-down and dominated by macroeconomic policy constraints, the MTEF process often fails to take into consideration social/human development concerns and needs.

ii. A great deal of information about policies and expenditure priorities is lost because, in practice, local (district) level involvement is limited. These failures undermine its effectiveness in meeting policy goals and achieving the outcomes sought.

iii. Budget preparation is constrained by a tight timetable that does not allow for adequate sequencing, analysis and review. Though well-intentioned, the sequencing of expenditure review and sector working group reports does not allow for local participation, which would lead to active negotiation and harmonisation of the budgets to meet social needs.

iv. Emerging evidence indicates that although the overall resource envelope for inter- and intra-sectoral resource allocation is based on careful costing of target priority outputs, it is undermined by lack of reliable information on outputs and proper budget costing at the district level.

v. The fiscal framework for revenue and expenditure has, in most cases, been subject to significant revision at the start of each new budget cycle. Ministries do not routinely refer to their forward estimates in preparing new budgets, rendering the two other years of the MTEF budget redundant. This is another result of weak data and analysis.

vi. Weak links between the national priority programmes that are funded and community priority programmes that are supposed to be funded.

vii. As a component of good governance, the MTEF ought to be performance-oriented and results-focused. Yet, the process pays little attention to outputs and outcomes, which significantly weakens accountability, especially towards agreed goals such as the MDGs.

It was recognised that the MTEF needs to be strengthened in the following five areas:

- **Introducing outcome-oriented budgeting** so that budgets target social development goals. This will require, among other measures, a more balanced approach to the budgetary framework that stresses human development needs as well as focusing on macroeconomic priorities.
- **Improving processes**, especially transparency and accountability.
- **Promoting partnerships** between the public and private sectors, civil society and communities in policy discussions, needs prioritisation and allocation of resources.
- **Strengthening capacity** in the districts and provide adequate resources.
- **Ensuring greater use of data and analysis** both in national and sub-national level processes.

The social budgeting initiative seeks to augment the MTEF process for social sector budgeting in the above five areas.
2. Valuation failure and participatory budgeting

A government budget aims to provide public goods and services which otherwise may either not get produced or be produced and consumed in less than socially desirable measures. Both problems arise from market failures. The size of public budget is thus determined on the one hand by the extent of market failures and on the other by government’s understanding and willingness to tax and borrow. A budget failure may occur if the government is not fully aware of the level of market failures or its understanding about the levels of taxes and borrowings is deficient. A budget failure may also occur when despite the knowledge the government has no willingness to mobilize the required resources.

Once the budget size is determined, inter and intra-sector allocations are supposed to be guided by associated benefits and costs. However, externalities make it hard for the budget makers to determine benefits and costs accurately. This leads to a valuation failure in allocation of resources. A simplified experiment may explain the case of valuation failure. Imagine that the finance ministry has only two goals: security and health care. Assume that the respective shares of security and health are determined by an assessment of the respective marginal costs of not attending to these demands of citizens. Let us assume that these marginal costs are as shown in the following diagram.
The above diagram the total resources available on the X-axis, with the marginal costs of not providing security represented on the left Y-axis and the marginal costs of not attending to health on the right Y-axis. The solid lines represent the true marginal costs. If the budget maker knew it all, he would allocate resources OA and O’A respectively for security and health care.

Now, imagine that the finance ministry while fully knowing costs of not providing security is less than perfectly informed about the marginal costs of not attending to health of citizens. Then, the budget maker would under-estimate the costs of not attending to health, as shown by the broken line. This valuation failure has resulted in the ministry allocating fewer resources for health (O’B). The under-allocation would become larger if we were to assume that better health can increase future economic growth and thus the overall size of resources. The Kenya initiative seeks to minimize such valuation failures in allocations pooling information of stakeholders in budget preparation.

3. Social budgeting concepts

Social budgeting can be seen as a collection of tools designed to address weaknesses in existing budgeting processes. In Kenya, where social budgeting was introduced in three districts and at the national level, the objective of the social budgeting exercise was to strengthen the MTEF in the five areas: improving the focus on human development goals, increasing transparency and accountability, promoting wider partnerships, building capacity at the district level and improving the use of data and analysis. Conceptually, the process can be described as dual budgeting.

3.1. Dual Budgeting

The provision of economic goods and services cannot ignore the need to provide social services. However, if budgetary resources are spent entirely in favour of social goals, neglecting economic growth, then the development process becomes self-limiting. A successful development process must strike the right balance between economic and social provision, namely: a stable macroeconomic environment oriented to growth and social investment, including poverty-reduction measures (Mwabu et al. 2001).1

Given this interdependence, development planning can start at either point. If planning is initially driven by a macroeconomic and growth perspective, it must ultimately determine optimal levels of social and economic provision. If planning were to focus initially on the provision of social services, then it must also ensure optimum levels of economic growth. The two processes should, in theory, lead to the same result, and are in that sense mutually consistent. In practice, however, budgeting

1 This duality is also stressed in Streeton (1994), where a distinction is made between human-resource developers (those who emphasise economic growth in the development process) and humanitarians (those stressing at the same time the fulfillment of basic human needs and rights) in that process. Duality in general economics literature is also evident in Fogel’s (1999) view that human welfare depends both on market and non-market goods, including non-material goods.
is usually dominated by macroeconomic and growth concerns; social needs receive lower priority. A dual budgeting process is meant to minimise, if not fully correct, this imbalance in budget-making.

Conceptually, this approach implies that budget preparation would simultaneously address both issues. It involves determining the macroeconomic framework, as is done currently, by setting initially targets for growth rate, inflation rate, money supply, tax revenues, levels of public borrowings and fiscal deficit, and the resource envelope available to finance government activities. This would constitute the macroeconomic framework, prepared to optimise growth and ensure macroeconomic stability. At the same time, with social budgeting a similar process would occur at the ministries concerned with human development (such as those of health, education, nutrition, housing, water, and social protection). Keeping in mind the development goals to be realised, these ministries would, through consultation, prepare their consolidated budget demands, constituting the human development framework.

Since the two frameworks are prepared independently, the resources required to meet the goals identified are likely to differ. A process is then required to reconcile differences through negotiation and harmonisation. It is important at this stage that the assumptions of each framework be questioned and thoroughly analysed. Those proposing the macroeconomic framework might view the budgetary demands of the human development framework as unsustainable, while the human development group might question the assumptions underlying fiscal deficits and taxation. This calls for participation of experts on both sides in the preparation of proposals and during budget negotiation and harmonisation. Figure 2.1 schematically describes a budget negotiation and harmonisation process.

Figure 1: A Dual Budgeting Framework
Implications of dual budgeting: To ensure equality in negotiations between macroeconomic and social development budgeting groups, it will be necessary to provide:

- **Institutional support**: By establishing mechanisms to facilitate greater participation, transparency and accountability in preparing budgets and utilisation of budgetary resources. Kenya’s social budgeting initiative has supported the creation of district and national Observatories for this purpose, as described further below.

- **Analytical support**: The social development group needs to have access to the same quality of data and analysis that is available to financial ministries. Analytical support may be most needed at the district level.

- **Expenditure priorities**: It is difficult, and sometimes impossible, to measure the spill-over benefits of social investment. This leads to valuation failure, resulting in inadequate prioritisation of social sector spending (See Annex 3). The problem cannot be entirely solved by technical analysis; it also requires a greater voice in budget preparation for those supporting social investment. This implies a need for appropriate representation of such people when constituting observatories, and for empowering these persons through the provision of data and analysis. Services of technical agencies should be available to social observatories.

- **Better accountability through outcome budgeting**: Effective accountability for social development demands that budgets be outcome-oriented, at least in terms of basic social services. An emphasis on accountability would promote greater efficiency in resource utilisation. It would also systematically address inequalities, requiring that resources be allocated to address disparities (gender or geographical). Outcome-oriented budgeting not only promotes a sharper focus on results, but can also help to correct disparities.

An important spin-off of social budgeting may be systematic creation of demand for the fulfilment of rights. Annual reviews of the results of budget allocations and the pace of rights fulfilment provide district and national groups with an opportunity to demand improvements from government. Also, the principles on which dual budgeting is based—participation, transparency and accountability towards social development goals—are rooted in human rights principles. Indeed, social budgeting implicitly aims to speed up the realisation of rights by creating a broad-based budgeting support mechanism to review and demand rights fulfilment, using more participatory, transparent and accountable practices, as intended under the MTEF.

4. Roles and practice

The process undertaken in Kenya during 2005 was by no means a complete dual budgeting exercise, but rather just a partial application of the concept in three districts. Thus the exercise to date is merely a first step towards developing a nationwide dual budgeting process. The effort involved: the creation of social observatories; involvement of an institution capable of providing technical support.
(KIPPRA); and donors committed to improving budget outcomes and results for children (in this case, UNICEF and SIDA, the Swedish International Development Agency).

The social observatory system is comprised of district observatories, a national observatory, and a Social Policy Adviser attached to the budget office (not yet created). These groups play an advisory role, providing budgeting support at both the district and national levels. The role of these new actors is shown schematically below in figure 2.2.

Figure 2: Support for Social Budgeting

**District Observatory:** Observatories are informal groups of professionals, experts, district officials and members of civil society involved in social development, which were created in each of the three districts where social budgeting took place. (For a list of Observatory members, see Annex 4.) Assisted by KIPPRA, the three groups carried out the following core tasks for their respective districts.
• Identified key district-level development indicators, with a focus on children
• Reviewed past trends for these indicators, with a view toward assessing progress achieved and steps remaining to achieve targets for each indicator
• Reviewed past trends in budget allocations and utilisation
• Assessed resource needs consistent with future annual targets and the associated resource envelope
• Analysed existing policies and institutional implementation mechanisms, and recommended options for the future.

Technical Support: Since the observatories are informal groupings, they do not have an office or staff to carry out data collection and analysis. The Kenya Institute of Public Policy Research and Analysis (KIPPRA) was hired to facilitate the process, and to act as a secretariat, providing technical support. For each district, KIPPRA carried out a situation analysis and prepared presentations showing trends for indicators and budget expenditures. This information was presented to the three district-based observatories for review and assessment. During five-day workshops, observatory members reviewed these trends and, with KIPPRA support, developed goals for the following year, assessed resource requirements, and identified policy and institutional changes needed to improve efficiency and effectiveness. These recommendations were written up by KIPPRA and submitted to the National Observatory and the Ministry of Planning and Economic Development.

The National Observatory: The National Observatory is comprised of representatives of key national budget stakeholders. Its terms of reference are to:

• Review information obtained from District Observatories and recommend allocations and policies for basic social services at the national level
• Examine social development trends at the national level
• Analyse budget trends and policies relating to social development in the country, with a special emphasis on children and gender and regional disparities
• Participate in sector discussions aimed at harmonising social budgets and macroeconomic targets
• Design mechanisms for monitoring national budget preparation and expenditures in social sectors
• Undertake analysis and advocacy on important policy issues concerning social development.
Based on the district reports and discussions within this group, KIPPRA also prepared a national report for submission to the Ministry of Planning and Economic Development.2

5. Conclusions

Kenya’s social budgeting process has only been completed once, and undertaken in only three districts. While a great deal of learning must still take place before the process can have a measurable impact on the national budgeting system, the benefits to date are listed below.

- Although fiscal decentralisation has begun in Kenya, local participation in budgeting remains weak. The social budgeting process made it possible to identify priorities for children in three districts, with broad participation.
- It has shown how informed local participants can be organised to review trends and assess resource, policy and institutional needs.
- It has demonstrated a participatory process of defining desired outcomes associated with public spending proposals.
- It has demonstrated how to empower local stakeholders by engaging them in assessing current development issues and government responses; and how grassroots input on local needs and priorities and perceptions of policy and institutional mechanisms can be made available to national planners.

Several gaps in the process remain. First, the government has not yet created the position of social policy adviser, which may have reduced the impact of recommendations on actual budgeting. Second, the small sample (three districts) may have undermined planners’ confidence in the recommendations and thus discouraged their incorporation into the national budgeting process. Third, the groups did not meet after their planning session, and were thus unable to review and evaluate the extent to which their recommendations had been implemented. Finally, in the very first round of this exercise only a limited number of indicators were chosen for analysis. For instance, indicators for child protection, maternal care and chronic food poverty were not examined. To achieve the full potential of the social budgeting process, it will be necessary to expand the coverage and improve the quality of analysis in coming years.

2 Like the district reports, the full national report is available through KIPPRA or UNICEF’s Kenya Country Office.
6. References


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