

CITIZENS GUIDE TO PUBLIC EXPENDITURE TRACKING



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LIST OF ABBREVIATIONS

CBROP	County Budget review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CoB	Controller of Budget
CSOs	Civil Society Organisations
FY	Financial Year
M&E	Monitoring and Evaluation
PET	Public Expenditure Tracking
PBB	Program Based Budget
SDGs	Sustainable Development Goals
SIGs	Special Interest Groups

INTRODUCTION

This guide was developed with the financial support of DANIDA to address the gap in citizen involvement in county planning and budgeting processes.

Despite the existence of a supportive constitutional and legal framework for public participation in Kenya, many citizens only engage with the formulation stage of the budget process through submission of oral and written submissions. Fewer will follow up submissions to approval stage while interest in implementation and oversight dwindles, partly attributable to lack of awareness on how to navigate these stages.

This guide is for use by citizens to monitor utilisation of public funds and provide data for evidence-based advocacy especially in discourse on value for money and improved access to quality public services.

1.0 WHAT IS PUBLIC EXPENDITURE TRACKING (PET) AND ITS IMPORTANCE?

It is a survey that measures the amount of funds received at each level of public service delivery. This follows the chain from national treasury to county treasury all the way down to a service delivery unit, where it is meant to be spent.

By comparing what was sent against what was received and eventually spent, one can quantify how much was either lost or diverted on the way, usually referred to as “leakage.”

Importance:

- a) Active involvement in monitoring inputs for improved access to quality services
- b) Complaints redress; opportunity for feedback, whistle blowing and timely interventions for improved project implementation
- c) Enhances transparency and accountability
- d) Improves staff/public officials’ responsiveness as a result of active citizen involvement in facility activities
- e) Promotes facility/project ownership

Conducting Public Expenditure Tracking Survey

In order for citizens to track public expenditure, there are a series of steps that they must undertake to understand the flow of funds, legal guidelines and key budget documents containing relevant information.

Oftentimes, public officials confuse what is public money versus their personal money. National and County budgets are one of the most important issues with which the government addresses the citizens’ needs. These budgets incorporate a wide array of decisions across the different sectors and spheres of life. Since the promulgation of our Kenyan constitution in 2010, there has been

a remarkable interest from citizens and civil society organizations in engaging budget issues through a mix of analysis, public education and advocacy.

For the most part, this advocacy has mainly focused on the formulation and approval stages of the budget process. This is mainly through attending public participation and/or submitting written requests, memos or petitions.

Going Beyond Budget Formulation to Budget Implementation

Influencing budget formulation is no longer enough to achieve our goals. What is more important than what a budget says it will do is what it actually ends up delivering. Are funds meant for health, social protection or education going to finance those things or are they diverted to another program or even somebody's pockets?

The goal of this citizens' guide is to help civil society organizations and citizens answer that question by tracking budgets throughout their implementation. Citizens and CSOs can hold public officials accountable by assessing whether public resources are being spent as they are supposed to be and developing networks in government each of whom influences the decisions made regarding budget expenditures.

By engaging with the budget throughout its implementation, citizens can identify points where decisions are also made at different levels and can make appropriate interventions.

Finally, a budget's impact can only be assessed after work has been done and expenditures have been made and only then can citizens hold governments accountable for the budget's results. This is key because government budgets often present little non-financial information on what they expect to achieve with a specific program.

1.1 CHECKLIST FOR EXPENDITURE TRACKING:

Conduct a desktop analysis by systematically reviewing policy, legal, planning, budgeting, implementation, audit or other publicly available documents to inform the project or priority spending you wish to track. In this section reference is made to the health sector, the rationale applies across sectors.

1. 1.1 Planning and Budgeting

Are planning and budget documents available and accessible? What health information is available in the budget documents?

Purpose: This question seeks to assess the county government's adherence to the principle of openness, accountability and public participation in public finance management as required by the Constitution of Kenya 2010. One way to determine whether the county government is facilitating access to budget documents for citizens, is to visit county websites and see what documents have been made available and whether these are in formats that the public can read and understand.

Implication: If county governments do not make budget documents available and accessible, it will be difficult for the public to influence health budget decisions. It is important for citizens to be able to access the various budget documents for transparency and accountability. Access in this case means that the county governments are making the documents publicly available and that these documents are in formats that the public can read and understand.

This can be through the official county websites, administrator offices or any other platform the county deems publicly accessible.

1.1.2 Budgeting for County Functions

Is the County budgeting on County Health Functions or are there items in the budget that relate to National Government functions?

Purpose: This question aims to assess whether county governments are allocating funds to county specific functions only. The constitution of Kenya 2010 in Schedule IV separates the functions of the County Government from those of the National Government.

Implication: It is important to note that funds should follow functions. Schedule IV of the Constitution of Kenya, 2010 outlines devolved functions. In tracking budget expenditure, we should ensure county resources are used for county functions. If a county allocates resources for national government functions, it implies that some county health functions will be starved of needed resources, thus negatively impacting the quality of health services. It could also lead to double funding of projects and the possibility of misappropriation of funds.

1.1.3 Health Sector Funding

What are the main sources of funding for the health sector and are they reliable?

Purpose: In this question, we want to establish the various revenue streams that fund health service delivery and how reliable they are in counties. Among the major sources of Health Sector financing there are national transfers, donor funding and local revenue. The national transfer is also categorized into the equitable share and conditional grants. Reliability of these funds has an implication on service delivery.

Implication: Over - reliance on a particular source of funding can have important implications in financing of health services, especially when those sources of funding fail to materialize. There have been cases where counties have failed to receive the amounts expected from donor grants, paralyzing service delivery. In making decisions on what to peg external funding on, county governments need to check historical trends, terms and conditions of the funding and the global politics of funding as a risk mitigation strategy.

Analysis of past trends regarding disbursements, mainly provided in the County Budget Review and Outlook Papers and Controller of Budget (CoB) Reports can tell us whether these sources are reliable or not.

1.1.4 Historical Sector Funding

What share of the county budget has been allocated to health over the last three financial years? Is it increasing or decreasing?

Purpose: This question seeks to determine whether county governments are prioritizing the health sector compared to other sectors in the budget. Every new financial year, the budget is either growing, remaining constant or declining, depending on the outcome of the national level revenue sharing processes and the performance of local revenues. This therefore means that counties have to decide where to put the extra shilling, if the budget increases, or which sector to protect, if the budget decreases.

Implication: An increase or decline of health budget has an implication on the quality of health services that counties deliver to citizens. The process of making this decision is initiated during the development of the County Budget Review and Outlook Paper (CBROP) in October, through setting of provisional ceilings and finalized during the adoption of the County Fiscal strategy Paper (CFSP) in February, through the setting of final sector ceilings. To determine whether the health budget is increasing or decreasing, it is necessary to look at the budget documents of at least three preceding years.

1.1.5 Sector Priorities

What are the priority projects and programmes in the health sector?

Purpose: This question seeks to establish which health projects and programmes our county government has chosen over others. Prioritization means deliberating, justifying, agreeing and acknowledging that some things are more important than others. Yet, it is not always clear what is considered more important and what is considered less important. It is paramount to set clear priorities as resources are scarce amid many competing needs.

Implication: If a budget does not identify priorities, it means that the health department cannot manage the available money / funds in a very effective manner. Identifying priorities and allocation of commensurate resources helps one to achieve maximum impact.

Are there justifications provided for the budget choices made in the health sector?

Purpose: In this question, we want to assess whether the county government has given reasons for the priority choices it has made. Adequate reasons should be provided to support health budget decisions in keeping with the principle of prudent financial management. Reasons and reasoning form an integral part of county budget processes. As such, budget documents should provide adequate reasons for any changes in the allocation to sector, programs or projects. Substantial investment in certain projects should also be justified.

Implications: Priorities in the budget must be supported with a narrative. If governments do not justify budget decisions, there is no way to know how they are making budget decisions. Secondly, it could mean that the decision was not thought through and the allocation was made arbitrarily.

1.1.6 Sector Allocations

Is the allocation adequate to sustain or improve the current level of health service delivery?

Purpose: In this question, we want to establish whether there is consistency in resource allocation to health programs, that is, are programmes in the health budget getting allocated similar or incremental amounts in the budget, to ensure that current services are sustained. Budget allocations should be informed by the cost of services arrived at through a scientific method. In the absence of this information, the decision on how much to allocate resources to the health sector should begin by asking how much was allocated in the previous financial year and whether it was adequate to provide services. As such, previous allocations should provide a baseline for the allocations of the following year to ensure that health facilities are able to sustain their current level of service delivery.

Implication: If the amount allocated to the health sector is reduced, it means that health facilities would not be able to consistently sustain their current level of health services. For instance, if a level II health facility was receiving an annual allocation of Kshs. 100,000 towards operations and maintenance, the facility would not be able to sustain the same level of services it was offering if this allocation is reduced to Kshs. 70,000.

Are budget allocations in the health sector building on previous milestones to realize service delivery goals?

Purpose: The aim of this question is to establish whether the county is allocating resources taking into consideration previous service delivery achievements, to advance progressive realization of service delivery goals or are budgets being allocated to either new unrelated developments or development initiatives that seem not to be building on previous developments?

Implication: Allocating resources to new unrelated development projects or to initiatives that do not build on previous achievements risk compromising access to needed health services for the public. For example, a county may, in the initial years, allocate monies towards construction of a number of health centers. However, if it does not allocate any resources towards equipping and staffing of the health facilities in subsequent years, the intended objective of facilitating access to health services for citizens would not be realized. This means that the county will have increased the number of health facilities, but not actually improved access to health services for its residents.

Are the health sector budget allocations aligned to local, national, regional and global health goals?

Purpose: This question seeks to assess to what extent counties are subjecting themselves to being held accountable by aligning their health sector allocations to the broader development goals. Blueprints such as Vision 2030, Agenda 2063 and SDGs are by themselves accountability instruments especially as our government has ratified them. They also provide parameters for peer review in terms of government efforts to facilitate access to quality health care for its citizens.

Implications: County budgets ought to contribute to local and global development agenda. If counties do not align their health budget allocations to the broader development goals or fail to subject themselves to peer learning and review, they risk becoming complacent – since they are not being held to any standard. This could compromise the quality of health services that citizens receive. For example, SDGs commit governments to reduce the global maternal mortality ratio to less than 70 per 100,000 live births by 2030. Therefore, county governments should assess progress towards this goal and allocate commensurate resources towards realization of this goal.

1.1.7 Budgeting for Special Interest Groups

Does the Budget address the unique health needs of Special Interest Groups (SIGs) i.e. the youth, women, PWDS, children, the elderly and minority communities?

Purpose: This question is trying to bring out the principle of equity and inclusivity in the allocation of resources within the budget in relation to health needs of SIGs. “Equity” means fairness. That no citizen is left out when allocating resources. This question also seeks to know the deliberate measures put in place to ensure no one’s need is left out during resource allocation in the health sector. Special Interest Groups have unique health needs that may be overlooked as a result of their low representation or lack of understanding of these needs.

Implication: If the budget does not address the unique needs of SIGs, it implies that their right to quality health care is being violated and development within the county will not happen equitably. It is also a contravention to the principle of equity in public finance management as provided in the Constitution of Kenya.

1.1.8 Sector Programmes

Does the budget document provide baselines, targets and indicators for each programme in the health sector?

Purpose: In this question, we want to determine whether budget documents provide adequate information to enable performance management. The Public Finance Management Act 2012 requires counties to use a programme-based budgeting approach (PBB) in the preparation of the Budget Estimates. Good budget documents should have baselines to know where we are coming from, targets to know where we are going, and indicators to help us measure our progress. The baselines, target, outcomes and indicators should be service oriented i.e., measure access to services examples of service-oriented indicators number of children immunized, or percentage of skilled deliveries, average drugs stock out period.

Implications: If budgets documents fail to provide baselines, targets and indicators, it is difficult to monitor progress hence counties risk failing to meet health development targets.

1.1.9 Sector Project Information

Does the budget provide details of individual projects, their location, status (ongoing, new, etc), completion timelines, source of funding and the proposed costs for the projects?

Purpose: In this question, we want to determine the transparency of budget documents in relation to health projects. Budgets should provide detailed information that enables citizens to monitor progress in project implementation and service delivery using social accountability tools such as social audits and Public Expenditure Tracking Surveys (PETs).

Implication: The absence of project details in budgets makes it difficult for citizens to track project implementation. If budgets are not transparent, they create room for misappropriation of funds.

1.1.10 Budget Implementation

What is the performance of the health budget?

Purpose: County budget performance is determined by how much a county was able to raise in local revenues vis a vis its targets and how much it spent against what it said to it would in the budget estimates. This question helps address a number of questions, did the county spend what it had allocated to the different sectors and programmes? Did the county spend as it had indicated it would spend (i.e., did it spend the budget on the things it said it would spend the budget on?)

Implication: Low budget absorption implies delayed service delivery or non-implementation of projects and needed services. Rolling over projects and programmes to the next financial year is not efficient financial management. Projects and programme that are not implemented in a timely manner are likely to attract the negative effects of inflation and other changes in the socio-economic political environment ultimately leading to a decline in the provision of health services.

What challenges have emerged during budget implementation? Has the department budgeted for mitigation measures?

Purpose: This question seeks to establish whether lessons from previous budget implementation are being applied to improve health service delivery.

Implications: If counties are not applying lessons from previous budget implementation, it means they will keep repeating previous mistakes, leading to inefficient use of budgets and ultimately poor service delivery. For example, if a county identifies understaffing as the main challenge in the current financial year, there should be an intervention in the budget for additional staff in the following financial year. Additionally, if audit reports reveal that a certain project is not adding value, then the county should stop allocating funds to it and identify another priority.

What was the health budget actually spent on?

Purpose: This question is meant to determine if the county is keeping its commitments by spending the budget on the programmes and projects that it said it would in the budget documents. It is not a guarantee that counties always spend funds on what they have budgeted for. During implementation some programmes are given priority over others. This should be compared to the priorities that were agreed upon during budget formulation.

Implication: If a county is not spending its health budget on the things it committed to, it could be an indicator of misappropriation of funds or disregarding the citizens' voice and inputs into the health budget and thus negating the public participation undertaken to influence the health budget. When citizens' inputs and voice is not honoured through implementation of their priorities it leads to apathy and therefore affects subsequent citizen participation forums because they see no value in these.

What is the implementation status of strategic health development projects?

Purpose: In this question, we want to establish whether health development projects are being implemented on time and according to the plans with regards to how much was allocated to the specific projects and the targets set. It also seeks to ascertain if the state of the implemented health project reflects value for money.

Implication: If counties do not implement health development projects as planned and projects are initiated but not completed on time, citizens will not receive health services as intended. This will lead to project rollovers and will be reflected as low absorption of funds in the department. This may have a bearing on how much is allocated to the sector in subsequent financial years. To track progress in implementation of projects, it is imperative to compare what is in implementation reports and what is the actual reality of the projects.

1.1.11 Audit

What audit/ accountability issues have been raised in the past relating to the health sector?

Purpose: In this question, we want to establish whether counties are spending public resources lawfully and whether they are adequately addressing queries raised by the Office of the Auditor General raised in previous audits, to ensure effective delivery of services. The law requires that financial statements from counties be subjected to an audit and a report published within 6 months after the end of each financial year.

Implications: Audit reports flag accountability issues and provide critical lessons that can inform subsequent budgeting and implementation processes in counties. If counties do not spend resources allocated to the health sector lawfully and health projects fail to reflect value for money, it means that citizens will not have access to quality health services as intended by the Constitution.

1.1.18. How much is the County raising locally in comparison with targets and historical trends?

Purpose: To determine a county's independence in funding its budget, specifically the health budget. Is the county committed to raising resources that could finance health service delivery? The commitment can be assessed by comparing what they targeted to raise against what they actually raised. This can also be assessed by whether the revenue is growing or declining over the years.

Implication: One of the sources for health funding is local revenue. If a county does not meet its local revenue targets, it implies a deficit in its budget and thus negatively affects financing of the health functions.¹

1.2: SUMMARY STEPS TO PUBLIC EXPENDITURE TRACKING:

1.2.1: Desktop review

Identify a sector and issue	<ul style="list-style-type: none">• Determine scope of interest for instance health sector,• Identify an issue: Supply of commodities as an area of interest to answer the question of perennial shortage of drugs and commodities in primary health care facilities
Define timeline under review	<ul style="list-style-type: none">• a) Preferably 3 complete financial years• b) Example, in April 2023, the best financial years to track would be FY 2019/20, 2020/21, 2021/22
Follow issue(s) - consistency	<ul style="list-style-type: none">• Formulation (plans), is your issue a priority issue in your county, how has it been prioritized?• Approval (budget availability), what is the historical allocation to the sector of interest, your issue and how does it compare to the total county budget?• Implementation (procurement, service delivery or undertaking of works)
Request for information not publicly available	<ul style="list-style-type: none">• Information should be easily accessible on county government or assembly websites.• Make formal request for information in line with The Access to Information Act, 2016• If this fails, request can be escalated to higher up offices including office of the ombudsman
Consolidate findings	<p>At a minimum these should answer the question of:</p> <ul style="list-style-type: none">• How are priorities arrived at? (are citizen proposals influencing plans?)• Budget availability for your issue? What are the funding priorities?• Budget absorption, is the sector able to utilize allocated resources, if not what is the justification?• What is the implementation status of projects?

¹. Adaptation from Health Budget Analysis Guide, Uraia . <https://uraia.or.ke/?r3d=uraia-health-budget-analysis-guide>

1.2.2. Develop data collection tools:

1. To aid in the physical verification of projects;

Alignment to project information as contained in the project file. The project file contains:

- Tender notice, qualification criteria,
- Award of contract
- Specification of works (Bill of Quantities)
- Project timelines

2. To determine how well the funded intervention addresses or impacts access to quality services;

- To determine customer satisfaction with the project/services;
- Disseminate and validate tools with key stakeholders

1.2.3: Collect and Analyze Data:

- Seek necessary authorizations
- Identify and notify key stakeholders
- Identify and train data collectors
- Collect data
- Analyze and collate data

1.2.4: Evidence Based Advocacy:

- Findings tabled to stakeholders including duty bearers.
- Key recommendations shape advocacy issues.
- Shape advocacy agenda.
- Sustain advocacy for your issue.

1.2.5: Monitoring and Evaluation

1. Take stock of what is changing around your issue as a result of your advocacy;

- Develop indicators to track change: these indicators answer the question of how will we know things are changing?

2. Possible indicators:

- % increase in budget allocation;
- Reduced incidence of stock outs;
- Increased uptake of services;
- Improved compliance to treatment and scheduled clinics;
- No. of service users satisfied with quality of services;

3. Document change;

- Determine periodic review for M&E, this could be quarterly, bi-annually or annually;

4. Dissemination, validation and institutionalization;

- Convene stakeholder forums to share findings, learnings and recommendations;
- Apply learnings and recommendations to impact your issue e.g. improved supply of commodities, efficient use and accountability for improved health services and quality of life.