



Local Level Service Delivery, Decentralisation and Governance

KENYA CASE REPORT

March 2008

IFIC/JICA



CASE REPORT

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Local Level Service Delivery, Decentralisation and Governance
A Comparative Study of Uganda, Kenya and Tanzania
Education, Health and Agriculture Sectors

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Institute for International Cooperation
Japan International Cooperation Agency

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This report is one of the study results conducted by DEGE Consult (www.dege.biz) with Nordic Consulting Group Denmark (www.ncg.dk), ETC East Africa (www.etc-international.org) and Mentor Consult Uganda in February 2007, under the framework of the study group on “Cooperation for Decentralisation in Africa” organised by JICA.

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Selected Photos from Fieldwork



Old classrooms (community infrastructure) in Mbeere District (with consultants Gerhard and Jesper).



New classrooms constructed with funding from Constituency Development Fund (CDF).

All photos by DEGE Consult



Ongoing construction for hospital ward financed by CDF; meanwhile Mbeere Hospital (located next right) lacked the most basic recurrent financing.



Signpost for the deconcentrated divisional office of the Ministry of Agriculture (Gachoka Division, Mbeere District)



Farmer in Mbeera District, who, as member of a women group and with Non Governmental Organisation (NGO) support received an improved dairy goat as part of rotational scheme (get a dairy goat and pass on the first off-spring)



Her son made much more money, more easily with the production of miraa (khat) – a “silent” crop not promoted by the agricultural extension service but very profitable to farmers as it is grown for export to Somalia.



Provincial headquarters of eastern province in Embu town – its architecture a reflection of its past substantive status – significantly imposing compared to Local Authority (LA) or CDF offices.



Office of District Commissioner (DC)
Mbeere District



Office of the LA in Mbeera – with recently established “Public Relations Desk” on the veranda



In most constituencies, the CDF establishes its own separate offices (Siakago Cāonstituency Mbeera District) (with consultant Harriet)

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Abbreviations

AFC	Agricultural Finance Corporation
AIE	Authority to Incur Expenditure
AKIS	Agricultural Knowledge and Information System
ALEEF	Agriculture and Livestock Enterprise Enhancement Fund
ALGAK	Association of Local Government Authorities of Kenya
ANC	Ante Natal Coverage
AOP	Annual Operational Plan
ARV	Anti Retro Viral
ASAL	Arid and Semi Arid Lands
ASERECA	Association for Strengthening Agricultural Research in Eastern and Central Africa
ASP	Agricultural Sector Programme
ASPS	Agricultural Sector Programme Support
BBS	Broad Based Survey
BEOC	Basic Emergency Obstetrician Care
CAP	Community Action Plans
CB	Capacity Building
CBO	Community Based Organisation
CDC	Constituency Development Committee
CDF	Constituency Development Fund
CDTF	Community Development Trust Fund
CG	Central Government
CIG	Common Interest Group
CKRC	Constitution of Kenya Review Commission
CORPS	Community Own Resource Persons
CSO	Civil Society Organisation
DAC	District Agricultural Committee
DANIDA	Danish International Development Assistance
DAO	District Agricultural Officer
DARE	Decentralised HIV/AIDs & Reproductive Health Project
DC	District Commissioner
DCT	District Coordinating Team
DDC	District Development Committee
DDO	District Development Officer
DEB	District Education Boards
DEO	District Education Officer
DET	Divisional Extension Team
DFID	Department for International Development

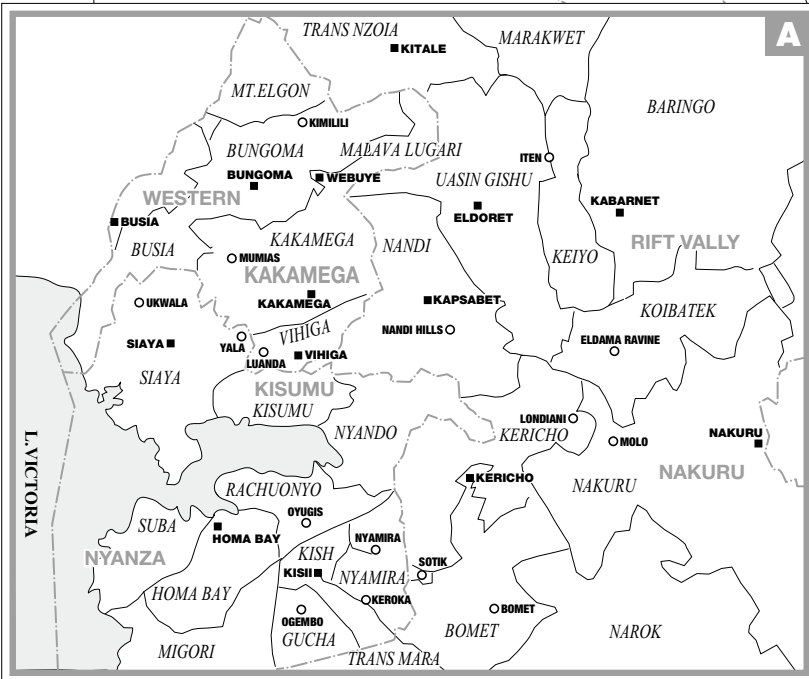
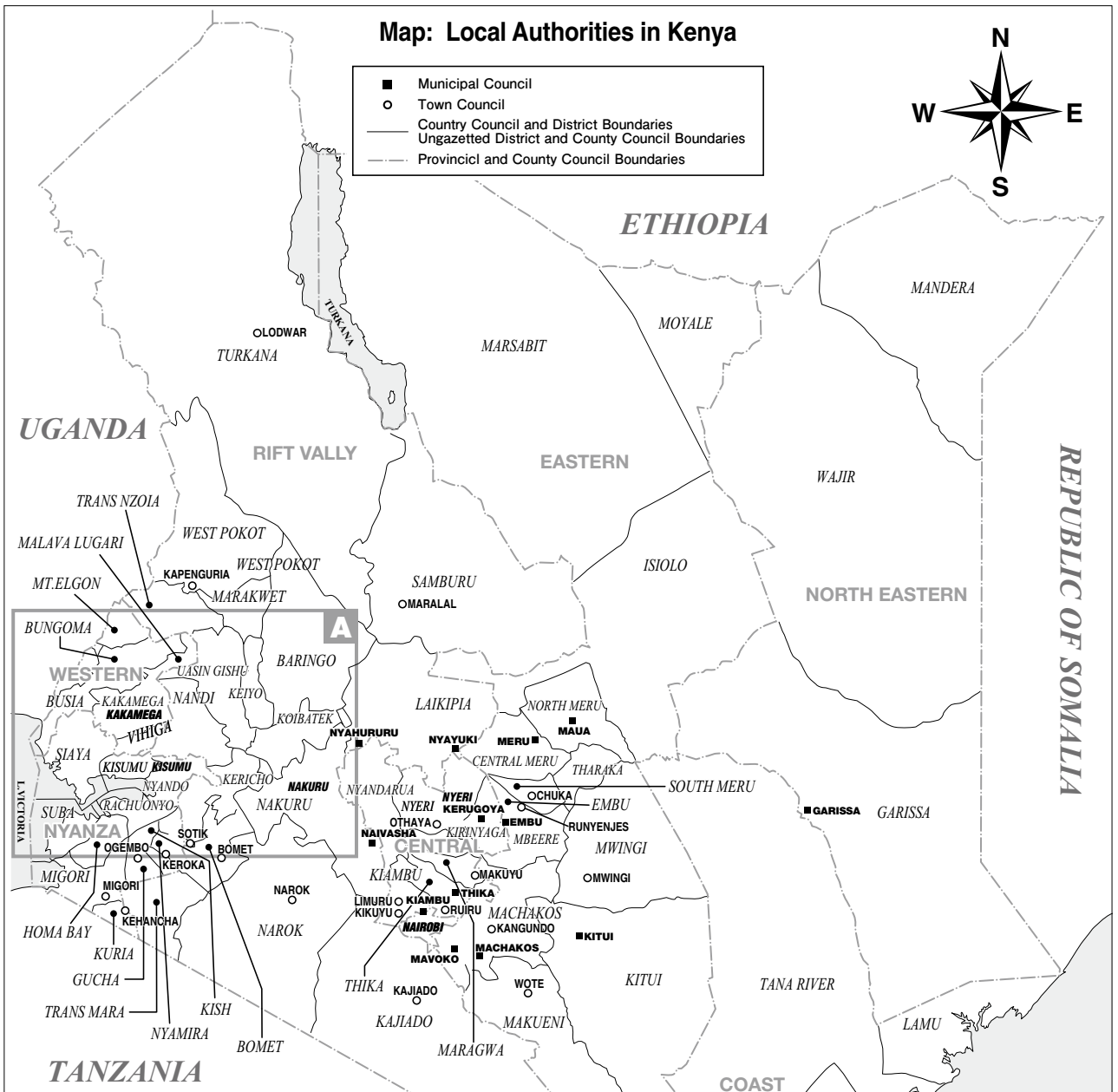
DFRD	District Focus for Rural Development
DHMB	District Health Management Board
DHMT	District Health Management Team
DHP	District Health Plan
DHSF	District Health Stakeholders' Forum
DiSHF	Divisional Stakeholders' Forum
DivIT	Divisional Implementation Team
DivSMS	Divisional Subject Matter Specialist
DPM	Directorate of Personnel Management
DSHF	District Stakeholders' Forum
DSMS	District Subject Matter Specialist
EFA	Education for All
EMMS	Essential Medicines and Medical Supplies
ERS	Economic Recovery Strategy
ESP	Extension Service Provider
EU	European Union
FADC	Focal Area Development Committee
FBO	Faith Based Organisation
FEWs	Frontline Extension Workers
FMS	Financial Management System
FPE	Free Primary Education
FSAP	Farm Specific Action Plan
FY	Fiscal Year (Financial Year)
GDP	Gross Domestic Product
GoK	Government of Kenya
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HR	Human Resource
HRH	Human Resource for Health
ICRAF	World Agroforestry Centre (International Centre for Research in Agroforestry)
ICT	Information Communication Technology
IFMS	Integrated Financial Management System
ILRI	International Livestock Research Institute
IPAR	Institute of Policy Analysis and Research
IP-ERS	Investment Programme - Economic Recovery Strategy
JICA	Japan International Cooperation Agency
JPWF	Joint Programme of Work and Funding
KANU	Kenya African National Union
KAPP	Kenya Agricultural Productivity Programme

KARI	Kenya Agricultural Research Institute
KDHS	Kenya Demographic Household Survey
KEPH	Kenya Essential Package for Health
KEPSA	Kenya Private Sector Alliance
KES	Kenya Shillings
KESSP	Kenya Education Sector Support Programme 2005-10
KHPFP	Kenya Health Policy Framework Paper
KHRC	Kenya Human Rights Commission
KIPPRRA	Kenya Institute of Public Policy Research and Analysis
KLA	Kenya Land Alliance
KLGRP	Kenya Local Government Reform Programme
KNA	Kenya National Assembly
LA	Local Authority
LAIFOMS	Local Authority Integrated Financial Operations Management System
LASDAP	Local Authority Service Delivery Action Plan
LATF	Local Authorities Transfer Fund
LDP	Liberal Democratic Party
LG	Local Government
LVEMP	Lake Victoria Environmental Management Programme
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MoA	Ministry of Agriculture
MoARD	Ministry of Agriculture and Rural Development
MoE	Ministry of Education
MoEST	Ministry of Education Science and Technology
MoF	Ministry of Finance
MoH	Ministry of Health
MoLD	Ministry of Livestock Development
MoLG	Ministry of Local Government
MoPND	Ministry of Planning and National Development
MP	Members of Parliament
MPER	Ministerial Public Expenditure Review
NAEP	National Agricultural Extension Policy
NALEP	National Agriculture and Livestock Development Programme
NARC	National Rainbow Coalition
NASEP	National Agricultural Sector Extension Policy
NASEP-IF	NASEP Implementation Framework
NCG	Nordic Consulting Group
NEP	National Extension Programme

NER	Net Enrolment Rate
NFF	National Farmer Forum
NFS	Non Formal Schools
NGO	Non Governmental Organisation
OPP	Out of Pocket Payments
PAB	Provincial Agricultural Boards
PC	Provincial Commissioner
PCR	Pupil per Classroom Ratio
PCT	Provincial Coordinating Team
PE	Primary Education
PFM	Public Finance and Management
PS	Permanent Secretary
PSC	Public Service Commission
PSF	Provincial Stakeholder Forum
PTA	Parents/Teachers Association
PTR	Pupil – Teacher Ratio
QA	Quality Assurance
RBM	Result Based Monitoring
SAP	Structural Adjustment Programmes
SMC	School Management Committee
SMS	Subject Matter Specialist
SRA	Strategy for Revitalizing Agriculture
SWAp	Sector Wide Approach

Map: Local Authorities in Kenya

- Municipal Council
- Town Council
- Country Council and District Boundaries
- Ungazetted District and County Council Boundaries
- Provincial and County Council Boundaries



Note:
Boundaries of Rural Councils coincide with District Boundaries. Urban Councils are normally situated (as 'islands') within the rural councils. The Headquarters of Rural Councils are normally situated in the district capital, are therefore often located within the Urban Council, i.e. outside of their own territory.

1. INTRODUCTION

1-1 Background

Decentralisation reforms are currently ongoing in the majority of developing countries. The nature of these reforms, however, varies greatly – ranging from mundane technical adjustments of the public administration in the form of de-concentration to radical redistribution of political power between Central Governments (CGs) and relatively autonomous Local Governments (LGs).

Decentralisation reforms hold many promises – including local level democratisation and possibly improved service delivery for the poor (Figure 1-1). However, effective implementation often lags behind rhetoric and the effective delivery of promises also depends on a range of pre-conditions and the country specific context for reforms. In several countries it can be observed that decentralisation reforms are pursued in an uneven manner – some elements of the government may wish to undertake substantial reforms – other elements will intentionally or unintentionally counter such reforms. Different forms of decentralisation, with elements of devolution, de-concentration and delegation, may be undertaken either in a mutually supporting or contradictory manner (IDS 2001).

Japan International Cooperation Agency (JICA) recognises that its development assistance at the local level generally, and specifically within key sectors that have been decentralised, will benefit from a better understanding of the nature of decentralisation in the countries where it works. The study at hand on *Local Level Service Delivery, Decentralisation and Governance* is undertaken with this in mind. The study is primarily undertaken with a broad analytical focus and is not specifically undertaken as part of a programme formulation, even though future JICA interventions in East Africa will be informed by the study.

The study explicitly looks at service delivery in three key sectors (agriculture, education and health) in relation to decentralisation. As such, the study can be considered a follow-up to an earlier study looking at decentralisation whilst comparing the LG-systems in the 3 East African countries.¹

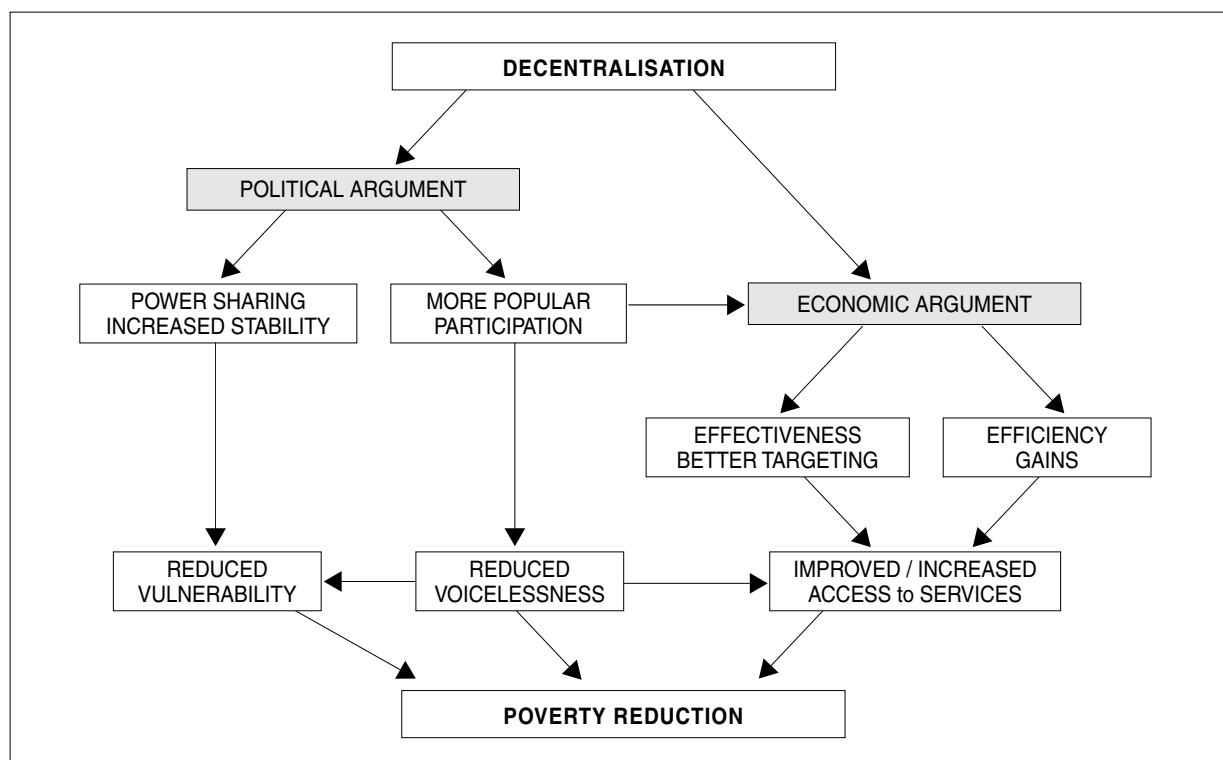
1-2 Objectives of the Study

The specific objectives of the study are:

1. Provide a basic comparative analysis of the forms and processes of decentralisation reforms in the 3 East African countries: Kenya, Uganda and Tanzania,

¹ Steffensen, Jesper, Harriet Naitore, Per Tidemand, *A comparative Analysis of Decentralisation in Kenya, Tanzania and Uganda*, with 3 country reports and a synthesis report, NCG Denmark for World Bank, August 2004.

Figure 1-1 Decentralisation and Poverty Reduction; Line of Argumentation



Note: The picture shows that political (or democratic) decentralisation is expected to offer citizens, including the poor, the possibility of increased participation in local decision making processes, from which they have generally been excluded, and which will provide them, it is expected, with better access to services. At the same time, and still in the line of the political argument, decentralisation is believed to offer a way of sharing power more widely within a country, among regions and among various ethnic groups, thereby providing grounds for political consensus and stability. Overall, a stabilized political system offers a better foundation for poor to improve their lives.

Increased local participation also leads on to the economic argument, whereby, following the principle of *subsidiarity*, local involvement in decision making and supervision is expected to reap both allocation (through better targeting, and better response to priority needs) as well as efficiency gains (through better tuning to local circumstances and increased governance and accountability). Hence, decentralisation is expected to enhance both the *effectiveness* and the *efficiency* in the use of public funds. Firstly, because when immediate beneficiaries (either directly or through representation) are involved in planning for allocation of public resources, the activities are likely to better suit local needs and priorities as compared to a situation where the CG plans and delivers on their behalf - hence it will increase effectiveness. Secondly, decentralisation has the potential to increase efficiency with regard to the use of public funds mainly through *improved governance* partly as a result of increased ownership, partly as a result of better fine-tuning to local circumstances, and partly as a result of increased and more direct mechanisms of accountability.

Source: Joint Annual Review of Decentralisation 2004, Government of Uganda; Modified from Jütting et al.

2. Analyse the specific modalities in the 3 countries for local service delivery planning and provision within the three sectors of basic education, primary health care and agricultural extension,
3. Explore the impact of the specific forms of decentralisation and local level service delivery arrangements in terms of efficiency, accountability (transparency) and democratic process (participation); this will include analysis of various practices for direct user participation in planning and delivery of services,²

² Referred to in the Terms of Reference as “forms of collective action”.

1-3 Key Concepts

Decentralisation is often used as a concept without strict definitions. The World Bank for instance uses the term “decentralisation” to describe a broad range of *public sector reorganisations*:

Decentralisation - the transfer of authority and responsibility for public functions from the central government to intermediate and LGs or quasi-independent government organisations and/or the private sector - is a complex multifaceted concept. Different types of decentralisation should be distinguished because they have different characteristics, policy implications, and conditions for success (World Bank, 2003).

There is a broad agreement to this use of terminology, although there is some debate whether “privatisation” should be included, or whether, a position taken in this study, the term should be reserved exclusively for transfer of functions and powers within the public sector itself.³

The question of privatisation apart, generally a distinction is made between three main types of decentralisation - a distinction we will use throughout this study ⁴:

De-concentration is often considered to be the weakest form of decentralisation; it redistributes decision-making authority, financial and management responsibilities among different levels of the CG. It can merely shift responsibilities from CG officials in the capital city to those working in regions, provinces or districts, or it can create strong field administration or local administrative capacity under the supervision of CG ministries. De-concentrated functions are normally not entrenched in laws and can easily be withdrawn at any point of time.

Delegation is a more extensive form of decentralisation. Through delegation CG transfer responsibility for decision-making and administration of public functions to semi-autonomous organisations not wholly controlled by the CG, but ultimately accountable to it. Governments delegate responsibilities when they create public enterprises or corporations, housing authorities, transportation authorities, special service districts, semi-autonomous school districts, regional development corporations, or special project implementation units. Usually these organisations have a great deal of discretion in decision-making. They may be exempt from constraints on regular civil service personnel and may be able to charge users directly for services. Delegation is often legally recognised.

³ UNDP (2004), for example, includes privatisation as part of its definition of decentralisation. See: http://www.undp.org/governance/docs/DLGUD_PN_English.pdf

⁴ The definitions below are based on World Bank Decentralisation Briefing Notes, notably World Bank 2003 available on <http://info.worldbank.org/etools/docs/library/205756/sloga/docs/sloga/MODA-EN-PM.pdf>

Devolution is a 3rd type of decentralisation is devolution. It is legally entrenched, often in the Constitution. When governments devolve functions, they transfer authority for decision-making, finance, and management to quasi-autonomous units of LG with corporate status. Devolution usually transfers responsibilities for services to municipalities/district councils etc. that elect their own mayors and councils, raise their own revenues and have independent authority to make investment decisions. In a devolved system CGs have clear and legally recognised geographical boundaries over which they exercise authority and within which they perform public functions. It is this type of administrative decentralisation that underlies most political decentralisation.

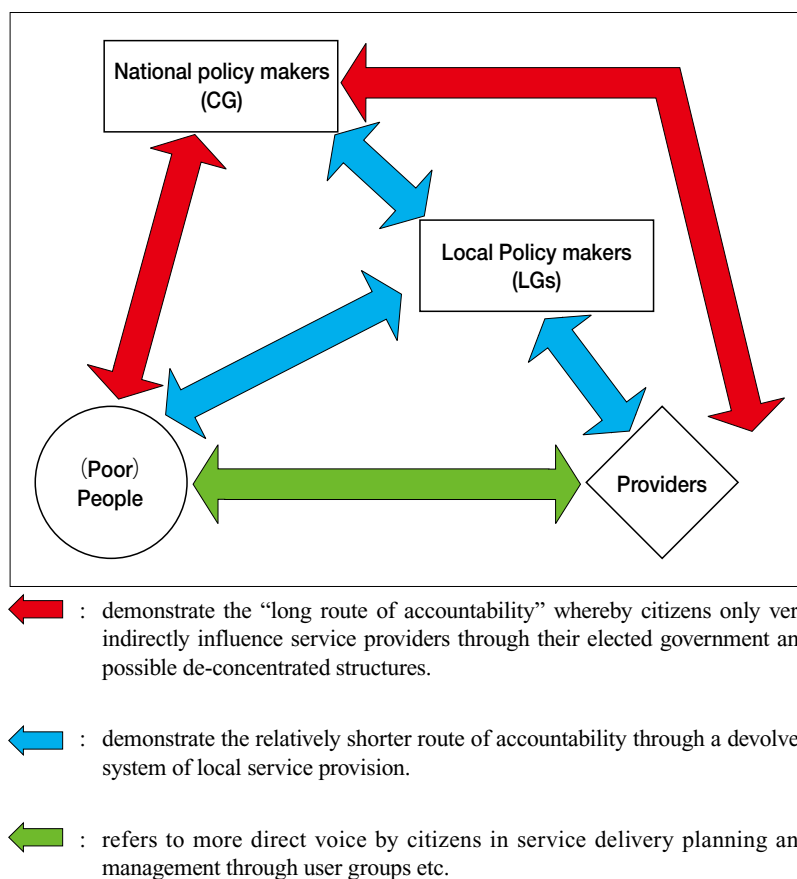
In addition to the above 3 general types of decentralisation, it has been a common trend within many sectors to strive for direct decentralisation through user groups, such as health users management committees, school committees etc. This is often done in combination with any (or a combination of, the above-mentioned 3 forms of decentralisation.

This study will analyse the various forms of decentralisation as they, in practice, have been interpreted and applied in the 3 East African countries for local level service delivery of (basic) education, (primary) health care and agriculture. In practice, this includes:

- Examples of devolved systems of service delivery, as seen, in principle, for all 3 sectors in both Uganda and Tanzania, as the LGs have a mandated primary responsibility for the delivery of these services,
- Examples of de-concentrated local service delivery, being the most dominant form for local service delivery in Kenya, but when a service provided by LGs in Uganda entirely is funded by CG transfers and in great detail planned for at central level we will in this study also refer to such situations as “deconcentration”,
- Some examples of partial privatisation – most prominently as a (upcoming) feature of the reforms of the systems for delivery of agricultural services; and
- In all sectors, various forms of direct decentralisation to user groups i.e. school management committees (SMCs), health user management committees and farmers groups.

A major objective of most forms of decentralisation is to enhance the participation of citizens in planning and strengthen through various means the “voice” of citizen in influencing service delivery providers. This was the major theme of the 2004 World Development Report⁵, which also has inspired Figure 1-2, showing the different models of accountability, with a long route through the national chamber(s) i.e. parliament, a shorter route via local councils and a direct link between service providers and the beneficiaries.

⁵ World Development Report 2004: *Making Services Work for Poor People*, World Bank 2003.

Figure 1-2 Basic Accountability Relationships

Source: Modified from World Development Report 2004

As illustrated in this report, in Kenya the actual situation is a combination of the first and the latter, whereby the bias has been for long on the first, but during the last few years, de-concentrated government structures have started to build 'local accountability mechanisms. The long term objective (as enshrined in the draft constitution 2005) is to get to the intermediate position of 'representative democracy' at the local level.

1-4 Key Issues for Kenya

This brings us to the remark that the study in Kenya is different from the ones in Uganda and Tanzania, which both have, for quite some time now, a system of decentralisation by devolution, where LGs are responsible for delivery of many, if not most, services that directly affect people on a daily basis. Such is not the case in Kenya.

This notwithstanding, however, the study is still very opportune for Kenya as, after a draft new Constitution 2005 was rejected, there still is urgent need to discuss the issue of how government (or the public sector for that matter) should best organise itself to deliver basic services.

**Table 1-1 Economic Recovery Strategy (ERS)-Investment Programme:
Pillars and Activities/Areas of Attention**

Pillar 1: Economic growth	Macro economic sector Tourism, trade & industry Information technology
Pillar 2: Poverty reduction	HR development <ul style="list-style-type: none"> • Health • Education Agriculture and rural development
Pillar 3: Governance	Public safety, law and order Public administration <ul style="list-style-type: none"> • Public service reform • Decentralisation and LG reforms

HR: Human resource

Source: IRS-Implementation Plan, Progress report

The ERS (2003–2007), the core policy document of the present government to address issues of poverty and economic growth, thereby distinguishes 3 interlinked pillars: economic growth, poverty reduction and Governance. Latter thereby includes aspects of decentralisation and LG reform, while under the ERS, poverty is mainly addressed through HRdevelopment via education, health and through agricultural development. Hence, the present study, with its attention for both the 3 sectors mentioned, as well as decentralisation touches on the core of the ERS (Table 1-1).

1-5 Methodology

The study is based on the following:

1. Review of the extensive literature on LGs and local level service delivery within the sectors of education, health and agriculture. This includes review of a large number of LG and sector plans, policies, reviews and evaluations (see list of documents consulted in Annex 1).
2. Interviews at national level with:
 - Staff from the Ministry of Local Government (MoLG), and ministries responsible for finance, planning and public service,
 - Staff from ministries responsible for health, education, and agriculture – in particular the concerned Directors of Policy and Planning, and
 - Selected key informants (see list of people met in Annex 2).
3. Field work in 2 rural districts⁶: Mbeere (Eastern Province) and Nyando (Nyanza Province, in Western Kenya). These districts were selected to be representative in terms of service delivery (for which

⁶ In accordance with the Terms of Reference, the study deals exclusively with rural districts.

data on alphabetisation and vaccination were used), performance of the LGs (for which a listing of Local Authorities Transfer Fund (LATF) penalties was consulted) and geographical spread. Mbeere was thereby selected as an ‘above average’ district and Nyando as a ‘below average’ district in terms of service delivery. JICA is supporting various projects in Nyando District, which was an additional reason to select Nyando.

In these two districts, interviews were conducted with:

- The District Commissioner (DC) and the District Planner,
- Staff of the various sector agencies (Health, Education, Agriculture)
- LG staff and councillors
- Members of various user groups,
 - Health user management committees,
 - SMCs,
 - Farmers groups.
- Frontline service providers: health staff at health centres and dispensaries, primary school teachers and agricultural extension workers.

1-6 Report Outline

The entire study comprises four reports,

1. Country Case Study Kenya (this report),
2. Country Case Study Tanzania,
3. Country Case Study Uganda, and
4. Synthesis Report.

The Synthesis Report provides a summary of the 3 country reports in the form of a comparative analysis of decentralisation and local service delivery across the 3 countries. The Synthesis report also expands on the methodological approach and provides a brief literature review on the relationship between decentralisation and service delivery.

Like for the other 2 country reports, this Country Report on Kenya is divided into 6 main chapters as follows:

1. **Introduction:** with a background to and methodology for the study,
2. **The Overall Institutional Arrangements:** with a discussion on the general institutional arrangements, in particular the LG system responsible for local service delivery.

The chapter is in a way an update and synthesis of the study undertaken for the World Bank (WB) in 2004⁷ and in a similar manner, now for the sectors, it analyses 5 main dimensions of the system:

- The overall legal and policy framework,
 - The administrative and political structures,
 - The Fiscal dimensions (expenditure assignments, sources and levels of funding, expenditure patterns),
 - HR dimensions (LG HR capacities and systems for personnel management), and
 - Institutional arrangements for reform coordination, donor coordination and CG oversight and support.
3. **Education sector:** with the strategies for decentralizing the sector, the planning, financing and HR aspects of decentralised service delivery and the role for private sector. And an analysis of the impact of decentralisation within the sector on governance and service delivery.
 4. **Health sector:** with the strategies for decentralizing the sector, the planning, financing and HR aspects of decentralised service delivery and the role for private sector. And an analysis of the impact of decentralisation within the sector on governance and service delivery.
 5. **Agricultural sector:** with the strategies for decentralizing the sector, the planning, financing and human resource aspects of decentralised service delivery and the role for private sector, and an analysis of the impact of decentralisation within the sector on governance and service delivery.
 6. **Conclusion**
This chapter:
 - Summarises the overall situation of the reform so far, including progress, achievements, impact of decentralisation and key lessons,
 - Linkages between different forms of decentralisation and service delivery,
 - Linkages between different forms of decentralisation and governance,
 - Coherence between different sector modalities, and
 - Coherence between sector user groups and overall (LG) structures
 - Summarises the key challenges and bottlenecks that affect the future evolution of decentralisation policy in each country, given the current achievements and performances. It summarise key explanatory variables for the reform process (or lack thereof) in the three countries and outlines key policy issues/options.
 - Suggests possible ways in which Donors/Japan might be able to provide effective support in the area of decentralisation for improved local service delivery in Kenya.

The synthesis report follows a similar outline combining, in each chapter, the most relevant points of the country reports as well as analysing the similarities and the differences.

⁷ See footnote 1

2. OVERVIEW OF INSTITUTIONAL ARRANGEMENTS FOR LOCAL SERVICE DELIVERY⁸

2-1 Introduction

2-1-1 Brief Overview of Local Service Delivery Mechanisms Since Independence

With the attainment of independence in 1963, Kenya inherited a dual administrative structure consisting of Local Authorities (LAs) and de-concentrated administrative of CG Ministries. Up to today, this dual structure forms the framework for local governance and decentralised service delivery. However, it is important to note that at the time of independence, Local Authorities were relatively powerful and well functioning institutions, much fewer in number than the current number of 175, and having a reasonable own revenue base supplemented with grants from CG. The Local Government Act, first issued in 1963, described a wide range of activities that LGs were allowed to undertake. Although there were very few services that LGs were obliged to carry out, they were actually able to deliver a broad range of relatively high quality services.⁹

Soon after independence, however, a process was put in place, initially driven by civil servants and later by politicians, to centralise power by the national government and to take away major powers and functions of LAs. This was done, e.g. through the transfer in 1970, of responsibility for primary education (PE) and health (apart from a few urban councils), and for minor and secondary roads to the respective central ministries; the abolition of Graduated Personal Tax in 1974, taking away a major source of revenue, followed, in the 1980s and early 1990s, and largely as a result of political manoeuvres, by a sub-division of Local Authorities, making many of them unviable entities. Meanwhile, the CG, notably the MoLG, obtained a tight control over local authorities through appointment of all senior staff and approval of budgets.

Through the 1970s and 1980s, both the various Line Ministries and the structure of Provincial Administration (running from the office of the president down to the sub-locations), became stronger, whereby the latter, apart from its traditional role of overseer of law and order, also became the coordinator of development. During these 2 decades, the Line Ministries became the major service providers, working through offices at the province, district and locational level, directly managing delivery of services. Development committees such as the District Development Committee (DDC),

⁸ This chapter provides an update on LG and Local service delivery issues as compared to the situations when the above mentioned 'three-country study' was carried out in 2004. See notably Steffensen, Jesper, Harriet Naitore and Per Tidemand *A comparative Analysis of Decentralisation in Kenya, Tanzania and Uganda*, Country study report Kenya, Vol. I and II, NCG Denmark, August 2004. This chapter does therefore not endeavour to provide a comprehensive overview of the LG sector in Kenya, but only highlights major relevant events and changes that occurred since the aforementioned study was carried out, as well as issues that are relevant to a good understanding of the following chapters.

⁹ This and the following paragraphs are largely borrowed from 'DFID's support to Local Government Programme KLGRP / PROLoGS components, Project Completion Review, September 2005.

under the stewardship of the DC (part of Provincial Administration), were formed to coordinate development at lower levels. They were, however, not given much authority over funding and remained relatively 'toothless' to coordinate the line ministries.

In July 1983, after the failed coup d'état in 1982 and attempts to create an opposition party, the government adopted the District Focus for Rural Development (DFRD) as its main strategy to decentralise planning, financing and managing rural development activities. These functions were delegated to field agents of various sector ministries. The Office of the President, through the Provincial Administration, implemented the strategy with support from the Ministry of Planning and National Development (MoPND). In each district, the DDC was charged with the responsibility of coordinating the planning, implementation and monitoring of development activities in the district. Also because of project funding for districts at the time, the DDCs, which were also expected to coordinate development initiatives by other players such as the private sector, development partners, Non Governmental Organisations (NGOs) and Community Based Organisations (CBOs), reasonably performed during this time (1980s up to early 1990s).

Although the DFRD was presented as a policy to empower districts, many observers have later characterised the policy as a formalisation of a system of service delivery through line ministries (as opposed to the system of service delivery through LAs), and in a way, it was a means for the CG and the bureaucratic apparatus to consolidate its power.

As said, however, initially, and at least from a civil servants perspective, the DFRD was quite successful, not the least because resources were available, mainly through district projects, for the DDC to perform a useful planning and implementation role. Later, by the end of the 1980s and early 1990s, when these funds dried up, most DDCs gradually became defunct, a situation that persists up to today.

2-1-2 Multiplication of Service Delivery Channels Working in Parallel

Over the years, the creation of new funding and service delivery channels, without cancelling or reframing the systems previously in place, has led to the current situation of a multiplicity of parallel systems of services delivery at the local level, as shown in Figure 2-1. Broadly, 4 or 5 different systems can be distinguished as follows:

- (i) The **CG systems** with on the one hand the '**district system**', which is in fact the CG line of command ('law and order'), and the '**sector system**', with the line ministries on the other hand, both supported through the national budget,
- (ii) The **LG system**, funded through local revenues and the LATE,
- (iii) The **NGO-type system** under which public sector resources are channelled to local communities, whilst largely bypassing the Government planning and administrative system, as is e.g. practiced by the European Union (EU) funded Community Development Trust Fund (CDTF), and

- (iv) The **Constituency system**, with various types of funds, including the Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) fund, the Bursary Fund, the Road Fund, but since 2003/2004, notably the Constituency Development Fund (CDF), being made available at the constituency level¹⁰ through a system that is a blend of both the various government systems as well as the NGO-type system.

CG systems

At district level and below, the CG operates a two-pronged system, consisting of the **district administrative system** with the various administrative units (district, division, location, sub-location), part of Provincial Administration, and the **sector system** with the de-concentrated sector ministry field offices. All officers in the Provincial Administration as well as for the sub-national level offices of the line ministries are appointed by CG.

Under the **District system**, at the lowest administrative level, that is the sub-location, there is an assistant chief who reports to the chief, who heads a location. The chief, in turn, reports to the District Officer, who heads a division (often the same as a constituency), who reports to the DC. The DC, finally, reports to the Provincial Commissioner (PC) who heads the province and who is directly answerable to the president.

Under the **Sector system**, Ministries (such as health, education and agriculture) allocate and disburse funds, received under the CG-budget system, to their field departments to finance either annual work plans or projects and programmes. The resources can often be traced to the community level through the various public service delivery units such as schools, health facilities, water schemes and roads. All payments under the sector system are processed through the office of the district accountant, upon request of the district offices of the line departments. Previously, the District Accountant was answerable to the DC, but presently is directly answerable to his/her parent Ministry, that is the Ministry of Finance (MoF).

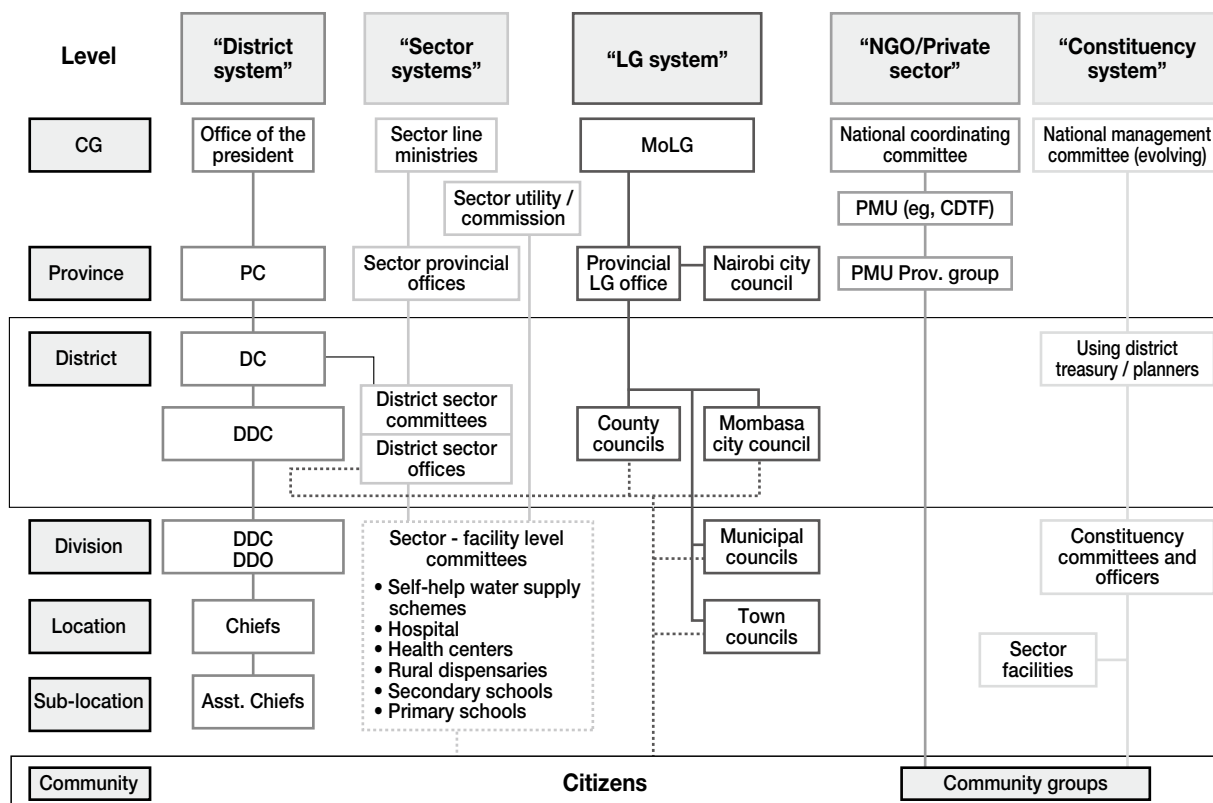
In theory, the DFRD strategy, with the framework for planning, resource allocation and management to cascade services from the district to the community at the sub-location level, through the division and the location administrative units, was supposed to bring the district and sector systems together. However, the effectiveness of the DDCs (made up of district heads of departments, LA representatives, local leaders, NGO representatives, members of parliament and private sector representatives) in achieving the DFRD objectives has been declining over the past decade. The reasons for this include the lack of a legal framework to underpin the strategy, a lack of resources to support its operations and a general inertia from the members after donor funding, which had hitherto been the main source of funding for various projects identified and prioritised through the DFRD, was

¹⁰ A district is administratively divided in several divisions. Equally, the constituency, base for the election of the Members of Parliament (MP), is a sub-district level. Geographically, a constituency is normally coinciding with one or more administrative divisions. Strengthening the constituency system would reinforce attention for the sub-district (rather than the district) level.

phased out. This often reduced the five-year District Development Plans to rich data-sources, however, without providing great added value to guide the development activities in the district. At present, most development activities are undertaken by either sector ministries, through the sectoral budgets, or through projects supported by either the development partners, NGOs or the CDF, planning for which is normally not a subject for discussion in the DDC.

Meanwhile, over the past few years (and as we will see in Chapters 3–5), various sectors, such as education and health, but also agriculture have started promoting establishment of community level representative structures in an effort to enhance participation in decision-making concerning development and service delivery issues. These include the SMCs and the health facility management committees, which are charged with the responsibility of managing the service delivery at various delivery points. They, however, also include district structures, such as District Health Forum, or District Farmer Forum meant to undertake tasks of planning, resource mobilisation, implementation and monitoring tasks in addition to providing oversight for resource utilisation. In general, however, effective popular participation is still at its initial stages.

Figure 2-1 Public Service Delivery Channels in Kenya



Source: KLRGP; Also published in a report by the Task force on Harmonisation and Strengthening of the District and Constituency Development, Nairobi, August 2005. Initially published and subsequently modified from: *An assessment of local service delivery and local governments In Kenya*, by the World Bank (2002).

LG system

The LG Act Cap. 265 (1963) and its subsequent amendments provides for administrative and legal powers, functions and responsibilities of LAs, on the basis of decentralised authority. The law also provides for sources of revenues to finance the delegated functions. LAs collect revenue from a variety of taxes, fees and charges within their area of jurisdiction and presently also receive resources from the CG through the LATF, operational since 1999/2000, and which now covers both a substantial part of their operational costs as well as some development expenditure. In addition, some LAs receive resources from donors through various projects.

Currently, services provided by rural LAs mainly include (and are often at best limited to): maintenance of rural access roads, establishment and maintenance of public markets, bus parks and slaughter houses, housing and implementation of social welfare programmes, including support to and burial of destitute people. These services are provided through the LA structures (for planning, budgeting, implementation, monitoring and accountability) as provided for in the LG Act and its supporting regulations. However, it has been observed that, in practice, the LAs lack the resources for effective service delivery while also the existing LA systems of planning and resource allocation have been largely inefficient in terms of addressing the service delivery needs. Most of the LATF funds are used for operational costs, while various informants in the field reported that it is a common practice for the meagre portion of the LATF funds allocated to ‘development activities’ under the Local Authority Service Delivery Action Plan (LASDAP) process, to be apportioned equally to the Ward councillors to support development activities in their respective wards, which leads to fragmentation of very limited resources and hence wastage of resources.

The development in LA own source revenues is shown below. However, it should be noticed that most of these mobilised funds are used for the general administration and operations of the council, e.g. in 2002/2003 more than 65 % of the total LA revenues (including the grants) were spent on salaries and debt resolution at the LA level.

Table 2-1 LAs Resources 2001/2002–2005/2006

LA revenues KES million	FY 2000/2001 actual	FY 2001/2002 actual	FY 2002/2002 actual	FY 2003/2004 actual	FY 2004/2005 actual	FY 2005/2006 planned	FY 2006/2007 planned
From CG (LATF)	2,798	2,809	3,046	4,041	4,453	5,457	7,500
Own LA source revenues	7,729	7,910	9,100	9,496	8,495	9,741	n.a
Total	10,528	10,719	12,146	13,538	12,948	15,197	n.a

Source: Republic of Kenya: LATE, Annual Report, FY 2004/2005.

It appears that the increase in the grants from the CG, particularly the LATE, which has increased from Kenya Shillings (KES). 2.2 billion in 2000/2001 to a planned KES 7.5 billion in 2006/2007 has

not been followed by a similar increase in LA own source revenues, which have been fairly stagnant over the past years. It should also be mentioned that the lion share of own resources as indicated in the above table originates from Urban Councils such as Nairobi and Mombassa, where property rates are the most important source of LA revenue. Most rural councils are fairly dependent on CG-grants though LATF to make end meet even for operational costs. As a result of the above, the visible contribution of rural councils to service delivery is minimal.

NGO-type system

Apart from the non-negligible amount of development resources at the local level provided outside the Government system through various non-state actors, there are also resources from development partners, hence ‘public sector funds’, that are channelled directly to local communities in an ‘NGO-type mode’, applying separate planning and approval mechanisms outside of any of the formal government systems. Officially, the task for coordinating the allocation of these resources would rest with the DDC, however, as actual disbursements may use project specific management structures and procedures, most of such activities escape their purview. More often than not, such operations, as also the CDTF, have their own coordinating (or steering) committee at the national and/or provincial levels as well as project management units at the district level.

Constituency system

A recent new phenomenon for ‘development and service delivery’ is the emergence and rapid growth of the CDF as a mechanism for channelling development resources to the rural communities. The CDF was established in 2003 (hence by the present National Rainbow Coalition (NARC) Government) through the CDF Act, 2003 with the aim of controlling imbalances in regional development brought about by partisan politics. The CDF Act provides for the establishment of the fund comprising an equivalent of 2.5 % of the all the government ordinary revenue collected every financial year. Recently, parliament passed a motion adjusting this allocation to 7.5 %. The fund is allocated to the 210 constituencies in the country, whereby 75 % of the fund is allocated equally and 25 % based on the poverty levels. Each constituency may use up to a maximum of 10 % of their annual allocation to provide education bursaries. The fund is not to be used to support political bodies/activities or personal projects.

Under this system, resources are disbursed directly from the MoF (Treasury) to communities through Constituency Development Committees (CDC) for which the local Members of Parliament (MP) are either the chairperson or patron. The fund targets constituency level development projects with particular emphasis on projects targeting poverty alleviation. Allocation of the funds to the various projects, which are supposedly identified by the community, is done by the CDC. However, it has been observed that (i) often, the CDC members are ‘positively’ related to the MP; (ii) most projects are identified by the CDC members (rather than by the population); while (iii) more often than not, the

2. OVERVIEW OF INSTITUTIONAL ARRANGEMENTS FOR LOCAL SERVICE DELIVERY

MP has overwhelming influence in final decisions. Furthermore, although the CDF Act provides a comprehensive structure for the involvement of the sector ministries in the planning, construction, supervision and quality assurance (QA), in practice such involvement is minimal which has led to problems due to lack of sufficient integration with the administrative arm of the Government. Sometimes, as the CDF committees do not have any implementation capacity, they involve the relevant line-ministries. However, in most cases the projects are approved and implemented outside of the other formal government delivery systems. This may compromise the quality especially in respect of infrastructure project, as well as their utilisation afterwards as operational costs are to be catered for by other (government/sector) budgets.

In many cases, a small CDF office is set up, in either the district or divisional headquarters (operational costs of which are paid for from the fund). The CDF-offices and -committees receive support from the District Accountant and District planning officers (District Development Officer–DDO), mainly to facilitate the disbursement of funds to the beneficiaries.

Over the past few years, CDF has become a major source of funding to districts as is shown in Table 2-2 that presents an estimate of resource allocations to the district via the various funding channels as identified and discussed above. The CDF now constitutes and estimated 17–20 % of total Government of Kenya (GoK) funds that are sent to the district level. It has overtaken LATF in size. Moreover, it should be remembered that an estimated 80 % of LATF is used for operational expenditures, while only some 20 % is set aside for ‘development’ or community level projects. Hence, no surprise, and this was confirmed during fieldwork, that ‘visibility’ of CDF is far larger than visibility of (and appreciation for) LATF. Overall, the relative importance of the parliamentary constituency as a focal point for service delivery has clearly increased over the past 2–3 years.

Table 2-2 Resource Allocation to Districts/LAs, 2004/2005–2006/2007

(KES millions)

	Project/programme	2004/2005 actual	2005/2006 (budget)	2006/2007 (estimate)
1	LATF	4,000	5,584	6,928
2	CDF	5,600	7,246	9,737
3	National aids control council	*) 2,280	*) 3,786	2,546
4	Constituency bursary fund	770	800	**) 50
5	Kenya roads board (constituencies & districts)	3,720	8,900	***) 1,155
6	CDTF/EU funded	228	583	298
7	CG (recurrent and development)	13,210	15,852	n.a.
	Total	29,808	42,751	****) 20,714

Notes: *) budget estimates 2006/2007 show zero allocation for these years **) a max of 10 % of CDF can be used for bursaries ***) KES 5.5 million per constituency; allocation for 2005/2006 may reflect the total budget for the roads board n.a. = ‘not available’ ****) exclusive of decentralised budgets of line ministries for which data are not easily available.

Source: 2005/2005 and 2005/2006 Report of Taskforce on Harmonisation and Strengthening of the District and Constituency Development, August 2005; 2006/2007: GoK Budget Estimates.

2-1-3 The Quest for Governance and Decentralisation

As may be clear from the preceding paragraphs, Kenya is plagued by a multiplicity of institutional structures at the local level, partly in response to a growing demand for effective service delivery and greater participation of citizens in decision-making on matters affecting their lives, but more fundamentally, as a result of the failure by the traditional and institutional structures to deliver and involve people in their decisions, as well as by the lack of an overarching policy to guide decentralised service delivery and local governance. This was a couple of years back aptly captured in the following statement by the Kenya Constitution Review Commission when it stated, whilst summarising its findings on the views of Kenyans: *The whole nation feels alienated from the government and [its] structures of authority... The people consider they have no control over their destiny and, outside the general elections, participation is almost non-existent.*¹¹

In reviewing the Constitution, the Commission said: *“We have tried to place the people at the centre of the constitution - constantly emphasising people’s participation; bringing power closer to them; giving them greater control over their everyday lives*¹². Box 2-1 summarises some of the key issues that Kenyans wanted their government to address.

Hence, after a general breakdown of governance structures and local service delivery towards the end of the 1990s, people were - as expressed both during the PRSP consultations (end of the 1990s) as well as during the discussions on the Constitutional review (2001/2002) - very keen to support both a change for better systems of governance and forms of decentralisation.

Box 2-1 What People Said as Part of the Constitutional Review Consultations

- Give us a chance to live a decent life: with fundamental needs of food, water, clothing, shelter and security and basic education met by our own efforts and the assistance of Government.
- Let us have more control over decisions that affect our lives, bringing government closer to us - and let us understand better decisions we cannot make ourselves but affect us deeply.
- We want to be able to choose leaders who have qualities of intelligence, integrity and sensitivity which make them worthy leading.
- We assert our right to hold all sections of our government accountable - and we want honest and accessible institutions to ensure this accountability.

Source: People’s choice, Report of the CKRC, short version, Mombasa, Sept. 2002

¹¹ People’s choice, Report of the Constitution of Kenya Review Commission (CKRC), short version, Mombasa, Sept. 2002

¹² Idem

2-1-4 Policy Framework for Improved Service Delivery

The Economic Recovery Strategy (ERS) for Wealth and Employment Creation 2003–2007, issued by the MoPND in June 2003, was the ‘economic manifesto’ of the NARC Government of President Mwai Kibaki, which had replaced the Government of former President Daniel Arap Moi in January 2003. It is also the Government’s policy document that outlines the approach to the desired improvement in public services delivery. The document treats economic recovery as ‘the primary vehicle to achieve improved provision of education, health services, better infrastructural services and gainful employment’. The strategy itself is based on the twin principles of democratic governance and empowerment of the people. The ERS thus establishes a direct link between people empowerment, governance, service delivery and poverty reduction.

The ERS was further worked out into an Investment Programme - Economic Recovery Strategy (IP-ERS) that is reviewed annually, with the latest progress report having been published in May 2006.¹³ The IP-ERS has activities organised around the 3 pillars of economic growth, equity and poverty reduction and improved governance as shown in Box 2-2.

Box 2-2 ERS-Investment Programme: Theme Pillars and Main Activities

Pillar	Activity
<p>1. Economic growth</p> <p><i>Stated objective: To enhance economic growth, the key areas with respect to this objective are: macroeconomic stability, financial sector development, infrastructure development through private sector participation and the revitalisation of trade, tourism and the manufacturing sectors.</i></p>	<p>Macro economic performance Public expenditure management Infrastructure</p> <ul style="list-style-type: none"> • Transport (road, rail, air and maritime transport) • Communication and Information • Energy <p>Water & sanitation and productive sectors</p> <ul style="list-style-type: none"> • Tourism • Trade & investment • Manufacturing industry
<p>2. Equity and poverty reduction</p> <p><i>Stated objective: To improve equity and reduce poverty, the IP-ERS focuses on universal PE, improved access to basic health, expanded production capacity in agriculture, development of the traditionally overlooked arid and semi-arid areas and upgrading the living conditions for the urban poor.</i></p>	<p>Human capital development</p> <ul style="list-style-type: none"> • Health • Education • HIV/AIDS • Labour • Gender <p>Agriculture, livestock, cooperatives & environment</p> <ul style="list-style-type: none"> • Agriculture • Irrigation and land reclamation • Livestock • Fisheries • Co-operatives • Environment and natural resources <p>Poverty targeted programmes</p> <ul style="list-style-type: none"> • Kenya social action fund • Arid and semi arid lands (ASAL) • Slum upgrading and low cost housing • Vulnerability
<p>3. Improving governance</p> <p><i>Stated objective: To enhance governance, the programme proposes reforms in the judiciary; strengthening of the rule of law and security and implementation of reforms in public administration systems which are critical to the improvement of government transparency and accountability</i></p>	<p>Public safety, law and order</p> <ul style="list-style-type: none"> • Security and police reforms • Anti-corruption measures • Judicial reforms and dispensation of justice • Immigration <p>Public administration</p> <ul style="list-style-type: none"> • Public service reform • Decentralisation and LG reforms

¹³ Annual Progress Report: 2004/2005, Investment Programme for the ERS for Wealth and Employment Creation 2003 – 2007, May 2006, MoPND.

2-1-5 Local Government Policy Reform in the ERS (June 2003)

The government clearly stated its commitments to improving governance and service delivery at the local level in the ERS document (Box 2-3).

Box 2-3 LAs Reform as Described in the ERS-Document (June 2003)

The government is committed to improving governance and service delivery at the local level. The ongoing constitutional review is likely to result in increased responsibilities for LAs requiring greater managerial competence. Secondly, business enterprises operate in localities for which LAs are responsible for essential services. Thus there are strong reasons to enhance the LG reforms initiative. To date, reforms implemented include improving local finances through the establishment of the LATF and rationalisation of local business licences. Other measures that are linked to LATF system have been introduced to improve local authorities' capacity to manage their finances and service delivery. One ongoing initiative is the Integrated Financial Management System (IFMS), which is being piloted in 8 LAs and is expected to be replicated in other LAs in a systematic and phased manner.

The LG reform is now entering a consolidation phase during which ongoing reforms will be accelerated and strengthened. This phase will include:

- Reviewing of local authorities to ensure that only the viable and sustainable ones are retained.
- Accelerating the ongoing Kenya Local Government Reform Programme (KLGRP) including expanding the coverage of IFMS, strengthening monitoring and implementing the LG initiatives.
- Implementing staff rationalisation and rightsizing in all LAs with a view to reducing the wage bill, which is currently excessively high, and to improve efficiency and effectiveness in service delivery.
- Reviewing the LG Act in line with Constitutional Review proposals with a view to giving the LAs more autonomy and enhancing their capacity to perform their roles and removing conflicts with CG.
- Introducing information technology in personnel management, which in conjunction with IFMS will lead to improvement in performance and promote good governance.
- Implementing the recommendations of the Constitutional Review Commission when enacted.

The latest available ERS-IP annual progress report (2004/2005, issued in May 2006) reiterates the commitment but also notes the setback:

“Strengthening local government is an important priority for the GoK in its efforts to improve overall public sector management. To this end, the ERS-IP stresses the need to accelerate the local government reform process in order to improve local service delivery, governance and poverty alleviation. In 2004/05, considerable work was undertaken to ensure that the proposed new constitution would firmly establish the legal framework for decentralised governance. However, the rejection of the draft constitution in 2005 stalled the process of establishing the necessary legal framework.”¹⁴

¹⁴ Annual Progress Report: 2004/2005, Investment Programme for the Economic Recovery Strategy for Wealth and Employment Creation 2003–2007, May 2006, MoPND.

There are therefore, as will be described below, and in the subsequent chapters, numerous challenges are facing government with regard to local service delivery, particularly with regard to the legal, administrative and institutional framework.

2-2 Changes in Legal and Policy Framework for Local Service Delivery

2-2-1 Reforms to the Local Government Administrative Structures

The LG Act Cap 265 is the principal law that creates and regulates the LG system in Kenya. The existing Constitution of Kenya is silent on the LG system; hence LAs are established through an Act of Parliament. LAs are established as semi-autonomous legal entities with a single tier made up of city councils, municipal councils, town councils and county councils.

The LG Act provides for powers, functions and responsibilities of LAs, on the basis of delegated authority. The Act provides that LAs, may or shall with the approval of the minister or subject to any other written law, undertake a variety of functions and have power to control a variety of activities within their areas of jurisdiction. Within this condition, LAs may (but are not obliged to) undertake various activities, including:

- Establishment and maintenance of schools or grants to schools and other education institutions,
- Road and streets maintenance,
- Establishment and maintenance of bus parks, markets and slaughter houses,
- Water and sanitation,
- Creation and maintenance of parks and recreation facilities,
- Housing,
- Health, and
- Social welfare, including support and the burial of destitute people.

The extent to which LAs undertake these functions depends to a large extent on the authority delegated by the relevant sector ministry and the legislation governing the operations in the sector as well as on the capacity of the specific LA. Although the Ninth National Development Plan and the PRSP recognise that LAs are increasingly becoming an important channel for local service delivery, these same documents identify a number of constraints and obstacles facing LAs.

Over the past years, the achievements of KLGRP have contributed to re-building elementary credibility into LAs by supporting the establishment of more responsive planning systems, and greater transparency and accountability. However, the amount of services actually delivered by especially the rural Local Authorities (i.e. the County Councils), remains fairly limited as the major funding for local

service delivery is either through sector ministries or the various constituency funds.

The major achievements of the KLGRP to-date include:

- The rationalisation and consolidation of various businesses licences into the single business permit,
- The introduction and institutionalisation of the LATF, a performance incentivised discretionary grant for LAs, which has led to LA production of financial statements, debt recovery plans and revenue enhancement plans for the first time in decades,
- The introduction of the LASDAP, to promote community participation in local development and service delivery (to energise the process and promote institutionalisation it has been made an access criterion for LATF), and
- The introduction of the Local Authority Integrated Financial Operations Management System (LAIFOMS), currently being piloted in eight LAs prior to nation-wide rollout.

Information obtained during the field visits re-confirmed the general consensus that LAs actual operations and capacity to effectively deliver services are extremely limited and still seriously constrained by lack of financial and HRs, weak financial management system (FMS), inadequate capacity for effective planning, implementation and monitoring, and a relative absence of effective citizen participation.¹⁵

Furthermore, the allocation of functions (as part of the LG-Act) does not give a clear distinction between the rural and urban local authorities. In practice, rural local authorities primarily concern themselves with basic local services such as markets, feeder roads, and garbage collection in market centres, with limited involvement in education and health and no involvement in the provision of agricultural services, sectors that are the key-subject of this three country study.

The LG Act confers on the MoLG substantial powers in regard to controlling the various functions of LAs and their general operations including:

- creation or establishment,
- positive or negative changes in council status,
- membership composition and size,
- staff recruitment,
- financial management, and
- many mandatory routine approvals.

¹⁵ See also: An Assessment of Local Service Delivery and Local Governments in Kenya, World Bank, June 2002

The Act empowers the executive to influence the day-to-day decisions of the LAs usually at the expense of local residents who must raise the moneys needed by councils to provide various services. It reduces the scope for local participation in setting priorities regarding planning, budgeting and expenditure monitoring. The LG Act does not encourage citizens to play a significant role in local governance, development and service provision. Because of this, and because of the low level of services provided, the LGs at present ‘far away’ from and not very relevant to the lives of the rural folks. In general, there is relatively little social action in Kenya, but virtually non through LGs.

2-2-2 Provision for Decentralisation in the Rejected Draft Constitution November 2005

In response to peoples’ demands as highlighted prior (paragraph 2-1-3), the draft Constitution of the Republic of Kenya as formulated through various stakeholder consultation processes between 2001 and 2005, would have provided LAs with a much stronger role and autonomy. In fact, the draft Constitution 2005 contained provisions for LAs to play a prominent role in service delivery at the district and local levels, comparable to the role LGs play in Tanzania and Uganda (Box 2-4).

Box 2-4 LG in the Rejected Draft Constitution 2005

The draft constitution of Kenya as published by the attorney general on 22nd of August 2005 in a special issue of the Kenya Gazette Supplement No 63, and that was the subject of a referendum held on 21st of November 2005, provided, as far as decentralisation is concerned amongst other things for:

- A government structure with two tiers, i.e. national and district level, based on the principles of a devolved government and the notion of subsidiarity,
- A choice for the district as the principal level of devolution,
- A list of activities to be exclusively mandated to each level of government (schedule III, part II), whereby district governments are given the mandate (and delivery obligation) for key-services such as all public service delivery activities related to agriculture and livestock, all health services apart from national referral facilities, all education services up to secondary level, all roads apart from national and regional roads, and all district water and sanitation services, and
- Fiscal decentralisation, as each devolved government would be entitled to an equitable share of the nationally raised revenues, and may receive on top of that equalisation grants and other allocations, either conditional or unconditional.

However, this draft constitution was rejected in the referendum held in November 2005 and as a result, the prevailing legal framework for decentralised service delivery (as described above) will remain to be associated, at least for the near future, with centralised planning and management of local services.

Reasons for rejection were not related to Chapter 14, i.e. the chapter on decentralisation titled ‘devolved government’, but mainly the result of a protest vote against the way the final draft versions were prepared. In fact, the proposed draft, as presented on 22nd August 2005 by the Attorney General, drew

severe criticism as it deviated from the earlier popularly approved versions such as the so-called Bomas draft or its later version referred to as the Naivasha Accord, that was followed by the Kilifi draft. Latter draft had been prepared by certain MPs of the ruling NARC in early July 2005 and was, amidst protest in Nairobi, approved by Parliament on 22 July 2005, by 102 votes to 61 for presentation to the referendum. Neither representatives from the main opposition group, the Kenya African National Union (KANU), nor the Liberal Democratic Party (LDP), a member of the NARC, were invited to contribute to the Kilifi draft.

Neither the Naivasha draft, nor the Kilifi draft came to the public domain as fully-fledged draft documents, and it is difficult to assess which changes were made at what point of time. However, it is assumed that most of the crucial changes were made (or at least agreed) as part of the negotiations in either Naivasha draft or Kilifi draft, while the final draft (also called Wako draft after the Attorney General) basically pulled together the various agreements earlier made.

Under the earlier “Bomas draft”, presented by the National Constitutional Conference (NCC) in March 2005 after a long drawn consultative process, a powerful Prime Minister would have been charged with chairing cabinet meetings, coordinating the work of government ministries and preparing legislation. All these functions were dropped in the Kilifi draft as well as in the final draft, which establishes that the President has the power to select and dismiss the Prime Minister without consulting Parliament.

The real controversial issues in the draft constitution that, apart from general unhappiness about the final steps in the process, led to the protest vote to reject the draft, included mainly the issues pertaining to (i) the provision for an executive presidency versus an executive prime minister (added to the Kilifi draft, but probably already agreed in Naivasha), (ii) the religious courts (added in the Wako draft) and (iii) land issues.

Devolution of state power and the establishment of a decentralised administrative structure had been a contentious issue during the early stages of the constitution review process, which at some point had contributed to the delayed conclusion of the consultative review process, but at the time of the referendum, the issue of devolving the power of the state was no longer considered controversial. However, that situation may by now have changed (2-2-4).

Apart from the less elegant way the final draft was prepared as well as the three mentioned main controversial issues, it should be noted, however, that the proposed draft as was put forward to the referendum had, as far as decentralisation is concerned, a few clear improvements as compared the earlier Bomas draft.¹⁶ The system as proposed in the Bomas draft, was, with 4 layers i.e. the national

¹⁶ Most likely these changes were discussed in Naivasha and included in the ‘Kilifi’ draft

level with two chambers, a regional government, a district government and a locational government, quite costly as well as 'election heavy' (Department for International Development (DFID) report, 2005). According to those initial proposals, ordinary citizens would have to vote for (i) a location government (ii) a location administrator (iii) the district councillor (iv) leadership of the district executive committee (v) MP and (vi) the President, while members of the District councils would vote for (vii) the regional assembly (viii) the regional executive committee and (ix) the senate. Furthermore, in these proposals, the regional, district and location assemblies, as well as the respective executive leadership would be elected through direct vote, which would make it difficult for the assemblies to hold the executives to account.

In the final draft Constitution as presented by the Attorney General in August 2005, only 2 tiers of LGs (instead of 4) were proposed, i.e. the national and the district level were retained, while the number of elections for representatives had been considerably reduced and the Senate scrapped.

On the other hand, also in relation to decentralisation, some critical comments could be made on the draft Constitution, especially with regard to the (too) many crucial decisions that were made subject to legislation to be later enacted by Parliament. This included the decisions with regard to the number of LAs (and the fate of the urban councils), the election of the district council (the district executive), as well as the arrangements for funding of the functions that were to be transferred to LGs etc.

Many decentralisation practitioners consider the provision for fiscal decentralisation to be a core issue in addressing the concerns over sustainable service delivery at the local level, whether a new constitution is adopted in the near future or not. It is equally felt, however, that in case no new constitution is adopted any time soon, changes in the way service delivery at the local level is organised will need to be addressed urgently. In that likely case, however, the process will lack the 'shot in the arm' that a new constitution would have provided, and will likely take more time to materialize.

2-2-3 Would Adoption of the Draft Constitution 2005 Have Solved Service Delivery Problems?

Contrary to what many Kenyans preferred to believe at the time, even if the proposed constitution had been adopted, it would not have solved problems of local service delivery by a stroke of magic dust. In fact, if the Constitution had been adopted, there would still have been a long way to go, even in terms of policy, legal and regulatory reforms, to establish a clear framework for service delivery at the local level. The earlier mentioned DFID study (2005) noted for example that:

- the proposed 3rd schedule of devolved activities was rather loosely defined; and when clarified and applied it would require modifications in a lot of subsidiary sector legislation,
- the proposed draft Constitution was relatively silent on the actual implementation arm of the district government (as opposed to the composition of the elected bodies which is elaborated

in detail); while there were apparent contradictions with regards to the appointment of LG staff, notably for the education and health sectors, and

- the special provisions for urban areas within districts were yet to be worked out, on which would hinge the proposed reduction of the 175 LAs (including county councils, municipal councils and town councils) to 74 district LGs, that would encompass both the rural areas (the present county councils as well as the urban councils in their areas).

But despite these remarks, it is clear that adoption of the draft Constitution would have facilitated the discussion on a 'new order' for local service delivery, because it would both have necessitated such discussions as well as given a legal framework for such discussions. Adoption of the proposed draft constitution 2005 may not have automatically led to improved service delivery at the local level, but it would certainly have facilitated a move forward.

In case no new constitution is adopted any time soon, harmonisation of service delivery mandates at the sub-national level will still be required. And in view of the above arguments of inefficiencies with regard to the present parallel systems, there is a case for thinking about the activities that are needed to contribute towards moving the country forward into the broadly agreed direction, with or without a new Constitution that describes the principle of devolution.

It is thereby clear that the transition from the present constitutional order to any other system of public sector management and service delivery at the sub-national level, will be a major undertaking that will take several years and will require support from all stakeholders.

2-2-4 Prospects for a New Legal LG Framework in the Near Future

While KLGRP continues with reforms intended to revamp LAs as key local service delivery institutions, sector ministries are actively promoting alternative frameworks for promoting community participation and enhancing local accountability in parallel to these reforms. There is evidence to suggest (Chapters 3–5) that these efforts are beginning to cause positive improvements on service delivery and a greater awareness at the community level. The implication of this is that LAs (risk to) become increasingly marginalised. This scenario is likely to prevail in the short and medium term, i.e. until a legal framework is put in place (e.g. through means of a new constitution) that clearly specifies mandates and means of LAs.

The pre-referendum popular view favoured the devolution of state power to the district as the principal level to Sub-national Government. These views still prevail, but since the referendum in which the constitutional proposal was rejected, other factors have come more prominently into play which may impact on the likely course of action.

In October 2006, at the time a draft for this report was written, there were initiatives to progress the constitutional review process, focusing on 2 key options; (1) to resolve the contentious issues which led to the rejection of the 2005 draft and come up with a new draft constitution, or (2) to carry out minimum reforms with a view to creating a level 'playing field' during the 2007 general elections. At that time we mentioned that all indications pointed to the later option, and that, as a result the prospect of having a new legal framework for LG in the immediate future were pretty dim. While the latter is still true, at the time of finalising this final report, all discussions on a new constitution seem to have evaporated in thin air.

It is not evident that a new draft constitution-if to appear- would have the same proposals with regard to decentralisation as the 2005 draft that was rejected. Considering the apparent strengthened position of the line ministries in regard to decentralisation of service delivery, the failure of LAs to take off and the developments with regard to CDF, it is not impossible that proposals will be more inclined to a de-concentrated model. As such, a new legal framework with a key-role for LAs seems presently further away than it was at the time immediately prior to the Constitutional Referendum.

2-3 Planning and Financing Systems for Local Service Delivery

2-3-1 Reform Issues in LG Finance

The multiplicity of funding mechanisms for different services targeting the same population at the local level is imposing both administrative and opportunity costs. The outcome of the various systems has been: lack of a comprehensive plan to guide funds allocation, projects that tend to duplicate community efforts, inadequate coordination of the various implementation committees and lack of an institutional focus for project implementation.

There is an undisputed strong need to harmonize planning, monitoring and implementation of the various funding channels and consolidate them into a uniform local fiscal regime aimed at rationalizing the allocation of centrally and locally generated funds for a more sustainable support to local community development. The main direction of reform, as also advocated by various recent studies (Sida 2005, Action Aid 2006 and Kenya Institute of Public Policy Research and Analysis (KIPPRA) 2006), should aim at:

- streamlining and harmonising the funding flow arrangements,
- enhanced accountability in the implementation units,
- improved citizen participation in setting priorities and monitoring projects implementation,
- Capacity Building (CB) /training of those charged with the responsibility of managing the funds, and

- forging of partnerships with civil society and private sector to effectively take part in and monitor local development.

A recent survey conducted by KIPPRA (June 2006) to assess the ‘status quo’ in respect of decentralised funds in Kenya sought to ascertain the level of public awareness and participation in decision-making pertaining to administration of the various decentralised funds and obtain suggestions on how the coordination and effectiveness of the various funds can be improved. The study covered a sample of 35 constituencies in eight districts. The survey had the following findings in respect of participation and accountability (see Box 2-5):

Box 2-5 Knowledge and Impact of Decentralised Funds

On participation

Respondents indicated that while 32.8 % of them were involved to the extent of receiving information or listening at barazas, less than 10% attended meetings to discuss specific issues and less than 5 % felt that they were involved in decision-making. Over 90 % of respondents indicated that they were not involved in the setting of the development agendas for their areas. This underlines the appropriateness of efforts aimed at increasing public participation. There was very little change in this chart when the data are analysed at the district level.

On accountability and performance

Respondents were asked to agree or disagree with the statement that decisions for the various funds are taken within the funds mandate; in other words, whether the fund managers are using the funds for the purpose intended. Awareness regarding whether decisions taken are within the mandates of the respective funds is relatively low for all the funds with most of the respondents stating that they do not know. This is consistent with the generally low levels of awareness about the funds. At 53 %, free primary education (FPE) has the highest number of respondents indicating that they agree with the statement. Significantly, amongst all the other funds only a maximum of 15 % of respondents rate accountability as good. More than double the number of respondents disagree than agree that the various funds operate within their mandate, indicating the generally high levels of distrust in fund managers, with more than 30 % of respondents indicating a lack of accountability within management. For all the funds, except for FPE, few respondents agree that decisions taken are well justified. Those who agree that decisions were justified were less than 10 % for the rural electrification fund, LATF, and the road maintenance funds. CDF, HIV/AIDS and the secondary school bursary funds scored only slightly better at around 15 %. With the exception of the FPE fund where over 50 % agree that fund decisions are sufficiently justified, the data shows large dissatisfaction in the probity of decision-making, with CDF drawing the strongest opinions (46 % indicating that fund decisions are not sufficiently justified).

Source: Draft Baseline Survey Report on Decentralised Funds in Kenya KIPPRA, June 2006.

The report further observed “poor awareness by community members and fund managers of their roles and responsibilities in the governance of funds has contributed to poor performance and in some cases a complete failure of the funds. Poor participation, particularly for marginalised groups, results in poor prioritisation of projects and exclusion”. Various informants interviewed by the team in the two

provinces echoed these sentiments.

The above is in line with the conclusions of a more recent study into the CDF (*Kenyans' verdict – A citizens report card on CDF* by the Institute of Economic Affairs, 2006), according to which beneficiaries are more positive on CDF, being the first cross-sectoral public sector which physical investment funds made available to rural areas for decades. The report, however, also states the need to improve management of CDF, especially with regard to adherence to the CDF-Act, both to the letter and to the spirit, especially with regard to selection of Committee members, project selection, involvement of line departments and financial management.

2-3-2 Reform Issues in LG Planning

The introduction of the LATF was primarily intended to improve the LAs' service delivery capacity as well as to promote good financial management practices and to address the increasing problems with LAs' outstanding payments and debts. According to evidence from various reports confirmed by various interviews, the **performance incentive system** designed under the LATF scheme has had positive impact in highlighting the need to improve on the financial management procedures, involvement of the citizens in the planning process and in addressing the LA debt problems. However, its effectiveness in achieving the full-intended objectives has been undermined by excessive LAs indebtedness which ultimately absorbed a disproportionate amount of the annual allocation. In addition, the provision that allows the use up to 50 % of the allocation on administrative expenditure has resulted in masking financial non-viability of some of the LAs (especially the rural ones). Apart from a few capital projects, the funds' impact on service delivery has been negligible.

The LASDAP process was designed to promote community involvement in the planning, budgeting, implementing and evaluating of local development and service delivery programmes, which would promote local ownership and enhance sustainability of the projects undertaken. However, and although there are positive exceptions, questions have been raised on the way the process is conducted. It is, for example common (and also observed during the field visits) for the funds allocated to the LASDAP process to be apportioned equally between the electoral Wards. Besides the fragmentation of the resources that results from this, it is open to abuse by civic leaders to gain political mileage. Issues of concern include the apparent disconnect between the overall planning at the council (district) level and the micro-plans and priorities at the Ward level through LASDAP, politicisation of the process and opportunities for delays (deliberate or otherwise) in the release of funds from the finance department.

“In a nutshell, the LASDAP process has been constrained by: politicisation of the process; in-effective planning; re-allocation of funds; weak administration and managerial systems; in-adequate and selective involvement of stakeholders; lack of participation by the local elite and

weak human resource capacity at the local level; and the poor relation between the council and the provincial administration”¹⁷

The question can be asked whether the objectives of LASDAP (i.e. making a visible breakthrough in service delivery by LAs) were not too ambitious in view of the resources available and the lack of their limited service delivery mandate or obligations (which exclude, for example, the key sectors such as health, education and agriculture, which were nevertheless included in many LASDAPs, thereby further dispersing meagre funds).¹⁸ Others would argue that the name (*LASDAP*) was in fact a misnomer, as the objectives were more to promote popular participation and enhance local governance than service delivery per se.

These weaknesses notwithstanding, it must be appreciated that implementing the LASDAP process has been challenging, especially in rural LAs where the communities are dispersed and transportation and communication systems inadequate.

2-4 LG HRs Development

2-4-1 Overview of LG HRs

LAs in the country are facing a serious crisis in attracting, retaining and developing the main asset that would normally make a difference in their performance. Throughout the 1990s, the public sector experienced a stagnant wage level in real terms due to high and persistent inflation and a state-decreed freeze on the actual growth in wages. There has been disparity between the private sector, CG, state parastatals and LAs with the latter having the lowest wage levels up to date. Recent review in the public sector wages has not corrected this disparity with the result that councils staffing situation has remained adversely affected by the persistent low wage regime (World Bank 2002:102).

LAs have experienced perennial shortage of qualified, experienced and skilled personnel at chief executive, deputy chief executive and head of department level that constitute council management. Senior management positions in scales 1-9 are filled through a recruitment process that is led by the Public Service Commission (PSC) and the MoLG. The identification of needs and the management of the recruitment process is too centralised to fully respond to the requirements of LAs. The filling of vacancies takes lengthy periods during which the functions of the various offices are performed by persons who are usually not qualified to be appointed to them. The vacancy rate for these positions tends to be relatively high, being over 60 % most of the time (World Bank 2002:102). As a result the

¹⁷ Planning and Budgeting at the Grassroots level: A case of the LASDAP, Lineth N. Oyugi and Thomas N. Kibua, Discussion Paper No. 079/2006 Institute of Policy Analysis and Research (IPAR) Discussion Paper Series - KIPPRA.

¹⁸ This is especially valid for the Rural Councils subject of this study. The situation for urban councils is slightly different.

leadership that is badly needed by lower cadres of staff and the supervision required to ensure staff productivity is not available. This hampers the realisation of quality service standards and at best makes for wide swings in the output of personnel and unsatisfactory rating of the performance of councils by their residents. This situation tends to be made more complicated by the perceived lack of job security which arises from politicisation of the HR function. And there are plenty of cases where councillors have taken over the offices of Chief Officers whilst locking out the incumbents who may have been deployed in their councils by the PSC.

LAs organisational structures continue to be broad-based with severe overstaffing in the supervisory operative cadres whilst management positions remain unfilled for unduly long periods. The process of filling positions in the service providing cadre - scales 10-25 is led by the councillors and it remains highly politicised as a result of pressure on local leaders to provide employment for their political supporters.

Training opportunities are limited and coupled with the lack of nationally coordinated CB strategy or a locally designed CB plan, LA staff have very low prospects of improving their skills and competencies. The wage bill exerts a severe strain on local finances as salaries often absorb over 60 % of the council's annual budget making it difficult for the council to finance a structured and focused CB plan. Many LAs have yet to develop and implement a restructuring programme aimed at down - sizing / rationalising their staff complement.

The various HR challenges that LAs are facing were discussed in detail in 2004 Nordic Consulting Group (NCG) Comparative Decentralisation Study report. The solutions to these problems have been seriously constrained by the shortcomings in the institutional framework for the LA HR function.

Generally, the councils are finding it difficult to get qualified management and technical personnel to serve in them, the existing LA staff have a hard time getting promoted on merit; employment in councils is biased in favour of candidates from the locality i.e. "sons and daughters of the soil". Reported interference of politicians in routine personnel management makes it difficult to achieve objective HR management and development in the councils.

2-4-2 LG HRs Situation to-Date

The total number of LA units in the country is 175, made up of one city (Nairobi), 45 municipal-, 62 town - and 67 county councils. In 2002 (see also the three country study), the LAs were estimated to have had around 3,800 councillors and 84,000 regular employees, which was estimated at almost 14 % of the total public sector workforce. More recent data, as published by the Directorate of Personnel Management (DPM) (2006), however, suggest that the LA sector 'only' employs around

40,000 persons (Table 2-3), which would constitute some 7 % only of the total public sector workforce.

The LA employees are deployed to provide the variety of services that constitute the functions of the council at the local level. The service areas include management and accounting, markets, slaughterhouses, public health, cleansing, garbage collection, roads and drainage maintenance, sanitation and sewerage, fire prevention, land planning, building regulation, surveying, health care and education.

The newest data confirm that the far majority of the LA-staff (85 %) falls in the lowest staff categories – while salaries in the LA-sector are below those in the other sub-sectors of the public service (Table 2-3, Annexes 3-1, and 3-2). Hence 2 conclusions also drawn in the World Bank report (2002) and as reported in the 3 country of 2004 are valid to-date, that is: (1) the share of LA-staff seems disproportional with the quantity of services they actually deliver and (2) LA staff is of a low grade and these staff are underpaid as compared to other public sector staff.¹⁹

Table 2-3 Public Sector Employment and Average Salaries*, for Key Sub-Sectors, by Job Category

Band	Core civil service *			Disciplined services			Teachers			LAs		
	Nos	%	Salary	Nos	%	Salary	Nos	%	Salary	Nos	%	Salary
A1	1	0.0	415,880	–	–	150,560	–	–	–	–	–	–
A2	25	0.0	227,520	–	–	81,297	–	–	–	–	–	–
A3	61	0.1	124,405	3	0.0	60,707	–	–	–	–	–	–
B1	1,109	0.9	79,699	21	0.0	44,183	343	0.1	28,763	1	0.0	19,547
B2	17,768	15.0	20,004	1,878	2.7	26,873	58,515	24.9	18,728	182	0.5	15,745
C	56,797	48.0	10,708	12,661	18.3	20,900	152,261	64.8	9,727	5,728	14.3	9,674
D	42,672	36.0	5,880	54,762	79.0	13,040	23,881	10.2	6,945	34,152	85.2	4,512
Total	118,433	100.0		69,325	100.0		235,000	100.0	2,621	40,063	100.0	
	20.7 % of total **			12.1 % of total **			41.1 % of total **			7.0 % of total **		

Notes: * Salary refers to weighted average monthly salary for the band-category, in KES; ** Total workforce of public service estimated at 571,000 persons – Annex 3-1 – Other sources however report a figure of 657,000 which would reduce.

Source: Author's calculations based on data in Annexes 3-1 and 3-2 from DPM 2006

2-4-3 LA HRs; Prospects for Reform

It is worthy to reiterate the conclusion of the 2004 comparative study of decentralisation in the three East African countries here regarding the pressing need for targeted reforms to address the challenges facing LAs in respect of their HR function. It was recommended that “CG should lead the reform process and make available the assistance needed to secure its success”, while the following measures recommended in the 2004 remain valid to date:

¹⁹ Although it should be noted that since the publication of the salary data in Annex 3-2, salaries in the LA sector have been increased to become more at par with the other categories in the public sector. Personal communication Directorate personnel Management.

- Provide guidelines and necessary assistance to the few local level initiatives that have been made towards civil service reform by individual LAs,
- Provide some basic incentives that will stimulate more voluntary implementation of these initiatives especially structured training to LA staff,
- Institutionalize the LATF guidelines for containing the growth in wages and staff reduction along the lines of the measures that have been implemented by the CG,
- Encourage adoption of more private sector participation in the management of specific services as has been done through the water sector reforms in recent years,
- Provide CB aimed at career and skills development for professional management / technical personnel, and at performance improvement for councillors and support staff, and
- Target civil society organisations (CSO) and private sector service providers with the CB activities of the reform programmes.²⁰

The 2004 study identified factors that need to be taken into account in order to realize decentralisation of HR management in LAs. The key emphasis thereby was on increased local autonomy in determining the size of the establishment, setting terms / conditions of service and the incentives to LAs to perform and comply with rules and regulations.

2-5 CG Oversight and Support Mechanisms

The MoLG is responsible for the guidance, inspection, monitoring and coordination of LAs to ensure compliance with the provisions of the law and any other regulations that may be issued to help improve the performance of LAs. The oversight role of the Ministry is designed to ensure that LA resources are managed properly in a transparent and accountable manner for improved service delivery. The Ministry has the responsibility to ensure strict financial discipline, through proper budgeting, proper maintenance of books of account, timely and accurate financial reporting and effective involvement of citizens in the decision-making process, and to demand for accountability from both the civic leaders and the public servants in their LA.²¹ However, it was obvious from the field-work and respondents from local and central levels, that the supervision and follow up in pertinent areas such as utilisation of the LATF, leaves great room for improvement. On one hand there has been a tendency to micro-manage issues such as adjustment of local revenue rates, while on the other hand there is a weak financial management monitoring and audit capacity in all key central institutions related to LAs.

²⁰ Although it should be noted that since the publication of the salary data in Annex 3-2, salaries in the LA sector have been increased to become more at par with the other categories in the public sector. Personal communication Directorate personnel Management.. – see footnote 1

²¹ In addition to the extensive control mandate of the Ministry of LG, LAs are also subject to be oversighted by other government ministries and agencies such as the MoF, sector ministries, the provincial administration, the controller and auditor general among others. For a detailed coverage of these agencies and their mandates please refer to chapter 3 of the 2004 comparative study report.

Besides the formal role of government institutions in regular monitoring of LAs performance, there is indication of consensus, also on the part of government officials, that stakeholders acting through membership-based associations are a new source of demand for improved governance at LG level. Association of Local Government Authorities of Kenya (ALGAK), as the membership organisation that lobbies the CG and development partners to extend support to its members, has a role in ensuring self-regulation and peer-checking on the corporate conduct of LAs. Other local stakeholders in Kenya include the media, residents associations, and the apex bodies of professional societies and such other forum as are used to articulate the concerns of investors and consumers e.g. the Kenya Private Sector Alliance (KEPSA). As part of increased free speech, the role of these stakeholders has been increasing over the past few years, but their impact is still relatively modest.

Over the past years, there have been a number of initiatives promoting various forms of decentralisation that have changed the regulatory environment of LAs. The Kenya National Assembly (KNA) and parliamentary committees have exerted strong influence in the formulation and operation of the CDF. A powerful lobby of members of parliament in support of decentralised funding of local development programmes has emerged and will elbow for inclusion in the voices that will play an increasingly important role of monitoring and over-seeing the pace and content of LG reforms in the country.

The emergence of a strong civil society in Kenya and its interest in playing a more direct role in the formulation of a coherent Decentralisation Strategy for the country is already evident in the activities of land and human rights based NGOs such as the Kenya Land Alliance (KLA) and the Kenya Human Rights Commission (KHRC). There is no doubt that civil society will provide alternative structures for coordinating, the national efforts aimed at enhancing local governance.

The local forum that facilitates the coordination of the inputs of development partners has received new impetus from the entry of the World Bank, EU, JICA and Sida amongst others, while various foundations have also expressed interest in supporting the course of decentralisation in Kenya. Their joint concern is to provide the framework that will provide for the transformation of society by empowering citizens to own and direct development agenda at the local level so that it leads to the improvement of their livelihood. Development partners will be interested to support the formulation of an effective framework for coordinating sector reforms and minimizing duplication in the implementation efforts of different players in decentralisation.

Finally, the formation of sector specific service decentralisation working groups and advisory boards/authorities, such as those responsible for health, education, water and sanitation has potential for bringing renewed pressure on sector ministries to seek a common framework for coordinating the management of decentralised services at the district or LA level. This is evident from the active

promotion of community-level oversight structures in the form of facility management boards and committees that are now a common phenomenon in education, health and to a lesser degree agriculture. No doubt, continued concern with effective local service delivery channels will move decentralisation issues higher up on the public management agenda.

2-6 Summary of Main Recent Changes in the Framework for Local Service Delivery

- The CDF, by virtue of its relatively larger budget allocation, has been able to make a more visible impact and in terms of projects undertaken and the involvement of the communities. This appears to have overshadowed LATF and other channels that do not command the same level of political visibility.
- The pre-referendum popular view favoured the devolution of state-power to the district as the principal level to Sub-national Government. These views still prevail, but since the rejection of the constitutional proposal, other factors have come into play that may impact on the likely course of action with regard to decentralisation. During 2006 there were initiatives to progress the constitutional review process, focusing on 2 key options; (1) to resolve the contentious issues which led to the rejection of the 2005 draft and come up with a new draft constitution, or (2) to carry out minimum reforms with a view to creating a level 'playing field' during the 2007 general elections. But present indications are that neither of them may actually happen. Hence, the prospects for obtaining a new legal framework for LG and decentralisation in the immediate future are dim.
- In the institutional vacuum, created by the various channels of service delivery without an overarching vision, sectors have gone ahead and established structures to effectively decentralise service delivery and promote community involvement in the planning, implementing and monitoring of local level service delivery as we will see in following chapters.
- Working towards harmonisation of the sectoral decentralisation efforts may, given the situation, be the best feasible option to support improved local service delivery.

3. LOCAL SERVICE DELIVERY - PE

3-1 Sector Policies for Local Service Delivery - Intentions and Objectives

3-1-1 Government Policy Objectives for PE

The GoK's policy on education is stipulated in the ERS for Wealth and Employment Creation, 2003–2007, the Sessional Paper No. 1 (2005), and in the Kenya Education Sector Support Programme 2005–2010 (KESSP) under the leading theme of “*Quality Education and Training for Development*”.

The GoK aims to achieve the Millennium Development Goals (MDGs) including those for education that state that: all boys and girls should complete a full course of primary schooling (MDG Goal 2), and that all gender disparity in primary and secondary education be eliminated preferably by 2005, and at all levels of education by 2015 (MDG goal No. 3)²², and the Education for All (EFA) goal by 2015. The policy focuses on the development of an individual's personality to enable her/him fit into society as a productive and civil member of the society. It also seeks to offer equal opportunity to all learners.

The policy mission of the sector is to promote, provide and coordinate lifelong education and training for sustainable national development. The sector ministries are, therefore, responsible for promoting, facilitating, formulating policy guidelines on education, training and coordinating the development of the necessary HRs through education, training, research, science and technology.²³

The Ministry of Education Science and Technology's (MoEST) key policy priority is to improve the performance of basic education in terms of quality and access by reduction of cost burden on the poor families. The priority given to FPE is anchored on the well-established economic and social benefits that arise from providing basic education to the citizens as articulated in the ESR, 2003–2007, p. 39.²⁴

The chief sector targets for PE are:

- to increase the primary school Net Enrolment Rate (NER) to 100 % by 2015,
- to achieve gross completion rate of 100 % by 2010, and
- to achieve gender parity at primary, secondary and university levels by 2015.

²² United Nations Development Programme, MDG Targets and Indicators: <http://www.undp.org/mdg/goallist>

²³ Education Sector Report, 2006, February 2006, Republic of Kenya.

²⁴ The cost sharing policy was originally introduced in 1989 as part of the social adjustment programme, but led to a reduction in the enrolment rate.

Furthermore, other targets are:

- to achieve a transition rate of 70 % from primary to secondary school level from the current rate of 57 %, paying special attention to girls' education and children with special needs by 2008,
- to construct/renovate physical facilities/equipment in public learning institutions in disadvantaged areas, particularly in ASALs and urban slums by 2008,
- to enhance equity and quality in PE, improve the physical facilities /equipment, building capacity of the school managers,
- to improve the textbook - pupil ratios to 3:1 in the lower primary and 2:1 in the upper primary schools, and
- to ensure that all educational institutions are disability friendly.

The KESSP is thereby put in place as the major operational instrument to achieve the targets set out in the policy.²⁵

3-1-2 Government Strategy in PE

The GoK's strategy in PE is to work through strong partnership with all stakeholders, including communities, civil society, CBOs, NGOs, religious organisations, other government institutions, development partners and the private sector, and to focus on improved transparency, decentralisation, team work and performance based management and accountability.²⁶

The first step in the implementation of the strategy was the introduction of the FPE in January 2003 with the abolishment of the school fees and levies. The initiatives should be seen against the background of the downward trend in the enrolment rate experienced prior to 2003, international experiences from FPE, the appointment of a new Government promoting new policies, and with a strong wish to improve the accessibility and future enrolment rates. The objectives of the FPE were specifically to:

- Reverse the declining enrolments at primary levels,
- Enhance access, retention, quality and relevance at PE level,
- Improve participation, progression and completion rates at primary level,
- Implement sector policy goals including universally accepted conventions on the provision of education to which Kenya is a signatory,

²⁵ See MoEST, KESSP, 15th June 2005. The total resource requirement for the sector over the next 5 years of KESSP, 2005/2006 to 2009/2010, is projected at KES 543.4 billion. Full implementation of KESSP in 2006/2007 will cost about KES 105.3 billion, which represents a 9 % increase above the allocation in 2005/2006 Financial Year.

²⁶ KESSP

- Reduce the burden of the costs of education previously borne by the parents in the provision of PE,
- Streamline and rationalise the utilisation of education resources,
- Implement the provisions of the Children’s Act 2001, and
- Improve the learning achievements.²⁷

The GoK’s institutional arrangements are geared to improve the organisational and supervisory capacity of Ministry of Education (MoE), strengthening of the coordinative bodies, notably the Provincial Education Boards and the District Education Boards (DEB), and strengthening of the management arrangements at the primary school level through SMCs.

As said, the main instrument to implement the sector objectives is a five-year Sector Wide Approach (SWAp) arrangement, implemented through the KESSP (Box 3-1).

Box 3-1 KESSP

The KESSP encompasses 23 programmes as essential to improve access, equity, quality and relevance of education and training in Kenya and has the following strategies and programmes:

- Primary school infrastructure aimed at having all children access school within walking distance and achieve maximum class size of 50 in all schools,
- Expansion of school health, nutrition and feeding to cover more children in disadvantaged areas,
- Improvement of the provision of school instructional materials to attain textbook pupil ratio of 1:1 (longer term goal, see the short term target above),
- Increasing grants to Non Formal Schools (NFS),
- Enhancement of the provision of bursaries to students from poor households,
- Secondary school infrastructure support programme aimed at enhancing access so as to achieve the targeted transition rate of 70 % from primary to secondary by 2008,
- Improvement of quality and internal efficiency through teacher training and redeployment,
- Rationalisation of the curriculum to focus on core skills,
- Building the necessary capacity, among primary schools management including accounting systems; and
- Enhance private sector participation and increased community contributions in provision of secondary and tertiary education.

According to various independent reviews, Kenya has demonstrated a strong commitment to expanding the educational access, but has also faced a large number of challenges in the actual implementation.²⁸

²⁷ MoE: Kenya Country Paper on the Abolition of School Fees and Levies, Workshop Paper, 5–7 April, 2006.

²⁸ See e.g.: Wilson (2006) “Free to Learn – A Right Based Approach to Universal Primary Education in Kenya, February 10, 2006, Princeton University, Woodrow Wilson of Public and International Affairs and KIPPRA, Rob Vos et al. (2004): Achieving Universal Primary School Education in Kenya”, DP/46/2004, Discussion Paper 2004.

3-2 The Division of Responsibilities in PE

Table 3-1 provides a summary overview of the division of tasks and responsibilities for delivery of PE, based on the findings from the field visits and various reviews.

Table 3-1 Division of Tasks and Responsibilities in PE - Kenya

Task	CG (HQ)	Provinces	Districts and DEB	Rural local authorities (LA)	Local representative committees (SMCs)
Overall planning					
Overall policy planning and funding of the sector	MoEST coordinates, targets, and defines the national strategy.	No major role. No development plan and overall sector plans.	Core planning unit for PE.	Limited role. Only involved in small capital projects funded by LATF.	Provide inputs through the SMCs to the district planning process.
Overall planning of PE in the district	Coordinate the district plans Some links to the MoPND	Guidance to the district; plays a co-ordination role; most interactions are directly from HQ to the office of the DEO.	Core unit in cooperation with the DDC and the DEB Develop annual work-plans for the sub-sector	Represented in the DEB Minor role in PE	Role through the SMCs for school level planning
Overall funding					
General funding of PE	Provide most funding for PE (CDF funds for construction of school facilities)	No funding available (small budget for QA and guidance)	No own revenue sources Funded from HQ	Some funds from LATF; mainly small grants for classroom construction	Contribution from parents, mainly for school infrastructure; but diminished with introduction of FPE
Management of teachers					
Management of teachers in terms of defining the number and location	HQ – MoEST	No role	Some role in the actual distribution within the district	No role	Limited role
Hiring	In charge of the TSC, which approves all positions	No major role	Recruitment panel with representatives from the DEB, DEO chairs Submission of proposal to the TSC for verification	No role, although represented in the DEB	No role
Firing	Controls	Some supervision	Can interdict, but firing of a teacher requires involvement of the MoEST HQ	No major role	May suggest that cases are considered
Disciplining	TSC disciplinary committee takes action	No major role - supervision and monitoring	DEO has an important role and may interdict teachers, subject to subsequent verification by TSC	No major role	May suggest actions to district Initiatives often come from Head-teachers and/or SMC
Funding of teachers	Nearly all funding	No role	No role	No role	May raise some funds for extra teachers (seldom)

Task	CG (HQ)	Provinces	Districts and DEB	Rural local authorities (LA)	Local representative committees (SMCs)
Primary school administration (education office and support)					
Planning	Strong role	No role	Make work-plan, but most details are prescribed by the HQ, i.e. limited autonomy	No role	Limited role
Funding of district administration	All funding	No	No	No	No
School construction					
Planning	Coordinates and selects priorities based on inputs from the districts (DEB)	Limited role	Role in defining proposals and in the DEB	Role in the few school construction projects funded by LATF	Input through requests to the districts/DEB
Funding	An area - based approach is used focusing on the poor areas (12 districts) + CDF	No	No	Some funding through LATF	May raise some funding from the parents, but the role has diminished
Operation and maintenance of schools	Major source through the capitation grants (general account grant)	No	Limited	No	Use the funds received from HQ May raise (limited additional local funding)
Contracting	Guidance, supervision	Supervision	Support the SMCs through the engineer/works department for design and bill of quantity	Will provide the funds to the SMCs and they will do the contracting	CDF: local committees MoEST/ LATF: SMCs function as the contracting body
Monitoring and inspection of construction	Overall supervision	QA	QA from district and zonal levels	Limited role through the representation in the DEB	SMCs in charge of the day to day monitoring and supervision
Operations of the school and school management					
Planning	Overall size and guidelines	Minor role	Coordinate	No role	Strong role Decide the plan of use of funds for O/M
Funding	Most of the activities Finance KES 370 per pupil for general O/M	No	No	No	Limited funding from citizens
Contracting	Supervise	No	Supervise	No	SMCs a strong role in use of the SIMBA and general account funds
Monitoring	Overall guidance	Support the monitoring	Part of the general monitoring	No	Daily monitoring by the SMCs

Task	CG (HQ)	Provinces	Districts and DEB	Rural local authorities (LA)	Local representative committees (SMCs)
Selection and decisions concerning the school books					
Planning	Overall size and guidelines	No	Monitor	No	Strong role Special instruction material committee under the SMCs
Funding	Major share (KES 650 per pupil for instruction materials.	No	No	No	Very limited co-funding from parents in some places
Contracting	Guidance and monitoring	Monitor	Monitor	No	By the committee under the SMC
General inspection					
Planning			Major role	Limited role through the representation in the DEB	SMC: Day to day monitoring of the schools
Funding	All funding	No	No	No	No
Implementation of inspection and monitoring	Some overall M&E functions	Support the monitoring of the districts and the schools	Yes, strong role in the M&E and QA	Limited role through the representation in the DEB	SMC: Day to day monitoring of the schools

DEO: district education officer, M&E: Monitoring and Evaluation, QA: Quality Assurance

Note: Seven municipalities have special functions within PE according to the Education Act, but this table focuses on the rural authorities.

It appears from Table 3-1, that most of the functions are divided among: i) MoEST-HQ, ii) the district administration iii) the DEB and iv) the SMCs. Many operations take place at the district (de-concentrated) level, and at the school level coordinated by the SMCs. The role of LAs is very limited.

Box 3-2 Composition of DEB

A DEB is normally composed of the following members:

Chair: DC

Secretary: DEO

Members: Representatives from the provincial PEO/DEO, from the LAs, from the sponsors, trade unions, and other members appointed by the Minister to represent other public interests.

The DEB, established under the Education Act, Chapter 211 1970 (revised in 1980), are active and operational in most districts and have, in a varying degree roles in (i) the coordination of education initiatives within the district, (ii) in the appointment of teachers, (iii) in the advise in the allocation of support for school facilities and approval of new schools and vi) advising the DEOs office in various

matters. The DEBs are composed of representatives from the LAs, the school sponsors or founders, the office of the DEO (DEO is the secretary), and members of the public, usually people with experience in education matters, e.g. retired civil servants or teachers (Box 3-2). However, it is important to emphasize that the DEBs have no own budget and plan, but coordinate, supervise and regulate the PE in a district.

The SMCs have a major role in the day-to-day management of the schools and the utilisation of the funds for school instruction materials and operational costs (SIMBA and General Account).

Box 3-3 Composition of SMC

A SMC is normally composed of the following members:

- | | |
|------------|--|
| Chair: | Members: Elected by the members from amongst themselves |
| Secretary: | Head master |
| members: | Representatives from the parents – one from each grade, representatives from the DEB representatives from the sponsor(s), and other representatives. |

In a school visited in Mbeere District, the SMC had 14 members: 2 from the DEB, 3 from the founder/sponsor (the salvation army) – one parent representing each class (from nursery to class 8). The headmaster is the secretary to the SMC. Although the SMCs have representatives from the parents and the sponsors, the head-teachers in practice have a strong role as secretary of the SMCs and in-depth knowledge about the functioning of the school. The activity level of the SMCs varies across the schools visited, but they are generally operational and conduct regular meetings.

The Parents/Teachers Associations (PTAs) are less active in primary schools as compared to secondary schools, and it is the impression from all stakeholders met that the activity level of the parents has decreased in the recent years (particularly after the abolition of the school fees). Meanwhile, the SMCs are supposed to have gained a stronger managerial role with the funding now available from the capitation grants, but according to many respondents, there is still a long way to go before (particularly) the parents are sufficiently sensitised and enabled to make an active contribution and ensure that the SMCs have a strong accountability function (many decisions are still taken solely by the headmasters).

3-3 Local Service Delivery Financing

Overview

The funding arrangement for PE in Kenya is complex, with many parallel funding channels, particularly for development (capital) expenditures.

GoK's budget for education as percentage of the Gross Domestic Product (GDP) rose from 6.1 % in 2001/2002 to 7.2 % in 2004/2005, but for the same period its share in GoK's total expenditure declined from 29.4 % to 27.1 %. The total spending on education as part of the total public spending in Kenya has been between 27 and 30 % over the past 5 years. The total MoEST budget in FY 2006/2007 is KES 92.3 billion for recurrent and KES 3.2 billion for development.

Of the total amount for education, a large share, 56.8 % in 2004/2005, was spent on PE, increasing from 52.8 % in 2002/2003.²⁹ The bulk of the expenditures is used on salaries with a small share on development and recurrent non-salary.

The gross expenditures for 2001/2002–2005/2006 (KES million) are shown in Table 3-2. Table 3-3 provides further details on the recurrent spending components.

Table 3-2 Trends in the Public Sector Expenditures on Education

(KES millions)

Category	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006*	2006/2007
MoEST recurrent	52,608.1	60,891.5	68,215.5	77,299.8	88,631.7	92,280.0
Of this PE incl. salaries	27,618.7	31,500.6	36,010.5	42,432.6	*	
MoEST development	825.0	2,547.6	4,076.5	3,741.9	8,358.8	3,223.7
Total MoEST	53,433.1	63,439.1	72,292.0	81,041.7	96,990.5	
GDP	878,730.0	962,686.0	1,091,640.3	1,124,389.5	1,172,738.2	
Total GoK recurrent	157,445.2	182,248.6	203,861.0	227,082.5	257,023.2	
Total GoK development	24,209.6	32,027.1	59,670.6	71,982.9	104,220.5	
Total GoK	181,654.8	214,275.7	263,531.6	299,065.3	361,243.7	
Total MoEST expenditure as % of GDP	6.1 %	6.6 %	6.6 %	7.2 %	8.3 %	
Total MoEST expenditure as % of GoK total expenditure	29.4 %	29.6 %	27.4 %	27.1 %	26.9 %	
Total MoEST recurrent as % of GoK total recurrent expenditure	33.4 %	33.4 %	33.4 %	34.0 %	34.5 %	
MoEST development expenditure as % of GoK development	3.4 %	8.0 %	6.8 %	5.2 %	8.0 %	
MoEST recurrent as % of MOES&T expenditure	98.5 %	96.0 %	94.4 %	95.4 %	91.4 %	
MoEST development as % of MOES&T expenditure	1.5 %	4.0 %	5.6 %	4.6 %	8.6 %	

Source: Appropriation Accounts 2001/2002–2004/2005, Printed Estimates 2005/2006, and Economic Survey 2005 (PER, 2006, p. 14); Data from 2006/2007: MTEF 2006/2007–2008/2009, January 2006.

²⁹ MoE, Science and Technology: 2006: Public Expenditure Review and Medium Term Expenditure Framework, 2006/2007–2008/2009, p. 23, January 2006 (PER 2006).

Table 3-3 Total Recurrent Spending 2001/2002–2005/2006

(KES millions)

Sub-vote	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
310: General administration and planning less teacher salaries and allowances	2,454.3	5,189.7	5,189.2	4,005.6	1,715.31
311: PE incl. teacher salaries	27,618.7	31,500.6	36,010.5	42,432.6	*
312: Teacher education	138.7	144.3	192.8	210.1	*
313: Schools for handicapped	107.5	121.4	175.1	211.1	*
314: Miscellaneous services	254.2	217.4	240.9	309.2	*
315: Early childhood education	6.7	5.2	5.5	19.8	*
316: Secondary education incl. teacher salaries	14,770.6	16,027.3	17,856.2	18,754.9	*
317: Technical education	888.3	889.9	1,171.4	1,621.3	1,863.56
318: University education	6,369.1	6,795.7	7,470.1	9,735.2	11,374.7
Total	52,608.1	60,891.5	68,311.7	77,299.8	88,361.7
Same in percentages					
310: General administration and planning less teacher salaries/allowance.	4.7	8.5	7.6	5.2	6.2
311: PE incl. teacher salaries	52.5	51.7	52.7	54.9	*
312: Teacher education	0.3	0.2	0.3	0.3	*
313: Schools for handicapped	0.2	0.2	0.3	0.3	*
314: Miscellaneous services	0.5	0.4	0.4	0.4	*
315: Early childhood education	0.0	0.0	0.0	0.0	*
316: Secondary education incl. teacher salaries	28.1	26.3	26.1	24.2	*
317: Technical education	1.7	1.5	1.7	2.1	2.3
318: University education	12.1	11.2	10.9	12.6	12.6
Total	100.0	100.0	100.0	100.0	100.0

* No corresponding sub-vote in the new GFS classification

Source: Appropriation Accounts 2001/2002–2004/2005 and Printed Estimates 2005/2006.

Table 3-4 shows the break down of the expenditures for development.

Table 3-4 Development Budget Actual Spending Classification

(KES million)

Sub-vote	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
310: General administration & planning	472.5	1,893.7	955.0	651.0	320.0
311: PE	3.1	26.0	2,214.1	3,196.9	1,311.6
312: Teacher education	27.8	6.1	155.1	80.3	*
313: Schools for handicapped	0.0	0.0	0.0	0.0	*
314: Miscellaneous services	0.0	0.0	0.0	1.0	*
315: Early childhood education	204.0	197.5	362.6	6.6	*
316: Secondary education	0.0	52.2	151.9	205.5	*

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317: Technical education	0.0	0.0	4.2	70.0	185.0
318: University education	117.6	372.0	471.4	560.2	487.7
Total expenditure	825.0	2,547.6	** 4,314.3	** 4,771.3	8,385.9
Percentage					
310: General administration & planning	57.3	74.3	22.1	13.6	3.8
311: PE	0.4	1.0	51.3	67.0	15.6
312: Teacher education	3.4	0.2	3.6	1.7	
313: Schools for handicapped	0.0	0.0	0.0	0.0	
314: Miscellaneous services	0.0	0.0	0.0	0.0	
315: Early childhood education	24.7	7.8	8.4	0.1	
316: Secondary education	0.0	2.1	3.5	4.3	
317: Technical education	0.0	0.0	0.1	1.5	2.2
318: University education	14.3	14.6	10.9	11.7	5.8
Total expenditure	100.0	100.0	100.0	100.0	100.0

* No corresponding sub-vote in the new GFS classification - PER 2006.

** A small and unexplained difference with data in Table 3-2 is noted, due to differences in source documents.

Source: Appropriation Accounts 2001/2002–2004/2005 and Printed Estimates 2005/2006.

It appears that there has been a great increase in PE's share of the total development funding for education due to the introduction of the FPE in 2003 (from 1 % in 2002/2003 to 67 % in 2004/2005), see Table 3-4. However, the share declined again in the budget for 2005/2006. Please note, that although the recurrent budget allocation accounts for over 90 % of the total sector budget, the development expenditures are in reality higher than indicated since some recurrent expenditure on FPE programmes for instance textbooks and desk procurement and classroom construction are capital in nature, but reflected under recurrent vote in the GoK classification. Annex 4 provides further details on a comparison of the budgeted and actual expenditure in PE.

Funding sources

Most of the funding sources derive from the GoK' budget supplemented by on-budget and off-budget project support from development partners. LAs contribute very limited amounts from the LATF funds, and mostly within support to bursary schemes. However, the CDF contributes significantly to the construction of primary schools (Table 3-5).

Table 3-5 provides an overview of the main funding flows and the funding sources particularly with the aim to distinguish between the centrally and locally funded activities. It appears that particularly the school construction component has many (and an increasing number of) funding sources. However, there is lack of a clear overview of the total amount of resources spent from all on-budget as well as off-budget sources (e.g. from various projects).

Table 3-5 Funding of Core Activities in PE

Expenditure area	Funding	Comments
Teachers' salaries	<ul style="list-style-type: none"> • KES 36,801.4 million (actual 2005/2006; PER, p. 24) • From the MoEST - GoK's consolidated fund 	There has been an increase in expenditures on salaries in recent years.
School construction (new facilities, classrooms, up-grading of existing etc.)	<ul style="list-style-type: none"> • KES 857.6 million in 2005/2006, increasing to 1,655.4 million in the FY 2006/2007 • From the MoEST - GoK's budget with support from development partners (PER, 2006) • LATF/own LA sources: 2004/2005: KES 168 million (actual) : Budget 2005/2006: KES 268 million (1) • CDF: Budget FY 2006/2007: KES 10 billion of which a large share of this (45 %) is estimated to be used for education facilities • In one of the constituencies visited (in Mbeere), about 40 % of the CDF (KES 34 million in 2005/2006) was allocated towards capital investments in PE schools. • According to the national CDF secretary, approx. 45 % of the CDF funds (total fund was KES 7.5 billion in FY 2005/2006) are spent on education. 	The school construction support from MoEST is targeting the areas with low endowment of facilities.
Grants to schools: (direct transfers) Instructional materials	<ul style="list-style-type: none"> • KES 7,813.2 million in 2005/2006 (PER) • Budget FY 2006/2007: KES 8,364 million (other items included, i.e. the grant part is KES 7,548.0 million as well as the O/M expenditure below (2)) • KES 650 per pupil for instruction materials total KES 4,811.2 million in 2006) • MoEST with support from development partners 	This is a general scheme, based on enrolment. It was introduced when the FPE was introduced in 2002/2003 with an allocation on KES 519 million in grants to public primary schools (KES 28,781 per school). Additional 2.4 KES billion was disbursed in the same year (KES 1.6 billion in grant by DFID) and KES 192 million from UNICEF.
Operational costs-smaller cost items at the school level such as equipment, stationery, and school management	<ul style="list-style-type: none"> • KES 370 per pupil for operational costs (a total of KES 2,738.7 million in 2006) • MoEST with support from development partners 	See above
School feeding programme	<ul style="list-style-type: none"> • KES 1,644 million in 2005/06 (PER, p. 28) • From MoEST and development partners 	This is targeting the poorest districts/ areas.
Administration at the district level (2)	<ul style="list-style-type: none"> • MoEST finances the provinces and districts O/M costs Province budget: <ul style="list-style-type: none"> • FY 2005/2006: KES 156 million • FY 2006/2007: KES 148 million District budget: <ul style="list-style-type: none"> • FY 2005/2006: KES 1,217 million • FY 2006/2007: KES 1,287 million 	The provinces and the districts get a fixed amount for various budget items (fully funded by HQ-MoEST).
Inspection and monitoring	<ul style="list-style-type: none"> • MoEST finances the provinces and districts 	The provinces and the districts get a fixed amount for various budget items (fully funded by HQ-MoEST).

(1) LATE, Annual report, FY 2004/2005.

(2) 2006/2007: Estimates of the Recurrent Expenditure of The GoK, Vol. II, June 2006

Payment by parents

With the introduction of the FPE in 2003, the parents' contribution in form of user fees and levies for primary schools were abolished. However, parents are still supposed to cover the costs of uniforms and school feeding and to contribute where possible in funding of other activities. In various reviews from MoEST, latest in the PER 2006, it is recommended and encouraged that the communities participate in the provision of school infrastructure and facilities through voluntary contributions. However, the field mission³⁰ revealed that the mobilisation of funding from parents is increasingly under threat, as parents in most places have taken the notion that "everything is now provided for by the GoK".

Flexibility in use of funds

The flexibility in the use of funds varies across authorities and institutions. Both the capitation grant, meant to support the instructional materials (SIMBA bank account), and the grant for general operations (general operation account) do allow the SMCs to plan for their activities and use the funds according to local needs (see the section 3-4). The schools therefore have certain discretion over the choice of books and particularly over the use of the general account funds. It was the clear view of all stakeholders, that the amount of funds available as well as the discretion for their utilisation have significantly improved compared to the situation prior to FPE (prior to 2003). Funds are transferred in three instalments, and although they are sometimes delayed, the allocations are - relatively - reliable.

A school in Mbeere District explained that prior to the introduction of the FPE, a maximum of KES 80,000 per annum could be raised even with significant effort (each parent paid KES 700, i.e. not per child and many could not afford this. In practice, only about 25 of the 90 parents paid), now the school received KES 59,904 for the SIMBA account and KES 212,010 for the general account (last FY).

Contrary to the certain level of autonomy experienced at the school level to use availed funds for specific local needs, the recurrent funds for operational and maintenance costs, including QA functions at the district level, are strongly regulated by the MoEST-HQ. The districts/provinces are getting a detailed earmarked budget with specific budget items for e.g. fuel, painting, pencils etc. and re-allocations require approval by the Permanent Secretary (PS)/MoEST. The development/construction budget is also controlled from the centre, albeit with local spatial planning input.

Allocation criteria

The allocation of funds for the capitation grants (instruction materials and other operational school costs) are allocated based on the school enrollment; hence the areas that have a high percentage of enrolled pupils ('better developed areas') get a higher overall per capita amount, while 'backward areas', with a lower enrollment figure, often working under more difficult situations (e.g. ASAL areas)

³⁰ Interviews with DEOs, headmasters and teachers in Mbeere and Nyando districts.

receive a lower amount. Hence, the allocation formula risks reinforcing any existing inequality.³¹

The poor areas (first targeting 12 districts) will receive special support for school construction/facilities. The allocations are then based on proposals generated from the local communities and coordinated by the district DEBs and ultimately approved by MoEST.

It should be concluded that there is no overall comprehensive, holistic initiative to ensure that the total flow of all the various resources for PE are coherently targeted towards the objectives of ensuring a balanced equitable development as stated in ERS 2003–2007.

3-4 Local Planning Procedures³²

From various studies and confirmed by our limited field-work, it appears that communities and citizens are not systematically involved in the planning of activities at the district /LA level and that there is a duplication and lack of cross-sectoral and intra-sectoral coordination of the sector plans and area based plans.³³ Neither the DC nor the LAs have the statutory power over the sector departments at the district level in terms of planning and budgeting. There is no comprehensive budget at the district level encompassing the sectors and weak links between the district plan and the sector activities, due to the parallel structure described in Chapter 2.

3-4-1 Planning for Development Expenditure (‘Capital Investments’)

As mentioned in Chapter 2, the political and administrative structures for service delivery are complex with several development investment windows working in parallel (and as explained by the district authorities and LA visited during fieldwork, not always “in tandem”). For investments in school facilities, there are four major funding systems with separate planning procedures:

- 1) the GoK’ MoEST funded schemes, including development partners budget support,
- 2) the LATF scheme,
- 3) the CDF funded schools, and
- 4) smaller schools facilities supported by private contributions, off-budget funding and other sources.

³¹ For comparison: The CDFs are allocated based on two criteria: 1) 75 % equal amount per MP and 2) 25 % are allocated by use of a poverty index, hence the poor constituencies get a higher per capita allocation. The LATF (limited role in education) is allocated based on three criteria: 1) 6.6 % based on an equal lump sum to all LAs, 2) 60 % based on relative population of each LA, and 3) 33.4 % based on the size of the population, size of the urban population (i.e. urban areas get a higher per capita allocation).

³² The overall local planning process is described in the three-country comparative study (see footnote 1). This section will therefore only deal with a few relevant features and recent developments that deserve special attention and focuses on the planning issues within PE

³³ E.g. in: “Financing Local Services in Kenya: Key Issues and Implication for Reform”, by Ernesto D. Baustita, UNDP, May 2006

GoK – funded facilities

The GoK has had limited resources available for school construction and improvement, but has recently adopted a targeted approach focusing support to areas with highest / special needs (initially focusing on 12 districts). In these districts, proposals originate from the DEO through some dialogue with the SMCs, and are discussed in the DEB prior to submission to the MoEST-HQ. However, it was the impression from the field missions, that the participation and involvement of the public in these discussions is limited. Furthermore, the projects were not part and parcel of the sector plans, and these plans were not sufficiently coordinated with the 5 years - district strategic development plans (which were not updated on an annual basis).

LATF investments

The field visits indicated that the LATF investments in school facilities are very limited. As far as education is concerned, the LATF support is often restricted to support for bursary schemes, i.e. not in classrooms (Table 3-5).

The planning process for project proposals to be funded under LATF are supposed to be generated from the LASDAP process (Chapter 2) and approved by the LG-Council and included in the LA development Plan. From field observations, supported by various reports³⁴, the impression is, however, that this process leaves significant room for improvement in terms of scale, active involvement of citizens, decision-making power and transparency. Funds are politicised and fragmented across the wards, as a result of which they do not allow for any larger investments such as in (primary) school facilities (no single example of such was shown in the two districts visited). The needs for strengthening of the LATF/LASDAP planning process are well documented in various recent studies.³⁵

CDF

The exact actual procedures for CDF vary from constituency to constituency, but the proposals for development investment are typically generated from the service delivery units and/or meetings held in the localities or sub-localities. The proposals are communicated to the CDC at the constituency level. The guidelines only allow that maximum 50 % of the funds is spent on a single sector and further stipulate that there should be a minimum of 5 and a maximum of 20 projects in a constituency. After decision-making in the CDC, project proposals are supposed to be coordinated in the special District project committee the DDC in the district to avoid overlap and ensure coordination within a district prior to submission to the CDF project committee in the Parliament (which checks the legality) and finally to the National CDF for processing of funds. Citizen involvement in the planning process varies

³⁴ See e.g. The Local Government in Kenya - A Study of the LASDAP Process in Kenya, Action Aid, July 2006 and Fiscal Decentralisation in Kenya: The case of the Local Authority Transfer Fund, Discussion Paper, No. 069/2005, IPAR Discussion Paper Series, by Lineth N. Oyugi.

³⁵ See e.g. Action Aid, 2006.

across the constituencies, but is, at least in principle³⁶, driven by the ‘challenge fund characteristic’ of the CDF, whereby active citizen groups can mobilise support for specific projects.

Education sector projects are getting a high share of the total funds from CDF (estimated 45 %), and the CDF is presently the most significant funding channel for school construction. The main challenges observed are the coordination of these investments with the district (education) departments, with the DDC, with the LAs and with others, as the CDF projects/funds are not included in any strategic plan (or budget) for the area. Other issues are the lack of capacity to plan, monitor and ensure quality of the various investments in PE and to ensure that the initiatives are properly linked to the operational and maintenance arrangements. The DEOs in the district visited complained that the CDF, although important in terms of funding, needed improved planning, preparation, procurement, implementation and M&E procedures and better practices for school construction and up-grading.

Challenges in district level planning for development expenditure in education

The DEB, with representatives from amongst others, the LAs, are supposed to discuss and coordinate initiatives within the district, but decisions on investments are often taken in other fora, and neither DEBs nor the DDCs have the statutory power and mandate to effectively coordinate, supervise and control the activities in the sector. The parallel systems of planning and the existence of several funding channels with similar investment menus, create inefficiencies in terms of coordination, use of manpower for preparation, appraisal, implementation as well as M&E of projects. On top of that, bodies like the LAs and the CDF secretariats (who both do have access to funds) do not have the implementation capacity to carry out the projects. They have to rely on the district departments, which are not under their control, but refer to the respective line ministries. There are no common comprehensive planning and budgeting systems to ensure proper coverage of the entire district/LA areas. Furthermore, the system lacks a proper linkage between the investments and the provisions (budgeting, staffing, etc.) for operation and maintenance, which puts the use and long-term sustainability of the investments at risk.

3-4-2 Planning for Recurrent Expenditure

The funding for recurrent expenditure for PE service delivery is divided into funds for the schools and funds for the districts/provincial administration. A significant proportion of the funds has been decentralised to the school level through direct allocations for instructional materials sent to the so-called SIMBA accounts (KES 650 per pupil) and for general operational expenditure, sent to the school’s General Account (KES 370 per pupil). Within the given budget lines, the SMCs have a significant discretion on the planning and utilisation of these funds. Although the head-teacher with

³⁶ In Chapter 2 it was noted that MPs, as well as the CDC, membership is sometimes influenced by the MPs, more often than not, has a rather influence in project identification and project selection.

his/her position, experience and knowledge, and as secretary of the SMC, has an important (and sometimes dominating) role, the system allows for some meaningful public (parents') input to the planning process. Planning of purchase of school books is conducted in a sub-committee (SIMC) under the SMC. The district education departments supervise the operation to ensure that the regulations and standards are followed, but basically these funds are local funds available to serve local needs and priorities.

Table 3-6 Factors Promoting and Restraining Planning

Promoting factors	Reason for impact
DDC	Although the DDC is not an efficient planning forum and does not have the statutory backing, it assists in the coordination by providing a forum for mutual information sharing and reporting.
LASDAP	Has the potential to be an important planning tool, but in reality it is surrounded by many implementation weaknesses.
Capitation grants for school books and other O/M costs	Have made planning and budgeting meaningful at the SMC level and is seen as a major achievement by all stakeholders.
District project implementation committees	Support the implementation and M&E of the projects.
Promotion of local initiatives	The LATF and the CDF promote (although it could be stronger), local proposals for improved service delivery.
CB	There has been some CB of SMCs in planning and financial management, although seen as insufficient by stakeholders.
Sensitisation of parents in the SMCs	This is perceived as important by all stakeholders and should be continued and strengthened in the future.
Constraining factors	Reason for impact
No authority is empowered to coordinate all planning initiatives within a local area	The DDC has no legal framework to back it up, and the links to the LA and CDF planning processes are weak.
Parallel systems of planning for development in education	The LASDAP, the CDF programming, and the DDC plans are not coordinated - the DDC meetings are more functioning as a forum for exchange of information than real planning and priority making. The sectors elaborate annual work-plans, but these are not linked to the district strategic medium term plan (5 years plan), and these are not currently up-dated.
Fragmentation of funds in smaller units (wards, localities, sub-localities etc.)	The funds are limited and a further fragmentation of funds takes place in the local political process. This reduces the possibilities to make meaningful (larger) investments with impact.
Lack of cross-sectoral investment plans (annual plans)	The sector plans are not currently cleared with the DDC strategic plans and with the plans of the LA councils.
Limited linkage between planning and budget	The DEBs, which discuss the planning issues, have no budget for development or real influence on the funding issues.
Mismatch between decision-making powers and administrative / implementation capacity	Some of the authorities, which make the decisions, e.g. the LA councils and the CDCs, do not have any staff to prepare and implement plans and projects.
Generally weak involvement of citizens in the planning process and priority setting	Most of the planning processes are rather top down, although there are initiatives to promote local initiatives on the project side (not in the discussions of the overall plans)
Citizens are not sufficiently empowered to take a meaningful role in local planning	This is related to general problems such as low literacy rates and weak capacity, but the systems are not sufficiently targeted to support improvements in this area.

Contrary to this, the DEOs' office and the provincial offices have limited planning discretion and possibilities to make priorities across the expenditure areas.³⁷ Issues on planning of these expenditures can be discussed in the DEBs and the DDCs, but it was the impression that these bodies have limited discretion on the major allocations from the MoEST-HQ. The same is the case for the Provincial Education Boards (PEBs).

Following is an overview of factors, which have been observed to promote and constrain participatory and efficient local planning in PE. The main conclusion is that, even though initiatives have been taken to coordinate planning at the local level, this is still very weak and characterised by fragmentation of decision-making.

3-5 HR Issues

Number of teachers

After the introduction of the FPE, when the enrollment increased significantly, the number of teachers remained the same. As a result, and notably in rural areas, the pupil – teacher ratio (PTR) has increased significantly. Efficient deployment of the available teachers as well as options to increase the number of teachers have therefore been of late issues at the forefront of the education agenda. A recent study³⁸ documented the need to employ more teachers and outlined a number of recommendations to improve the efficiency in the existing deployment (mandatory re-deployment with incentives), utilisation and operations of the teachers, etc. However, in addition to implementation of these proposed initiatives, the report also concluded that in the short run an extra 16,000–20,000 teachers would be required to both fill in the existing staffing gaps and address the increasing PTR. Other reports support this view, and conclude that one of the major problems is the inequality in distribution of teacher and recommend that teachers should be redistributed from those schools with low PTR to those with high PTR.³⁹ The field findings supported these findings and revealed that the insufficient number of teachers was seen as the biggest single problem amongst all local stakeholders (followed by the poor school facilities in certain places).

Management of teachers

Various stakeholders are involved in the management of teachers. Firstly the head-teachers and the SMCs, who have a role in managing teachers, but who may also provide information to the DEO on issues regarding particular teachers they can not handle themselves, or on needs and problems experienced at the school level. The DEO has the powers to interdict teachers on the basis of non-performance or bad behaviour, but all cases will need to be referred to the National Teacher Service

³⁷ A DEO complained that he needed to paint the office only once but continues to receive funds, while the need for fuel or for QA of schools was much higher than the available funds yet he has no or limited opportunity to re-allocate.

³⁸ See e.g. the Study on Teacher Staffing Norms, MoE, Science and Technology, Teachers Service Commission, Report, 2005.

³⁹ PER 2006, (p. xvii)

Commission (TSC) for further handling and final decision-making. Both the DEO and the DEB have influence on the recruitment of new teachers, albeit within the frame of rather rigid regulations provided by TSC guidelines and always subject to final approval by the TSC. There are, however, plans to decentralise the recruitment of teachers further to the district and the school levels.⁴⁰

Administrative staff and QA of the schools

The administrative staff and QA positions at the district level are all under the DEO. The major challenge is the large number of vacant staffing QA positions (e.g. in Nyando, 15 positions – nearly all the qualified QA positions were vacant) and the QA section lacked facilitation, transport means and equipment. The team was also informed that the staff working in QA positions were general public servants under the general public service terms, which provide less incentives (inferior terms) than could be obtained under the teacher service schemes. It was therefore hard to attract staff from experienced teacher positions to work with QA at the primary school level.

3-6 Trends in Service Delivery Outputs and Outcomes

Table 3-7 provides a snapshot of some of the key input, output and outcome indicators applied in PE.

Development in quantity of PE

Table 3-7 and the field findings revealed a significant increase in the coverage of the PE. Within the short period from January 2003 to December 2004, the enrollment increased by 18 %. Gross as well as net enrollment rates have improved after introduction of the FPE and the gender parity in terms of completion rates has improved as well. However, there are still great regional disparities and great differences in the NERs across regions/provinces from only 19.6 % in North Eastern Province (lowest), 40 % in Nairobi (an area with special problems) to 99.3 % in the Western Province. The variations within each province are also significant.

There has been a small increase in the number of classrooms, but not sufficient to keep up with the significant increase in enrollment of pupils, hence the pupil per classroom ratio (PCR) has increased. Similarly, the PTR also increased from 31 in 2000 to 40 in 2004 (increase of 29 %) and is expected to have increased further afterwards.

Quality

The possibility to make firm conclusions about the development in the quality of PE outputs and outcomes is constrained by the fact that the M&E systems at the school, district and provincial levels leave great room for improvement.⁴¹

⁴⁰ PER, 2006, p. 12

⁴¹ As the findings are only based on interviews with the provincial level, district level, LAs, and a few schools within 2 provinces/districts, they should be treated with due caution.

Table 3-7 Output and Outcome Indicators

Inputs and outputs	1990	1999	2000	2001	2002	2003	2004	2005 (3)
No. of primary schools								
1) Public		17,054	17,381	17,544	17,683	17,697	17,804	
2) Private		569	1,236	1,357	1,441	1,857	1,839	
3) Total	14,864	17,623	18,617	18,901	19,124	19,544	19,643	
No. of classes (public)		187,291			185,984	200,649	205,543	
Pupil/classroom ratio (public)	32.7	31.0	31.3	30.5	31.6	34.4	34.7	
Teachers on payroll in public schools		185,740	184,660	181,847	172,424	176,572	176,887	
Number of pupils enrolled (public schools)		5,811,670	5,730,669	5,745,991	5,874,776	6,906,355	7,122,407	7.3 mill
All primary schools		5,917,162	5,926,067	5,941,610	6,062,742	7,159,523	7,394,926	7.5 mill
Gross enrolment rate (all) primary schools	92.2 %	91.2 %	88.7 %	87.6 %	88.2 %	102.8 %	104.8 %	
NER (all)		68.8 %	67.8 %	75.0 %	76.4 %	80.4 %	82.1 %	
Gender parity-primary schools		1.00	1.00	1.00	1.02	0.99	1.00	
PTR (public)	1995:30	31.02	31.0	31.6	34.1	39.1	40.3	
Pupil/classroom ratio (public)		31.0	31.3	30.5	31.6	34.4	34.7	
Pupil/book ratio (2)								
English						2:1	2:1	
maths						3:1	3:1	
science						3:1	3:1	
kiswahili						4:1	4:1 (4)	
total	17:1 (1)					–	–	
Survival rate for P5:								
a) total			73.2 %	79.2 %	76.2 %	90.1 %	85.0 %	
b) boys			72.8 %	76.3 %	74.5 %	88.9 %	88.0 %	
c) girls			73.6 %	82.3 %	78.0 %	91.3 %	81.8 %	
Completion rate PE								
1) total		57.6 %	57.7 %	59.5 %	62.8 %	68.2 %	76.2 %	
2) boys		59.1 %	60.2 %	62.2 %	65.5 %	71.3 %	80.3 %	
3) girls		56.2 %	55.3 %	56.8 %	60.1 %	65.2 %	72.1 %	
Transition rate to secondary								
1) total	44 %	46.1 %	43.3 %	46.5 %	43.6 %	46.4 %	50.5 %	
2) boys		47.6 %	43.8 %	47.6 %	44.4 %	43.6 %	52.4 %	
3) girls		44.5 %	42.6 %	45.4 %	42.7 %	49.8 %	48.6 %	
Average mean score from exams.				247.53	247.50	247.42	247.57	

Notes: (1) Figures prior to 1999: Education Indicators in Kenya, KIPPRA, 2001.

(2) These are the books funded by GoK. In addition, some books were purchased by the parents, particularly prior to the FPE in 2003.

(3) Public Expenditure Review, 2006.

(4) MoES: Kenya Country Paper on Abolition of School Fees and Levies, April 2006.

Source: MoE, Education Statistical Booklet, 1999–2004. More recent figures were not yet available in MoEST.

The completion and the transition rate (from primary to secondary schools) have improved somehow in the most recent years, but the findings on the development in quality of PE are mixed. The challenges are documented in the report on the Kenya's achievement of the MDG targets, which conclude that: *“output and quality assessment studies reflect problems of quality in teaching and learning”*. The report also highlights a number of initiatives by the GoK to address these challenges.⁴² It is also acknowledged by MoEST that quality should be the main future focus due to the existing challenges.⁴³ From the field-visits, the respondents in Mbeere District were generally more positive (focused on the achievements) than in Nyando District (which expressed great concerns about the decline in quality). However, there were critical officials and other stakeholders amongst the respondents in Mbeere District as well, and the quality in education was identified as one of the main future challenges in most places.

Proxy for quality – output indicators

Data from various surveys show that there has been a great improvement in the book-pupil ratio due to transfer of funds from CG to the schools (establishment of the SIMBA account), highlighted as one of the biggest achievements of new FPE reforms. The decentralised school-book management system with direct transfer to the schools is highly appreciated by all respondents. The improvement in scholastic materials/books has had a tremendous impact on the teaching environment. However, the impact has been reduced by the direct fall in the number of teachers per student, combined with increased enrollment of pupils in the school system. The number of classrooms has also not followed suit with the enrollment rate, and has also constrained the general learning environment. This problem is now being addressed, starting with support to the districts with the greatest problems, which will receive special support to school construction.

A school visited in Nyando District informed that they had experienced a reduction in the number of teachers from 12 to 6 since 2003 (one teacher was funded by the parents). In the meantime the number of pupils had increased from 280 to 350. Other schools visited in Mbeere District had experienced a small decline in the number of teachers, meanwhile the number of pupils had increased significantly.

The reduction in the number of teachers is related to the decision to freeze staff recruitment (since 1998), but is also due to other factors, such as severe health problems for many teachers (HIV/AIDs is a major factor), particularly in the rural areas, highly unequal deployment of teachers, and hardship working conditions for the teachers in the rural areas (long transport distance, classrooms with too many pupils to ensure a good teaching environment, lack of support from the parents etc.).

⁴² MDGs Status Report for Kenya, 2005, MoPND, 2005

⁴³ MoEST, Kenya Country Paper on Abolition of School Fees and Levies, April 2006

Amongst other factors impacting negatively on the quality of the PE is the weak capacity in the inspection (QA) in many places. Some places like Nyando District has experienced a significant reduction in the number of professional QA staff, particularly at the zone level. This was also seen as one of the major problems in Migori District (DEO, Jane Matanga).⁴⁴

There was a great number of vacant QA staff positions (Nyando lacked 15 QA staff, i.e. all the qualified positions) and the problem was equally severe at the provincial level.

Table 3-8 summarizes some of the factors, which have promoted and constrained the development in PE.

Table 3-8 Factors

Factors which have improved PE	Factors, which have constrained the results
<ul style="list-style-type: none"> • FPE has improved enrolment, particularly from the poor segments of the population. • Teachers have presently more time available for the core activities as they do not need to spend a lot of time on fund raising. • The direct funds for support of the SIMBA and the General Account (general operations of the schools) has improved the situation in the areas of school books and minor, but important, operational and maintenance cost areas. • Training of the SMCs and the active operations of these in many places. • Improved conditions for the teachers (hardship and transport allowances etc.). • The DEBs have supported coordination, although the cross-sectoral links could be improved. 	<ul style="list-style-type: none"> • There has actually been a decrease in the number of teachers, despite high unemployment rate. • Poor health conditions amongst many of teachers. • Increase in the PTR, particularly in hardship areas, has reduced the possibilities for the teachers to manage the classes. • Poor conditions for the inspectors (not part of the TSC service conditions) and lack of funds and facilitation (particularly transport means) for this important function. • Increased problems for parents and schools in fund raising for uniforms, school feeding etc., particularly in areas with severe pockets of poverty. • Poor school facilities (classrooms, latrines, teacher’s houses etc.). • Insufficient interest and participation from the parents in the school activities, particularly after the introduction of the FPE.

3-7 Impact of Decentralisation – the Mode of Service Delivery

A clear quantification of the impacts of the mode(s) of service delivery (decentralisation, delegation and de-concentration) on the level of transparency, participation, accountability and service delivery outputs has been complicated by the fact that the system is a hybrid model with mixed service delivery arrangements, a system which has experienced recent significant policy changes and shifts in the inputs available for the sub-sector PE (some of the results of these initiatives will only be tangible in future). Very limited functions have been decentralised to the LAs, and the changes have focused on the relationship between the centre and the service delivery units, i.e. the primary schools.

An important initiative, which is evaluated to have improved transparency, efficiency and accountability has been the introduction of the FPE capitation grants, with clear allocation criteria

⁴⁴ Based on interviews at the provincial level, where the DEO took part in one of the meetings.

(fixed number per pupil), fixed amounts, regularly transferred (although these have been delayed by some months), and gradually improved accountability.⁴⁵ The funds available have made the dialogue within the SMCs meaningful on planning and implementation of important activities. However, respondents met seem to suggest that the abolishing of user payment has paradoxically, also led to a reduction in the parents' interest in the functioning of the schools and in their demands on school performance, due to the fact that they have not contributed (to the same extent) financially to the operations, i.e. loss of the accountability function and widespread feeling that CG will now (have to) cater for all activities. The increased funding, sourced from the CG/development partners has hence had unintended impact of decreased accountability links and loss of general interest from the parents in the operations of the schools.⁴⁶

The hierarchical central administration at the district and provincial levels, with upward accountability and limited autonomy for the administrations to plan and budget for the operation and lack of linkages to a clear statutory local political body (like a council), has led to limited participation and involvement at this level. The DEBs are operational, but do not have any significant decision-making power, and/or interactions with the citizens and their accountability towards the public is not clear.

The systems have so far not been able to turn the highly unequal resource endowment and outputs in terms of pupil/classroom and PTRs, completion rates etc. towards a more balanced development in PE. Some of the coming initiatives, such as the school construction programme, the ongoing school feeding programmes and other measures, are expected to have some impact, but the major challenges in terms of the teachers' deployment and the development in the overall number of teachers are factors, which are not directly related to the mode of service delivery, but rather the policy on remuneration, the available public resources and national priorities.

The funds for school operation (capitation), to the SIMBA and General Account of the schools are allocated per pupil, a system which supports the areas, with a high level of enrolled pupils and opposite, hence may require a review to consider poverty factors and local needs. The centralised resource allocation to the district and provincial levels, and on the input-mix between funds for teachers, funds for capitation and school construction, has ensured certain minimum targets, but also compromised the efficiency in local allocation. Some areas would have benefited more from extra teachers and less capitation grants. It should also be noted that the extra need for teachers (16,000–20,000) equal to about KES 2.4–3.0 billion⁴⁷ could be financed by e.g.: a reduction in the

⁴⁵ It should be noted that particularly in the beginning (2003) there were problems with the management and accountability for some of the funds.

⁴⁶ However, as it appears from the baseline survey (to be published), capitation grants is the funding channel with the highest accountability, awareness, and citizens feeling of impact. (June 2006)

⁴⁷ Based on the teacher deployment Study. MoEST-TSC, 2005.

capitation grants to the schools by 50 %, a reduction in the constituency funds, or in the LATF. This is not to say that this should happen and not to conclude that this will necessarily create efficiency in resource allocation in all districts across the board (the capitation grants have been highly appreciated), but increased autonomy at the local level, less earmarking of funding may allow better targeting of the resources according to local needs.

As mentioned in Section 3-6 there has been an improvement in the most recent years on some of the core service delivery outputs such as the enrolment rate, the transition rate to the secondary schools, but the lack of funds for teachers and classroom construction, together with unequal allocation of resources (particularly teachers), have compromised some of the more qualitative targets. Overall, the system has been able to make significant changes within short time despite the fact that external factors, such as draught, HIV/AIDS, increased poverty in certain areas, unfavourable development in special hardship areas etc. have worked against the achievement of some of the targets. In general, the pursued model has been instrumental to achieve the objectives considering the external constraints and funding gaps. However, the institutional arrangements as explained in Chapter 2, with lack of cross-sectoral coordination of plans and implementation arrangements, lack of a strong local policy coordination and investment prioritisation (fuelled by multiple sources for same investments) have led to inefficiencies, which should be addressed in the future.

3-8 Key Lessons and Challenges

Some of the key lessons learned from the Kenyan experiences with local service delivery in education have been that:

- Introduction of FPE, combined with significant resources for school materials and operational costs, is a powerful instrument to increase the enrollment rates and ensures that the poor segments of the population have access to PE. However, on the other hand, it has also had the side-effect that the citizens participation and interest in the PE activities have decreased, i.e. an impact on the accountability.
- FPE reforms need to be backed up by a significant increase in funds for instruction materials and O/M for the schools, and this has indeed been among the positive elements of the new policy. Direct transfer of funds to the schools has removed bureaucracy barriers and is generally perceived as a tool strengthening the efficiency and accountability.⁴⁸ However, this should be combined with robust local M&E and supervision systems and support to sensitize the parents on their new roles. The field visits revealed that local service delivery units can

⁴⁸ KIPPRA, 2006; p. 47 - draft report - unpublished; Final I report to be published soon.

be allowed increased discretion, provided that they receive proper training and CB support, followed up by guidance and supervision (the allocation of funds directly to the SMCs is perceived as success despite problems in the initial stages).

- Introduction of FPE requires a concerted effort and increased resources for up-grading of facilities, materials and teachers, to avoid overloading facilities and man-power. This was not fully in place at point of time for the introduction and lead to severe up-start challenges.
- Due to inequalities and disparities across the districts/LAs with regard to infrastructure and services, it is hard to attract teachers to the remote areas. Improved hardship and transport allowances have had a positive mitigating impact, although not sufficient to solve the problem, which still persists. Hardship and transport allowances seem to be the preferred tool particularly when establishment of numerous houses for teachers in rural areas is not financially feasible.
- The investments in school facilities would have benefited from a more holistic, coordinated and comprehensive planning and budgeting process at the district/LA level. There are examples in the field from projects, which have not undergone sufficient preparatory work, that have not been sufficiently coordinated with other similar projects and linked to the operational and maintenance capacity. The de-link between the administrative capacity (department staff) and the funding windows has created examples of projects with poor quality and insufficient supervision. There is need for a more comprehensive, holistic and cross-sectoral planning and budgeting of sector investments at the local level. The school managements have been strengthened, but the coordination arrangements at the district/LA levels are still in need of serious reforms.
- The GoK is aware that monitoring, supervision and QA need to be stepped up when tasks are decentralised. FPE increases the demand for such services. However, the QA (previously inspection) has suffered from several challenges, some of which are related to lack of district planning and budgeting options (lack of discretion), lack of proper payment conditions for lower cadre of QA staff, which are under the general public service arrangement (which is not competitive with the TSC terms), and facilitation in terms of transport and equipment. Attention for this is especially crucial in a situation experienced in Kenya, with increased enrollment and recruitment of new teachers.
- DEOs have some flexibility in handling problems with the management of teachers at the local level, which actions can be subsequently regularised with the Teacher Service

Commission at the National level. The respondents from the field generally appreciate this arrangement for ‘local problem solving’.⁴⁹

- Lack of long-term donor commitment (MTEF-allocations) has made it hard to implement the targets stipulated in the ERS, in the Sessional Policy Paper on Education (2005) and the KESSP. Strengthening of the SWAP in education is utmost important to ensure long-term sustainable and well-coordinated development in the sub-sector PE with reliable, predictable and long-term support.
- The fragmentation of the funding system, with various sources of funds for PE handled outside of the fora, where key sector players in PE are positioned, has led to: coordination and efficiency problems in terms of limited linkage between plans and budgets, operational capacity; challenges with the quality of and coordination of school constructions/other infrastructure investments; and long-term sustainability challenges, e.g. due to lack of proper links between the investment and the operational budgets.
- The experiences with the education reform show the need to focus on quality up-front, not as a subsequent measure. An indication of this problem was the fact that the enrollment in private schools increased from 2002–2003 from 187,966 to 253,169, due to the risks seen amongst many parents that the quality of public schools under the FPE would be compromised.⁵⁰
- Finally, introduction of major reforms, like FPE and reorganisation of tasks and responsibilities across the various tiers of public sector management and the service delivery providers, require careful preparation, advanced review of funding issues, careful balancing of resource inputs and strong systems for flexible adjustment of activities during implementation, based on efficient M&E procedures and good planning and budgeting systems. Major reforms require a strong element of CB and training and clear definition of the roles and responsibilities of involved parties, combined with strong sensitisation of all stakeholders, particularly the parents/beneficiaries.

⁴⁹ DEOs in Kenya seem to have more flexibility to solve such problems at the local level as compared to their colleagues in e.g. Uganda, even despite the fact that service delivery in Uganda is far more decentralised.

⁵⁰ MoEST: Country Paper on Abolition of School Fees and Levies, April 2006.

4. LOCAL SERVICE DELIVERY - PRIMARY HEALTH CARE

4-1 Introduction and Historic Perspective

The health service delivery performance in Kenya since independence shows mixed records. As will be illustrated in this chapter, the health status of the population had been improving up to 1989. Between the early 1960s and the end of the 1980s, infant and child mortality reduced by 47 and 38 % respectively, while during the same period, life expectancy at birth improved by 32 %. Since then, however, the health impact indicators have started to decline and continued to do so throughout the 1990s and into the new millennium.

The deterioration started at a time where structural adjustment reforms had been introduced and resources for the health sector significantly declined. The negative trend was revealed in the Kenya Demographic Household Survey (KDHS) of 1993, and health sector reforms to reverse the trend were presented in 1994 in the form of the Kenya Health Policy Framework Paper (KHPFP). However, its implementation, in the form of the National Health Sector Strategic Plan (NHSSP), was not introduced until 1999. But even then, commitment to implementing any reforms remained minimal for reasons extensively documented in the final evaluation of NHSSP phase I that covered the period 1999–2004. The KDHS 2003, evidenced that the reform process undertaken had not resulted in the planned improvement in health status.

However, there seems to be renewed commitment to improving the health status, as part of the overall ERS strategy by the GoK, the National Health Strategic Plan II, as produced by the Ministry of Health (MoH), as well as renewed international interest (ref. MDGs) to reduce poverty. Many initiatives are ongoing at present, but their impact can only be known in the next KHDS (2008).

This chapter will highlight, the current policies, objectives and strategies in Kenyan health sector, the roles of various levels in the health system, the financing, local level planning, the input availability and use, and the overall impact of all these to the decentralised health service delivery system.

4-2 Sector Policies, Objectives and Targets

4-2-1 Government Objectives

The NHSSP II, 2005–2010, based on the KHPFP of 1994 and the lessons learnt in the implementation of NHSSP I, defines the vision, mission, policies and strategies for the sector. The vision for Kenya's health sector is *“an efficient and high quality health care system that is accessible, equitable and affordable for every Kenyan”*. The mission is *“to promote and participate in the*

provision of integrated and high quality promotive, preventive, curative and rehabilitative health care services to all Kenyans”.

The main thrust of NHSSP II is to firmly address the downward spiral of Kenya’s health status as its goal clearly stipulates “to contribute to the reduction of health inequalities and to reverse the decline in the impact and outcome indicators’, which, in turn, has been translated into 6 policy objectives⁵¹:

- Increase equitable access to health services
- Improve quality and the responsiveness of services in the sector
- Improve the efficiency and effectiveness of service delivery
- Enhance the regulatory capacity of MoH
- Foster partnerships in improving health and delivering services
- Improve financing of the health sector

Based on the NHSSP II and other system improvement plans⁵², government and stakeholders jointly developed a 4 year Joint Programme of Work and Funding (JPWF) which now forms the basis for SWAp in the health sector with the following four strategic objectives:⁵³

- Increase access to health services by rolling out a community strategy that will initiate establishment of level 1 (community-based) health activities in all districts and expand these activities during the next 4 years to cover 50 % of the households in each district,
- Strengthen health service delivery through increased coverage and effectiveness of the Kenya Essential Package for Health (KEPH), with particular focus upon the levels of care 2 to 4 (dispensary/clinics, health centre/maternity homes, and lower level hospitals) by (i) developing and implementing the National HR Management Plan; (ii) improving the quality of the services; and (iii) ensuring regular supply of pharmaceuticals and equipment,
- Improve financing in the health sector through (i) promoting pro-poor resource allocation practice for the enhanced GoK funding effort; while strengthening public finance and management (PFM), result based monitoring (RBM) and a performance based monitoring and evaluation system (PME) as a means to mobilize additional resources from within the sector through efficiency savings while tracking effectiveness; (ii) continue to building upon the learning from experiences with alternative risk pooling financing mechanisms for health, such as the formal insurance schemes like the National Hospital Insurance Fund, the proposed Social Health Insurance Scheme, as well as informal and community based

⁵¹ MoH, 2005, Reversing the Trends, the Second National Health Sector Strategic Plan, p. 10.

⁵² There are four year plans (2006/2007–2009/2010) for service delivery, HRs, infrastructure, financial management, procurement and performance monitoring.

⁵³ MoH, 2006, Joint Program of Work and Funding for the Kenya Health Sector.

Table 4-1 Health Sector Performance Targets 2005–2015

	Indicators	NHSSP II baseline	AOP I target	ERS target	NHSSP II target	MDG target
		2004/2005	2005/2006	2006/2008	2010	2015
Health status	Infant mortality rate	77				25
	Under five mortality rate	114		100		33
	Maternal mortality rate	414		560*	170	147
	% under-five years underweight	22 (2003)				16,2
Service delivery outcomes and outputs	% deliveries by skilled staff	42	51	70	90	90
	BEOC %			60		100
	% WRA receiving FP commodities	10	20	45	60	70
	% ANC coverage (4 visits)	54	60	75	80	NS
	HIV prevalence among 15-24 pregnant women	10.6	9.2	8	6	NS
	% HIV + under ARV	20			75	NA
	% HIV + under PMTCT (women)	10			50	NA
	TB case detection rate %	47	50		55	60
	TB cure rate %	67	70		73	75
	Malaria prevalence among 5 yrs +	30		10		NS
	% pregnant women/children sleeping under long lasting insecticide treated nets	4.4 / 4.7	8 / 7	50 / 50	60 / 60	65
	% fully immunised under one year	57	68		90	100
	% < 1 yr immunised measles	74	84	85	94	90
Access	% children receiving vitamin A supplement	33	–			
	Doctor/population ratio (/100,000)	15				
	Nurse/population ratio (/100,000)	133				
	Outpatient visits/population/yr	0.08				NS
	Hospital admission rate/1,000 population	NA				NS
Quality	Malaria inpatient case fatality %	26	20			NS
	% tracer drug availability	35	40		80	90
Efficiency	Bed occupancy rate	NA				NS
	Service output / provider (workload)	NA				NS
Financial	GoK budget (%) allocated health	6.9				12
	GoK expenditure health (USD/pp)	6.5				
	% GoK recurrent budget for health	6.1%				
	% curative health	51				
	% preventive/promotive health	5				
	% rural health centers (HC) and dispensary	11			15	
	% Kenyatta and Moi hospitals	18				
% budget for drugs	12			16		

ANC: Ante Natal Coverage, AOP: Annual Operational Plan, ARV: Anti Retro Viral, BEOC: Basic Emergency Obstetrician Care, FP: Family Planning, HC: Health Centers, PMTCT: Preventing Mother To Child Transmission, TB: Tuberculosis, WRA: White Ribbon Alliance

* ERS target for MMR was set before the results for KDHS 2003 was released, hence, there is a an apparent inconsistency between the baseline and the target for ERS.

Source: MoH, 2005, NHSSP II, p. XV

insurance schemes; (iii) create an enabling environment for private sector participation and contribution to health financing, and

- Foster stewardship and partnerships for good governance through policy dialogue, effective organisation, improved coordination and better management arrangements for attainment of consensus on common working arrangements in the sector.

The JPWF set out a number of programme areas that need to be implemented in the next 4 years to meet the health sector targets set in the NHSSP II that are aligned to both the national (ERS) and international MDGs and targets.

4-2-2 The Government's Strategy in Health Service Delivery

The main strategy of the sector in delivering health services in Kenya is the implementation of the KEPH, which is a re-organisation of essential services, as earlier introduced by the NHSSP, into a life-cycle based package. KEPH brought the various disease oriented essential packages, defined during NHSSP I, into one package that is focused on the health needs of the various life cycle cohorts i.e. pregnancy and new born, early childhood (2 weeks to 5 years), late childhood (6–12), youth and adolescence (13–24), adulthood (25–59), and elderly (60+).

The main innovations of KEPH include: (i) the reorganisation of service provision to promote the health needs of the six identified cohorts, rather than curing diseases alone; (ii) the integration of community level activities into the formal health delivery system and the priority given to this level for fast tracking the adoption of healthy life styles and preventing illnesses; and (iii) the functional reclassification of all 5 levels of facilities in the referral systems, irrespective of ownership (whether by GoK, Faith Based Organisations (FBOs), NGOs or private sector and to a minimal degree by rural LAs), but only based on the type and quality of service they offer.

Community services have been offered, often on ad-hoc basis, and mainly by FBOs and NGOs. With the new direction as indicated above, these services are now recognised (once again) to be part of the formal health system. Community services are indeed important as provision of services through the facility based services alone has proven to be ineffective to improve health gains, as the community members are not stimulated in taking charge of their own health.

Community level services are at a crossroad at the moment, as the importance is acknowledged, while many fragmented community based initiatives are on-going, and new strategies, needed to initiate level-one services, have been developed and launched for implementation.⁵⁴ Under the latter approach,

⁵⁴ MoH, 2006, *Taking the Kenya Essential Package for Health to the community: a strategy for level-one services*.

for which implementation tools are being developed in consultation with all stakeholders, it is expected that each district will establish one community unit (serving 5,000 people) by June 2007.

Another departure is the development of service inputs (norms and standards) for the different levels of care. The type, mix as well as the amount of inputs required at different levels of care, has been determined based on the norms adopted to implement KEPH. These norms set out what is required at each level in terms of physical infrastructure, HRs and equipment.⁵⁵ The norms have been determined on the basis of the type of services defined in KEPH, the catchment's population size (Table 4-2) and the resulting workload.

Table 4-2 Average Catchment Population by Level of Care

Level of service	Description of the levels	Population per level of unit/facility
Level 1	Villages / households / families	5,000
Level 2	Dispensaries and clinics	10,000
Level 3	Health centres / maternities / nursing homes	30,000
Level 4	Primary hospitals	100,000
Level 5	Secondary hospitals	1,000,000
Level 6	Tertiary hospitals	Entire nation

It is recognised that government alone cannot achieve “reversing the trends” in health service delivery. Active involvement and partnership with other stakeholders in the provision of a defined minimum KEPH is therefore one of priorities being promoted. The participation of NGOs and FBOs in the policy dialogue with government and development partners has been encouraging over the last year. FBOs and NGOs have started working towards reflecting their contribution and be part of the district and health sector plans. A joint taskforce has been established to assess the challenge FBOs and NGOs are facing in the health sector, and to formulate appropriate public private partnerships. The intention is to establish a well functioning health system that relies on collaboration and partnership with all stakeholders whose policies and services have an impact on health outcomes.

The recognised actors in the health sector include the public sector, represented by MoH and other government institutions, the private health sector; traditional healers, providing traditional medicine; individuals and households that ensure care and support for their families and the communities they live in, as well as development partners. In this context, the NHSSP II has defined the private sector to include private not-for-profit organisations (faith-based, non-government and CSOs) and private for-profit institutions and organisations. The policy does not specifically address the role of LAs in the

⁵⁵ MoH, 2006, Health sector norms and standards.

health service delivery, mainly because of two reasons: (i) their role is limited to 3 major urban centres (Mombasa, Nairobi and Kisumu) at the lower levels of health care; and (ii) within MoH, the decentralisation process as promoted is seen more as ‘delegation’ or ‘de-concentration’ within the sector rather than devolution to LAs.

4-3 The Division of Responsibilities in Service Delivery for Health

Since the KHPFP (1994), all policy documents state that basic health service delivery (primary health care to first level hospital care) is the responsibility of ‘districts’ managed by District Health Management Teams (DHMTs). The district health systems thereby also incorporate district hospitals (level 4).

In fact, the role of the centre is limited to policy making, formulating standards and regulation, resource mobilisation, M&E and technical support (NHSSP I pp. 23–27) and overseeing national referral hospitals (level 6) while the provincial level is given supervision and monitoring, integrated surveillance, operational research and specialised treatment in provincial hospitals and overseeing provincial hospitals (level 5).

Under the NHSSP II, the definition of roles, norms and standards (2006) have largely remained unchanged. Table 4-3 shows the roles and functions of the different layers in the system.

Table 4-3 Roles and Responsibilities at the Various Levels (Centre, Provinces and Districts)

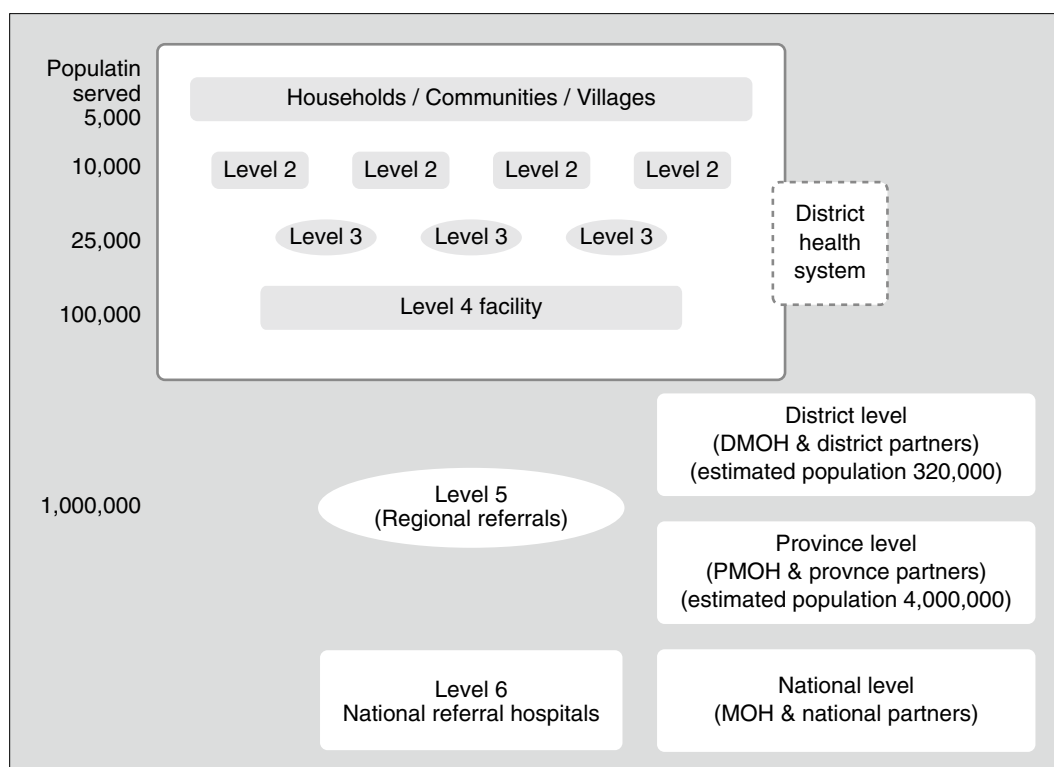
Levels	Responsibilities / functions
Senior management of the MoH at national level	<ul style="list-style-type: none"> • Formulating policy, developing strategic plans, setting priorities • Budgeting, allocating resource • Regulating, setting standards, formulating guidelines, monitoring performance and adherence to the planning cycle, mobilizing resource, • Coordinating with all (internal and external) partners, training health staff (pre-service)
Departments/ divisions central MoH	<ul style="list-style-type: none"> • Translating of policies into strategic objectives and action plans for service delivery (KEPH) and for support services
Provinces (PMO)	<ul style="list-style-type: none"> • Developing and implementing provincial operational plans in health care delivery • Supervision, M&E • Assisting of districts • Coordinating with other programmes and stakeholders (Development Partners, NGOs etc.); networking and mobilisation of resources
Districts (DHMTs)	<ul style="list-style-type: none"> • Delivering services in all district health facilities (levels 1-4) • Developing and implementing DHPs • Supervising and controlling the implementation of DHPs at health facility and dispensary levels (M&E) • Coordinating and collaborating through district health stakeholder forums (DHMB, FBOs, NGOs, CSOs, development partners), • Mobilizing resources (private sector, DHSF, DHMB) • Training and developing capacity (in-service) • Maintaining quality control and adherence to guidelines

DHMB: District Health Management Board, DHP(s): District Health Plan(s), DHSF: District Health Stakeholders’ Forum

Source: NHSSP II, p. 37.

LAs only play a limited role in the health service delivery. In fact only a few bigger municipalities like Nairobi, Mombasa, Kisumu, Nakuru, Eldoret, Thika and Kitale, are involved in health service delivery, of which only Nairobi City Council, Mombasa and Kisumu Municipalities own and finance health service delivery, mainly at dispensary and health centre levels. The other aforementioned municipalities participate in the provision of health by providing the physical infrastructure (buildings and furniture) for dispensaries. However, in such cases, the MoH supplements the LAs in terms of HRs and medical supplies. For reasons of this limited role, LAs are not included in Table 4-3.⁵⁶

Figure 4-1 Relation Between Facility Functions and Catchment Size



Source: MoH, 2006, norms and standards.

The norms and standards define the national, provincial, district health systems, based on functions rather than physical infrastructure (Figure 4-1 and Table 4-2). In practice however, the health service delivery is managed mainly at 2 levels, i.e. the district and national levels. The districts are responsible for the day-to-day management of health services and managing the resources that are received from the GoK and from cost sharing.

Up to date, however, the health sector service delivery system, largely inherited from the various international programmes, still implements most of the disease-oriented services vertically from the MoH headquarter down to the districts and the service delivery outlets. Reproductive health, immunisation,

⁵⁶ Another reason being that urban areas are not part of this study which focuses on rural districts, which are generally not involved in health service delivery.

Malaria, HIV/AIDS, TB programmes, etc. are used to manage services from the centre, and these programmes have found it difficult to align their plans and programmes to their new supportive roles. Moving toward the new policies is further complicated by the various requirements for Global Health Initiatives, like Global Fund for instance, and other donors that provide off-budget support.

The merits and demerits of vertical vis-à-vis integrated health services in the context of developing countries is still debatable, and the prescriptions given as to which one is more efficient and effective means of service delivery will always be influenced by the ‘school of thought’. However, there are also documented weaknesses in vertically organised service delivery, including the following amongst others:

- Clients may have to make several visits to different staff to receive care, which makes it costly for the client and a barrier to use,
- Replicated systems of staffing, infrastructure, procurement etc. undermines the development of management capacity and systems both at the district and community levels and efforts to allocate scarce resources on a rational basis, and
- A top down service delivery approach inhibits effective community involvement and undermines district and local community commitment.

4-4 Local Health Service Delivery Financing

For sustainable provision of health services adequate resources are required. Kenya’s health policy framework of 1994 identified several methods of financing health services, including taxation, user fees, donor funds and health insurance. These various methods have become increasingly important mechanisms for funding health services in the country, taking into account both the cost of service provision and the population’s ability to pay. In the public sector, all methods of financing are being used. User fees, introduced in 1989, are still operational through a flat rate of KES. Ten for services in a dispensary and KES 20 for services in a health centre (commonly referred to as the 10/20 system), introduced in 2004 in an effort to curb the tendencies of facility management to charge fees that may be beyond the users’ ability to pay. However, the amounts collected are small, the administrative costs are high, which are still a barrier to seek medical attention for poorer people (Box 4-1).

Box 4-1 User Fees and Governance Structures

A back of the envelope calculation in one of the health centres visited by the study team indicated, revealed that the sitting allowances for the members of the quarterly meetings of the Health Centre Management Committee (i.e. a facility management committee) took up about 20 % of the revenues generated from user fees at the centre, and as the nurse added, ‘without adding any contribution to the performance of the centre’. According to her, the members were only interested in the allowances.

In the non-government sector, health services are financed primarily through the revenue collected from fees and insurance premiums charged to service users. These fees and premiums normally strike a balance between the costs of service provision and the ability of the clients to pay for these services, and are not necessarily a true reflection of actual costs of individual services. In general, for poor people it is relatively more expensive to seek medical attention, and as a result access to services is more limited for them, especially with regard to the private sector.

It is always difficult to precisely estimate the total health expenditure for a variety of reasons⁵⁷, and countries, including Kenya, have started developing National Health Accounts (NHA) to be able to estimate the overall financing of the sector. According to the latest available NHA 2001/2002 data, the annual per capita health expenditure in Kenya has reached USD 19.2.⁵⁸ Of the total expenditure, 54 % came from private sources: household spend USD 8.58 (45 % of the total health expenditure) as out of pocket at the point of use, another 6 % as contribution from insurance schemes and 2.3 % was funded by private companies. Government funding (both development and recurrent) for health accounted for about 30 % of the total expenditure, while the external assistance (donation and loan) accounted for the remaining 16 %.⁵⁹ Compared with other countries in the region, Kenya's financing of the health sector has 2 important differences: (i) the per capita health expenditure is 50 % higher than the average of sub-Saharan Africa, and (ii) the dependence of the sector on external assistance (aid and loan) is much lower.

Out of pocket payments (OPP)

Over the past 2 decades, GoK has pursued a policy of cost-sharing to bridge the gap between actual budgets and the level of resources needed to fund public health sector activities. The revenue from the cost-sharing programme has continued to grow in absolute terms and as a percentage of the recurrent government budget. In 2003/2004, cost sharing contributed over 8 % of the recurrent expenditure and about 21 % of the non-wage recurrent budget of the MoH.

As described prior, out of pocket expenditure accounts for about 45 % of the total health expenditures. Financing health care through OOP is regressive as it affects utilisation of services. The effect of user fees on utilisation of services in general and on the poor in particular is well documented, both in Kenya and elsewhere.⁶⁰ According to the household health expenditure survey report of 2003, of those who were sick and did not seek care, 44 % mentioned high cost of care and lack of money as their major hindrance for seeking care.⁶¹ Although there is a waiver and exemption policy that were

⁵⁷ Health expenditures are incurred by so many players in the delivery system. The off-budget support, which cannot be accounted through the normal accounting system is significant. Also, the role of households in financing their health care, be it in health facilities, or pharmacies or traditional healers, cannot be easily captured.

⁵⁸ This amount represents 56 % of the level of funding recommended by the Macro-Economic and Health Commission Report for countries to meet basic health needs (USD 34/capita/yr).

⁵⁹ MoH, 2003, Kenya National Health Accounts (2001–2002), p. 20.

⁶⁰ Urbanus Kioko & Germano Mwabu, 2004, health care financing for NHSSP II.

⁶¹ MoH, 2003, Household Health Expenditure Survey Report.

Table 4-4 Total Reported Revenue Collection from Cost Sharing by Province and Year

(KES million)

Province	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
Central	48.31	88.78	119.83	155.81	178.79	217.16	238.27	267.63
Coast	35.77	61.41	85.46	129.14	140.12	162.91	128.42	160.01
Eastern	48.62	62.73	88.41	116.61	141.55	201.37	212.12	207.50
Nairobi	8.99	11.53	23.96	25.07	24.85	35.06	28.88	36.30
North eastern	3.03	2.37	5.33	6.92	5.43	7.20	8.62	17.32
Nyanza	51.64	77.45	71.84	89.13	93.87	121.47	94.28	128.24
Rift valley	56.47	93.88	118.61	140.54	181.92	217.53	227.82	210.22
Western	20.59	26.18	32.21	51.57	16.83	70.23	66.52	72.25
Total	273.42	424.34	545.65	714.78	783.37	1,032.94	1,004.93	1099.47

Source: MoH, Ministerial Public Expenditure Review (MPER), 2006.

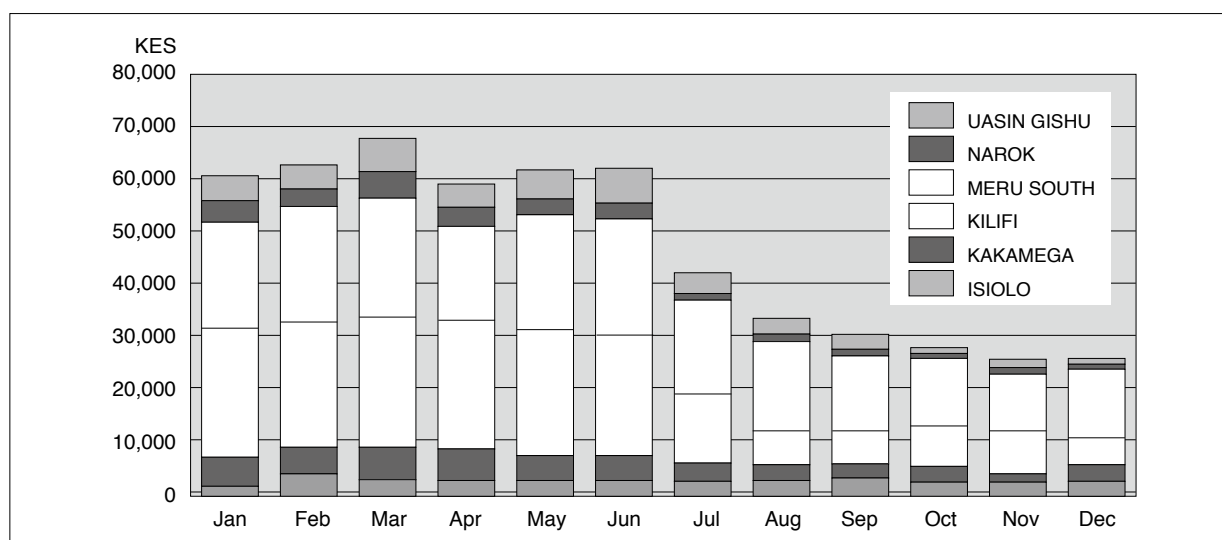
introduced together with cost sharing, it was not able to protect the poor from adverse cost of care during sickness, mainly because: (i) facilities have more interest in mobilizing additional funding rather than in protecting the poor, while (ii) there is no clear mechanism to identify and target the poor, and (iii) the cost of protecting the poor is not covered or funded by a third party and is left to the facilities management.

Because of dysfunctionality of the waiver system, the government introduced, as indicated above, a 10/20 policy in 2004, whereby patients are required to pay a flat rate of KES 10 and KES 20 at dispensary and health centre levels, respectively. A study on the impact of the 10/20 policy (in 2005) was inconclusive. Utilisation of services in the sample facilities generally increased rapidly following the introduction of the policy. However, this growth was not sustained. In the last quarter of 2004 many facilities generally experienced declining utilisation rates, when facilities started facing shortages of as the necessary inputs like drugs and medical supplies. In the first half of 2005 utilisation of services at health centres appeared to have increased again to get roughly back at the levels experienced in July 2004. Utilisation in dispensaries has declined in 2005 (Figure 4-2)⁶².

User fee revenue has declined significantly following the introduction of the 10/20 policy and the abolition of the community funds, which are running at around half of previous levels. Community funds in this case refer to the user fees that had been collected in the dispensaries from the sale of drugs and medical supplies. Expenditure from user fee revenues also declined significantly following 10/20 but appears to have increased again in the last quarter of 2004. Since July reporting of collections to MoH on collections has declined significantly, particularly at lower levels. As a result of the decline in resources, the health facilities were forced to lay off support staff and some clinical staff that were hired through

⁶² MoH, 2005, *RHF Unit Cost/Cost Sharing Review Study & the Impact of the 10:20 Policy*

Figure 4-2 Revenues From Cost Sharing and Community Funding in Dispensaries – Data for 6 Districts



Source: MoH, 2005, RHF Unit cost/cost sharing and the impact of 10:20 policy. p. 9.

the cost sharing money. Shortage of drugs and medical supplies were also observed in some of the sample facilities. Above all, the survey found that ownership and community participation had declined.⁶³

Government Funding

Reviews of public expenditures and budgets show that the allocations to the health sector, as proportion of total government budget, has been increasing while its spending proportion remained more or less the same (hence the sector did not use the relative additional budget space). Total health spending fluctuates in between 6–9 % of total government expenditure (period 2000/2001–2004/2005) and, obviously, recurrent expenditures have been consistently 4–5 times higher than development expenditures.

Table 4-5 MoH Actual Expenditure (Gross)

(KES millions)

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
Recurrent	11,041	12,715	14,405	15,438	17,417
Development	1,032	2,519	945	1,003	1,741
Total	12,072	15,234	15,351	16,441	19,158
Kenyan shillings per capita	395.49	488.44	481.97	506.05	578.28
Per capita USD	5.05	6.28	6.29	6.52	7.48
MoH expenditure (gross) as % of total GoK					
Recurrent	7.67 %	8.23 %	8.69 %	7.76 %	7.66 %
Development	4.49 %	17.18 %	5.12 %	2.77 %	2.01 %
Total	7.23 %	9.01 %	8.33 %	6.99 %	6.10 %
MoH expenditure (gross) as % of GDP					
Recurrent	1.32 %	1.38 %	1.40 %	1.41 %	1.41 %
Development	0.12 %	0.27 %	0.09 %	0.09 %	0.14 %
Total	1.44 %	1.65 %	1.49 %	1.51 %	1.55 %

⁶³ MoH, 2006, Ministerial Public Expenditure Report

In 2004/2005, the per capita total health spending by government stood at about KES 578 (or USD 7.5⁶⁴), showing that health spending remains far below the WHO recommended level of USD 34. It also falls short of the GoK commitment to spend 15 % of the total budget on health, as agreed in the Abuja Declaration. The under-financing of the health sector has thus reduced the sector's ability to ensure that adequate levels of services are provided.

4-5 Local Planning Procedures

The planning procedure currently being promoted is based on the principle of 'resource constrained bottom up planning' at the district, provincial and central levels. This exercise was piloted in few districts and since 2006/2007 scaled up throughout the country. A resource allocation criteria was developed in 2000 and is still in use. A number of parameters were identified to guide resource allocations. These are: (i) population of under fives and population of women of reproductive age (10 %), (ii) number of AIDS cases (20 %), (iii) physical access (10 %), (iv) existence of infrastructure (10 %), and (v) number of people living below the poverty line (25 %).⁶⁵

A participatory prepared, resource constrained DHP has been used as an instrumental entry point for accelerated decentralisation of health service delivery in Kenya. Participatory planning in this case means that the district has to involve all actors (both government and non-government) in the development of the DHP by incorporating their views, concerns and contributions. In some 'best-practicing' districts, managers of health facilities as well as facility committees are consulted during the planning process. Support was provided to selected districts to build capacity to develop and implement DHPs as per their needs and priorities, within the constraints of an overall resource envelope. The whole aim of initiating a district health planning process is to ensure that:

- the DHMB/Team takes the lead in defining the health priorities and resource requirements of service delivery and systems strengthening,
- the DHMT adopts an all-inclusive approach to the development of the DHP by inviting broad-based participation from civil society, the private sector, international NGOs and to the extent possible development partners,
- the NGOs and civil society as well as other actors commit themselves to reducing the fragmentation of resources whilst aiming to shift away from a project approach,
- DHMT and other actors establish common planning, implementation, disbursement, reporting and accounting arrangements, preferably based on government arrangements, and thereby helping to reduce the administrative burden and strengthen the district level

⁶⁴ From a different source, this is the same as the USD 8.58 from the NHA mentioned above.

⁶⁵ MoH, Revised Resource Allocation Criteria (RAC) for districts, June 2000.

institutional capacity, and

- DHMTs and stakeholders' regularly monitor and evaluate process achievements and results.

The District Health Office and the health facilities are empowered to generate and locally use whatever resources they collect through cost sharing. In order to enable the district teams to come out with a sound DHP, the ministry has developed a planning format and a training manual.⁶⁶ After undergoing training on developing comprehensive DHPs, all districts in Kenya developed a DHP for 2006/2007 and most of them have endorsed these plans using their own DHSF. The DHSFs bring together the DHMT members, FBOs/NGOs working in the district, other government actors (e.g. district treasury, education, agriculture, and water) and the DHMB. The composition of the group varies from district to district based on local realities and preferences.

In spite of the positive developments seen in the development of a bottom up planning, important challenges remain which the sector has to work on. The planning and budgeting cycles and processes of Government and the sector stakeholders are not harmonised. Additionally, within Government, planning across different levels is not linked. District plans are not fed into the national planning process and are not used as a basis for negotiating sectoral budgetary allocations. The resources available are often not known and plans are often just a 'wish list' of activities to be funded. Few district plans are comprehensive in that they include all health care providers in the district, e.g. also FBO and NGO managed health facilities.

The MPER process is ongoing, but so far it does not appropriately capture the funds from other sector partners, particularly the development partners. Budgeting suffers from the poor prediction and inclusion of all available funding to the sector. Even from the GoK side, expenditure ceilings often change and result in a re-planning and budgeting exercise, often after the financial year has commenced. From the development partner side, there is lack of disclosure of what funds will be available during the financial year and trigger mechanisms for the release of funds may also not be clear. On the district side, other sources of funds, such as cost-sharing, insurance funds, etc. are not included in the budget framework. There is, as a result, a general lack of transparency by all the stakeholders in the sector. This leads to duplication, and under budgeting in different areas of the system and poor absorption of the available budgetary resources.

There is need for a comprehensive expenditure framework that captures all sources of funds to the sector and will ensure that spending reflects national priorities as set out in the national strategic plan. The Medium Term Expenditure Framework (MTEF) and MPER are being promoted by the MoF to

⁶⁶ MoH, district health service planning format, 2000 and MoH formulating DHPs: a training manual for provincial and DHMTs, February 2004

ensure compliance, as well as to provide a link between the policies and strategies in the ERS and the planning and allocation of resources. The challenge to making the MTEF a useful framework is the capacity of the health sector to move the planning and budgeting process in a timely and efficient manner from district to central level.

Table 4-6 Factors Promoting and Restraining Planning

Promoting factors	Reason for impact
Uniform planning format and training guideline	It helped to consolidate a national plan for the whole sector. It helped to delineate the roles of the various levels of management.
Agreement to provide resource envelope from all partners. This will be effective from 2007/2008	With the development of 2nd AOP from bottom up and the development partners being requested to align to this plan provided the incentive for all development partners to provide details in the planning process rather than later.
District planning capacity	The quality of plans have improved and could be reasonably used for managing implementation.
Establishment of district health stakeholders' forums	Every actor in the district could see its contribution and have a say not only in the plan formulation process but also in the monitoring and review.
Direct disbursement to facilities catalysing bottom up approach from facilities to districts; promotion of ownership	The move towards direct disbursement and the requirement that health facility plans need to be part of DHPs to access this funding will make the planning process more participatory.
Factors restraining	
Global health initiatives and their requirements (e.g. Global Fund, PEPFAR, GAVI, etc.)	They come with own systems of planning, financing and reporting mechanism which strengthens the role of the centre in service delivery rather than districts - a reversal of the bottom-up approach adopted by the sector.
Poor disbursement of funding	Although plans are prepared and submitted if they are not supported by availability and timely disbursement of funds, they are likely to bring frustration to the districts and negatively affect the quality and usefulness of the whole planning and budgeting process.
Accommodating new initiatives	Districts are burdened by the many new initiatives that are 'thrown at them' (e.g. the various 'verticalised' training - programs) from the centre downwards. This leads to competition between accommodating these new initiatives and the implementation of activities as described in the district health plan.

4-6 Human Resource for Health (HRH)

The perception of quality of care, and hence the demand for the services, is influenced by many factors. According to research, main factors include: length of waiting time, availability and attitude of the HRs, availability of diagnostic facilities, regular supply of essential medicines and cleanliness of physical infrastructure. The current situation regarding the first 2 issues is discussed in this section while the other three will be dealt in the next section.

Because HRs are considered a core issues with regard to the observed crisis in the health sector in most low-income countries, issues regarding HRs in health have been extensively analysed over the last years, globally, in the region as well as in Kenya.⁶⁷ One of the main objectives of the four-year strategic health sector plan is to reduce the staff shortages by at least 50 % by the end of the 4th year. At present, the Kenyan health sector is characterised by first, staff shortages, both in terms of numbers and skills. According to the mapping study, around 50 % of government dispensaries and health centres are operating with less than 3 nurses (Table 4-7). The same study mapped a total of 35,643 workers for the MoH.⁶⁸ More recent staffing data received in 2006 for the MoH, indicates that there is an overall establishment of 44,813 of which 35,627 post (i.e. 79 % of total) are filled, while 9,186 (21 %) are vacant.⁶⁹

It is difficult to estimate the current total number of health staff across the whole sector. The total number of registered medical personnel in 2003, (an indication of the size of HRH in the sector) was 60,599 (Table 4-8). With the development of the new norms and standards, the HR requirements have also changed (Table 4-9). But evidence suggests that there are a large number of unemployed trained health personnel in Kenya. For example, in 2005, there were 2,226 applications for 435 enrolled community nurses (ECN) III positions and 919 applications for 55 laboratory technologist positions.⁷⁰ The HR department indicated that many of the applicants are from outside the public service and the reasons given were that the public sector offers more attractive conditions of service, better training opportunities, and less remote postings.

Table 4-7 GoK – Public Sector Staffing in the Health Sector / HRH Mapping and Verification Exercise

Cadre	Number	Total workforce %
Enrolled nurse	12,664	35.5
Public health officer	4,259	11.9
Registered nurse	3,482	9.8
Clinical officer	2,186	6.1
Doctor	1,203	3.4
Others	11,849	33.3
Total	35,643	100.0

Source: MoH, HR mapping and verification.

⁶⁷ MoH (2005), Human Resource Mapping and Verification Exercise; MoH (2006), Rising to the challenges of Human Resource for Health in Kenya: developing empirical evidences for policy making; and finally, MoH (2006), Human Resource for Health Strategic Plan 2006/2007–2009/2010

⁶⁸ MoH (2005), Human Resource Mapping and Verification Exercise

⁶⁹ MoH (2006), Health Sector Establishment. HRM Records Unit

⁷⁰ Data from HR Division MoH, 2006

Table 4-8 Numbers of Medical Staff (GoK and Other)

Type of personnel	Number	No. per 100,000 population	In training 2003/2004*
Enrolled nurses	30,212	100.2	3,940
Registered nurses	9,869	33.1	1,281
Public health technicians	5,627	19.4	489
Doctors	4,813	15.3	862
Clinical officers	4,804	15.7	891
Pharmacists	1,881	5.8	234
Pharmaceutical technologists	1,405	4.3	169
Public health officers	1,216	3.6	215
Dentists	772	2.7	178
Total	60,599	192.1	8,259

Note: * = Provisional registration.

Source: MoH 2004, Health Management Information System.

Table 4-9 Staff Required to Deliver KEPH Services by Level and Category

Cadres	Level 1	Level 2	Level 3	Level 4	Level 5	Total	In position - MoH	In position - other	Shortage/ (surplus)	Gap (%)
Professional staff										
Community health workers	321,253					321,253	Not known	Not known	321,253	100
Health extension workers	12,850		1,071	321	32	14,274	3,637	38	10,637	75
Nurses		6,425	14,992	19,275	6,811	47,503	16,178	6,084	31,325	66
Public health officers		3,213				3,213	709	21	2,504	78
Clinical officers			2,142	2,249	514	4,904	2,104	155	2,800	57
Community oral health officers			1,071			1,071	79	0	992	93
Medical officers				1,928	514	2,442	1,489	472	953	39
Specialists (Doctors)					771	771	23	0	748	97
Laboratory technicians			1,071	643		1,713	1,239	506	474	28
Pharmaceutical technologists			1,071	643	64	1,778	257	169	1,521	86
Laboratory technologists				321	96	418	585	0	(167)	-40
Dentists				321	64	386	293	161	93	24
Rehabilitation specialists					96	96	0	0	96	100
Pharmacists					32	32	287	213	(255)	-797
Medical engineer					32	32	319	0	(287)	-897
Social worker				321	32	353	35	0	318	90
Sub total	334,103	9,638	21,417	26,021	9,059	400,238	27,234	7,819	400,238	100
Support staff		9,638	8,567	7,389	1,157	26,750			26,750	
Grand total		19,275	29,984	33,410	10,216	426,988			426,988	100

Source: MoH, 2006, HR Strategic Plan

As can be seen from Table 4-9, 75 % of the overall HRH gap to meet the norms and standards over the next few years comes from the need to train and deploy Community Own Resource Persons (CORPS), who, in principle, work on voluntary basis. Nurses contribute 7 % of overall gap and 30 % of HRH that need to be employed.

Some of the shortages of HRs can be addressed through rational (re)deployment of staff as per norms and standards and resulting workloads and efficient utilisation of existing HRs. According to the HR mapping study, from the existing pool of nurses, 2,300 nurses and 110 doctors could be redeployed to shortage areas. It will not solve the problem but at least would help to alleviate part of the shortages as shown in Table 4-9.

There are a lot of issues related to HR planning and management. The HR recruitment process was frozen for the last decade in spite of natural attrition and migration. The HRH management is centralised and controlled by the Department of Personnel Management under the Office of President. The role of MoH-HQs, let alone districts, on taking corrective action is very limited. Some of the recommendations that may improve the HRH management include strengthening HR information; providing greater roles for Provinces and Districts in HR management, particularly in the area of appointment and deployment of medical staff in health facilities in order to maximise skill mix, and hence improve delivery of primary care. Developing incentive-mechanism to attract staff to work in dispensaries and remote areas; as well as empowering the facility to manage the personnel emoluments only to the staff that is working in the facility and ensure that facilities have a say on re-deployment of staff are some of the measures that need to be considered. In other words, facilities should not have salaries to pay for personnel more than what is actually assigned to them, and those with shortages shall be able to employ new staff since they have control over the personnel budget. Finally, the issues of investing in human development (both in service and on the job training) needs to be strengthened as proposed in the HRH strategic plan.

4-7 Physical Infrastructure and Essential Medicine and Medical Supplies

Potential access to health services in Kenya is relatively high, mainly due to the existence of a fairly large network of health facilities (both by GoK and FBOs/NGOs). Even with the revised norms and standards, a critical shortage in terms of facilities is only experienced at health centre level (i.e. level 3). Having recognised this, there has been a standing policy not to construct new facilities. This policy, however, has been undermined by the use of, for example, CDFs to construct new health facilities. The problem regarding physical infrastructure is more towards rehabilitation of what is already existing and putting in place the necessary medical equipment (rather than new construction). Lack of attention for rehabilitation (and maintenance) has been one of the critical weaknesses of the sector thus far, but since last financial year the government is putting money aside for this purpose.

Essential Medicines and Medical Supplies (EMMS) are important ingredients of a well functioning health service delivery system, and their availability and rational use is a very important consideration in assessing the quality of health care services. Patients' perception of quality of care is highly influenced by the availability of medicines. Various empirical studies have shown and documented that availability of medicines is, in patient's perception, as much, if not more, important as the availability of diagnostic and therapeutic facilities, competence of the practitioners, and waiting time. Many studies have identified lack of consistent drug supplies as the major factor behind low utilisation rate of lower tier facilities.

According to a recent survey⁷¹, the availability of 15 basket medicines was found to be 60 % for private for-profit health facilities, 67 % in public sector facilities, 73 % in not-for-profit facilities and 80 % in retail pharmacies (median values). The period that medicines were out of stock during the past 12 months was 33 days in the public and 12 days in the not-for-profit sector.

The main reason for low access to medicines is mainly the inadequate resources allocated for it (Table 4-10). In 2001/2002, only USD 0.73/capita was available for essential medicines supply, of which USD 0.03 was contributed through cost sharing funds, USD 0.24 through donor support, and USD 0.46 through the MoH budget.

The 2005/2006 budget for 'drugs and dressings' and vaccines is equivalent to approximately USD 0.7 per capita (i.e. in total 11.3 % of MoH operational budget) – while the share of essential medicines is not known. When compared with WHO recommendation for annual budget allocation of USD 1.5–2.0 per capita for essential medicines for the provision of a basic health care package, it only amounted to 30–50 %. Although the ERS targeted to increase drug allocation as proportion of total health budget from 12 to 16 %, this has not yet been achieved (Table 4-10).

Table 4-10 Share of Expenditure on EMMS

Economic category	2000/2001 actual	2001/2002 actual	2002/2003 actual	2003/2004 actual	2004/2005 actual
Drugs and medical consumables	1,680.8	1,476.8	1,349.7	1,716.0	1,866.2
As % total recurrent MoH	15.2 %	11.6 %	9.4 %	11.1 %	10.7 %

Source: MoH, 2006, MPER.

The distribution of health commodities, with the exception of Sida and Danish International Development Assistance (DANIDA) supported districts, has been based on a 'push' (i.e. supply) rather than 'pull' (i.e. demand) driven system, whereby pre-selected pharmaceuticals and medical supplies in 'kits' are distributed to health facilities. There are many cases where medicines, provided in kit-form,

⁷¹ MoH, Access to Pharmaceutical Medicines, PHRD Grant.

reach facilities where they are not required. The experience in Sida supported districts shows that when facilities quantify their needs based on the agreed list, the basic medicines and medical supplies can be met at KES 70 per workload at dispensary and KES 60 per workload at health centre levels.

4-8 Trends in Service Delivery Outputs and Outcomes

The health status of Kenyans had been improving since 1963 up to 1989. As can be seen from Table 4-11, infant mortality rates in 1989 were half of those seen at independence; similarly, life expectancy at birth did improve by about 30 % (from 44 to 58 years).

This positive and improving trend has reversed since 1989. Infant and child mortality worsened by 33 and 27 % respectively over the period 1989 to 2003. As seen above, the worsening trend in health outcomes was one of the reasons to initiate the health sector reforms.

The KHPFP came out with strategies but the programmatic intervention were not defined until 1999, when NHSSP I was launched. The implementation of NHSSP I did not achieve to reverse the observed trends. It is too early to evaluate the impact of NHSSP II, but the general expectation is that the negative trends as observed above for the period of the 1990s into the new millennium, have now been largely halted.

Table 4-11 The Health Outcomes Indicators - 1963–2003

Impact indicators	1963	1979	1984	1989	1990	1993	1990–1994	1998	2003
Maternal mortality per 100,000				-	670	-	365	590	414
Infant mortality rate per 1.000	120	104	87	63	-	67	-	75	84
Child mortality rate per 1.000	156			96	-	97	-	108	122
Life expectancy at birth (years)	44	54	56	58		60			

Sources: MDG Report (Kenya), 2005. KPFP, 1994

4-9 Impact of Decentralisation

In general, and as valid for all policies, implementation of decentralisation reform works better, among other factors, when there is a strong political commitment at higher levels, when lower levels have predictable, stable and sufficient resources allocations (from government, donors, and own sources) to fulfil the tasks assigned to them and given the power to decide on the use of these resources, and thirdly, when this is combined with strong system of downward accountability. Such conditions generally require a (legal) framework that clarifies all the roles and mandates of not only MoH, districts, provinces and LAs, but also of Treasury, the PSC(s), and other government institutions. For the health sector in Kenya, most of these conditions are not met, neither are the corresponding

administrative and fiscal arrangements, which has impacted on the performance of the health sector in improving the health status of Kenyans.

For the health sector, the decentralisation exercise was initiated through the establishment of DHMBs in 1989, along with the introduction of the cost sharing approach. In the early days of the reform process, the boards were given the mandate of setting fees based on the capacity of the people to pay, and to plan for the allocation of the revenues thus collected in accordance with locally determined priorities. Given the resource shortages at that moment (due to cuts in the budget as a result of Structural Adjustment Programmes (SAPs)), one can safely say that the cost sharing mechanism has been the lifeline of health facilities, without which the quality of service delivery would have declined even further. The reform had thus in a way improved the involvement of the community in health service management.

With the development of the Kenya Policy Framework and NHSSP 1999–2004, interest in letting the power go to the lower levels grew. This interest culminated in the Mombassa Decentralisation Workshop of 2000, which defined nine pillars of decentralisation in the health sector:

- organisational structure
- planning and budgeting
- FMS
- health care financing
- HR management
- service delivery
- drugs and medical supplies
- health management information system
- NGO issues

From 1999 to 2004, efforts were made to strengthen decentralisation, through the support of many development partners. World Bank's Decentralised HIV/AIDS & Reproductive Health Project (DARE) programme, DFID's support to the Health Sector Reform Secretariat, Sida's Rural Integrated Health Service Programme and Danida's Coast Support Programme provided significant financial and technical support. Through these efforts the capacities of DHMTs, the governance structures have been built in some of the pillars of decentralisation. In terms of service delivery, however, the results achieved did not match the resources invested as impact indicators continued to deteriorate.

The financial system in use is based on the Treasury Circular 3/2000 which entails that all money goes through the consolidated account and through the treasury system at all levels (and hence with strict control by treasury at all levels). Districts have little control over the process of the payment or financial reporting. The experience of implementing this FMS has not been successful in supporting smooth operations of programmes, particularly at the lower levels of management. The reasons for such poor FMS are many. First, quarterly financial disbursements that are released to districts through "Authority to Incur Expenditure (AIE)", often arrive very late at the DHMT office. According to a study carried

out, it takes 56 days to prepare AIEs in the MoH and Treasury.⁷² Second, more often than not, AIEs reach districts without being backed by money transfers to the district account. Third, Statements of Expenditure (SOE) from the districts often arrive back at the central level even later, delaying the reimbursement process even more. All these delays result from complicated and bureaucratic government financial management processes. The manner in which AIE and SOE have been implemented has made it difficult to properly utilise the money for its intended purpose. Another study indicated that some 46 % of resources available could not be used timely or used at all because of delays in processing the administrative requirements, as a result of which the funds never reached the districts. This, in turn, leads to perpetual serious under-expenditure of approved budgets. The problem has been so serious that efforts made (by various projects) to build capacity in the districts to adequately manage finances by providing (i) training on the use of a computerised FMS and (ii) information on GoK accounting and finance procedures, did not achieved any significant results. All these problems have forced the 2 development partners (World Bank and Sida), that were disbursing funding through the government system, to withdraw their district grants and only support national level activities.

Apart from the funds, the HR management is also centrally organised. Most of the deployments are made at the MoH HQ rather than at the districts levels. Redeployment is often not carried as per the workload (norm and standards) of the facility, but for other, more personally motivated, reasons. This may be the reason for overstaffing of some facilities and understaffing of remote as well as lower level facilities. In its system, districts have limited authority to discipline staff that is not working as per the expected norms. This together has not created a work climate that stimulates creativity and self-initiative. Moreover, the frequent turnover of staff within districts also eroded the capacity that was built for decentralised management. Similar problems are experienced in the decentralised management of the infrastructure maintenance i.e. locally problems may be seen, but they can not be addressed.

Overall, districts have not been provided with the power to decide on resources. The current legal framework under which MoH operates has not given the ministry/minister authority in areas of providing direct financial grants (to e.g. districts or facilities), or hiring and firing of staff. The ministry has to work either through the treasury or DPM. For some sectors the situation is different. The old Education Act, for example, provides authority to the MoEST, among others, to make grants to LAs and schools; and make regulations on the use and accountability of such grants of public funds. In contrast, the Public Health Act does not give equivalent powers to the MoH. According to available legal framework, DHMBs have to operate within the Exchequer and Audit Act, and have to follow the established government procedures.⁷³

⁷² MoH, 2004, AIE tracking study.

⁷³ This being said, it should also be noted that it is absolutely not clear why, over the last few years, the MoH has not tabled additional legislation to make direct transfers to either LAs or health facilities possible. The mission saw evidence that the MoF suggested to the MoH to follow that route in order to solve the above described problems of the cumbersome administrative procedures and the need to give more authority to the district level.

In summary, progress in decentralisation for health service delivery requires

- (i) Providing a predictable, timely and increased resource envelope to districts,
- (ii) Decentralising the staffing functions, and
- (iii) Direct disbursements of funds.

The above, however, can only materialise when the laws and regulations, including the Public Health Act, are reviewed to enable the MoH to provide more powers of resource allocation and management to lower levels of management. Unfortunately, reviewing existing laws and enacting will take time and cannot be achieved in the very short term. It might have been for this reason that NHSSP II, unlike other areas of reform, does not provide a clear-cut road map on how decentralisation is going to take shape during its running period.

4-10 Local Service Delivery in Health - Key Lessons and Challenges

- *Policies without adequate legal back up will not facilitate decentralisation:* The good intentions and policies of the health sector were not translated in action, mainly because the policies were not supported by any appropriate legal framework. Success in harmonizing the fragmented and outdated laws with the new policies and systems will determine the extent to which improved services will be reaching the users and reversing the downward trend in health outcomes. This is all related to creating the mechanism by which the resource planning and management functions (for finance, HRH, commodities and the like) are ‘devolved’ or delegated to lower levels of management.
- *The policies to strengthen the community level:* Strengthening the district health system is expected to increase demand from users. However, the challenge will be to transform the current fragmented, uncoordinated, irrationally distributed physical infrastructure and HRs, and the up-coming physical infrastructure developed through CDF and other means, into a functioning health system in line with the sector strategy, service standards and norms. It also requires strengthening the enforcement of set norms and standards for service delivery.
- *The need for having a common platform and working in partnership:* Fragmentation and ‘flag flying’ has contributed to deteriorating health outcomes through inefficiencies in resource use (HRH, money and time), diverting attention from the priority areas to attending individual interests and concerns. With the country funding most of the health expenditure, the leadership that the GoK is now showing is encouraging and needs to be sustained if the objectives, that are set in the NHSSP II and JPWF (and which can be termed as ambitious), are to be realised. The contribution of development partners in this regard is also critical. The partnership arrangement needs to evolve from ‘technical’ to ‘value’ driven and all stakeholders need to work hard to meet the values agreed.

- *Strong commitment from top management is critical for success:* If decentralisation in the health sector (and the system development efforts) are to succeed, they require political commitment from top-level management. The pace of implementation of the decentralisation process has a strong correlation with the commitment of top management.
- *Capacity Building (CB) for decentralisation is not only about skills but changing the mindset:* There is a usually preconceived conclusion that capacity constraints for decentralisation are related to lack of skills. While the content, quality and the way the skill upgrading mechanism envisaged could determine the effectiveness of the CB, the lessons of some programmes in the Kenyan health sector point to the fact that CB is more than technical skill upgrading. From all the technical trainings that have been offered as part of the package of support, it was the leadership training that has shown to attract most interest and commitment from the districts. This is so because making decentralisation work, may, at the district level, have more to do with changing the leadership styles: team work, inspiration, building trust, engaging in difficult conversation, aligning of resources to goals etc. initiated in the leadership programme, than with DHP-implementation per se.
- *Invest time and money not only at the periphery but also at the centre:* Operational systems development at district level can only be effective when the efforts are appreciated and supported by the departments at the centre. Some of the problems at the centre have been the lack of knowledge of what is going on at the district level and lack of capacity to support the district initiatives in line with their functions. One of the key roles of the departments and divisions in the MoH is to provide technical support to districts in the areas of service delivery and management. This capacity, however, is very weak at the moment. The CB measures at the centre need to focus on their core functions of facilitating policy development, monitoring and support to lower levels.

5. LOCAL SERVICE DELIVERY - AGRICULTURAL EXTENSION

5-1 Introduction

5-1-1 Position of the Agricultural Sector in the Kenyan Economy

Agriculture is the main-stay of the Kenyan economy as it provides livelihood for 80 % of the population, most of whom are subsistence farmers and their families. Over the past years, the primary agricultural production contributes slightly below a quarter (24 % to be precise) of the total GDP (Table 5-1).⁷⁴

Table 5-1 Relative Importance of the Agricultural Sector; Sector Shares in % of Total GDP (%)

Sector/year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	* 2005
Agriculture	25.0	25.0	24.6	24.6	24.6	24.1	24.1	24.0	23.9	23.7	23.1
Forestry/logging	1.3	1.3	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.1	1.1
Fishing	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.5
Manufacturing	13.5	13.4	13.3	13.3	13.2	13.2	13.1	13.0	13.0	9.9	10.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Provisional

Source: CBS, Economic surveys (various years) and Statistical Abstracts

Apart from primary production, the sector presently contributes another 17 % to total GDP through agricultural processing and trade, bringing its total to around 40 % of GDP. The sector is nowadays responsible for about 60 % of the country's total export earnings as well as 60 % of employment. Growth rates for GDP appear closely related to the performance of the sector (Table 5-2).⁷⁵

Table 5-2 Agricultural Productivity, Growth Rates Real GDP (%)

Sector/year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	* 2005
Agriculture	4.8	4.4	1.0	1.5	1.2	-2.1	1.3	0.7	1.5	1.7	6.9
Forestry/logging	5.1	7.0	3.0	3.1	2.5	-2.0	0.9	0.8	0.8	0.5	2.7
Fishing	4.1	4.3	6.7	1.6	1.1	-2.1	0.8	0.5	3.0	1.7	7.4
Manufacturing	3.9	3.7	1.9	1.4	1.0	-1.4	0.8	1.2	1.4	4.5	5.0
Total GDP	4.8	4.6	2.4	1.8	1.4	-0.2	1.2	1.1	1.8	3.9	5.3

* Provisional

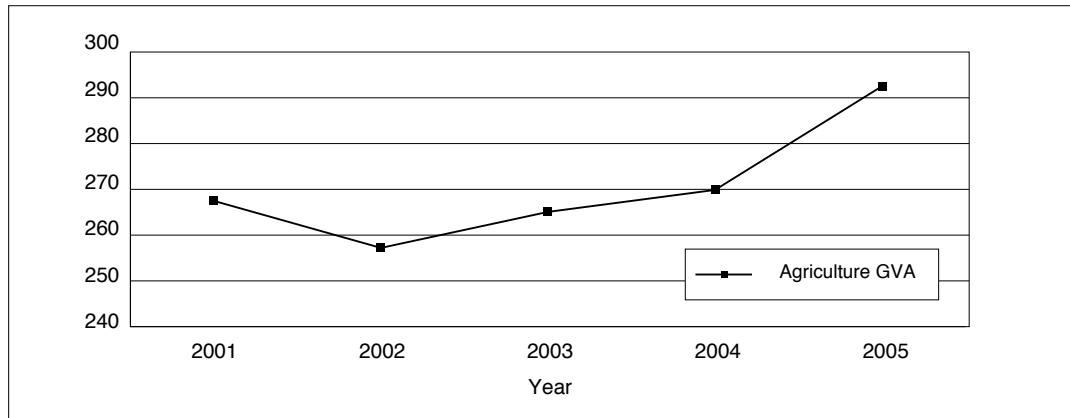
Source: CBS, Economic surveys (various years) and Statistical Abstracts

⁷⁴ In 1963 and 2000, the primary agricultural production contributed for 40 % and 29.1 % of total GDP respectively.

⁷⁵ Most data in Tables 5-1 and 5-2 are from CBS, but still need to be interpreted with some caution, as different documents sometimes provided different data.

Agricultural productivity, which depends on many different factors (KIPPRA, 2003 and 2004), but to which agricultural extension is expected to make a positive contribution, has been problematic, especially during the 1990s. While growth rates in the 1960/1970s were at around 6 % growth fell to 1.3 % for the 1990s. For the last few years, however, a positive trend can be observed (Table 5-2 and Figure 5-1).

Figure 5-1 Agriculture Gross Value Added, 2001 – 2005



Source : Economic Survey, 2005

5-1-2 History of Agricultural Extension in Kenya (up to 2002)

Agricultural extension in Kenya dates back to the early 1900s. Till independence, extension staff was employed by the African district councils, located on the fringes of the ‘white highlands’. At the time, extension was more a regulatory function, as the extension staff had to see rules and regulations, even instructions on what to grow and how, issued by the CG.

After independence, the extension staff was, as uniformed personnel, employed by the County Councils, but from 1969, as part of the general transfer of functions from LAs to CG, they were gradually employed by the Ministry of Agriculture (MoA) and Livestock.

Apart from expansion of the tea and coffee areas, and the introduction of better livestock breeds, the most notable success of the agricultural extension at the time was the introduction of hybrid maize varieties at the end of the 1960s and 1970s. With a nationwide programme of demonstrations and field days that started in 1965, led to the fact that in 1977, 50 % of even the smallholders were growing the better producing hybrid maize (World Bank 2000).

During the 1970s, a variety of projects, including Integrated development programmes, supported agricultural extension in different ways. Also in the 1970s, some of the now centralised extension staff

were deployed in the newly created commodity boards, such as the cotton, pyrethrum, coffee and tea boards. Over the years, as Gautam remarks, 'several approaches were tried, including individual visits, group methods, unified extension, farm management, integrated development, and specialised commodity extension, but except for the last, none endured. In the early 1980s, extension services were, despite clear line of command and sufficient numbers of staff, considered to perform below par. Various reasons for this are mentioned, amongst others that: insufficient training of the junior staff, lack of field emphasis, attention to most progressive farmers, hence reaching only 10 % of the smallholders and, finally lack of operational funds (World Bank 2000).

In 1982, the training and visit system was introduced under the first and second National Extension Programme (NEP I and II), implemented by the Extension Management Division and funded by several donor agencies, including World Bank and Sida, amongst others. The programme ended in 1998, since it was agreed that the communicated advice no longer reflected farmers' demands and that the approach in reaching the farming community through appointed contact farmers had not been effective. In the following years, up to 2000, crop and livestock management advice continued to be provided without donor support but funded from the GoK Recurrent Budget (provisions for salaries and limited operating costs for transport). However, its impact was hampered by reduced mobility and funds for fieldwork and the absence of an effective operating mode (OPTO, 2002).

In parallel to NEP, the Land Management Division of Ministry of Agriculture and Rural Development (MoARD), through its Soil Conservation Branch, had, under the National Soil and Water Conservation Programme (NSWCP) supported by Sida, for more than 15 years built up a complementary extension service in 52 districts, focussing on land and water management aspects. The programme had used participatory techniques to determine the kind of extension support farmers demanded. It had adopted a catchment (focal) area approach to reach all interested farmers during an intensive two-year support period.

In 1998, when NEP came to an end, MoARD, decided to adapt and extend the NSWCP approach to advisory services for crops and livestock under the National Agriculture and Livestock Development Programme (NALEP), which was formulated following a long drawn participatory process. In fact, NALEP, implemented with support from Sida and others, is the operationalisation of the National Agricultural Extension Policy (NAEP) that was discussed for a number of years and formalised in 2001, as following. NALEP itself started in July 2000, in 42 agricultural and agro-pastoral districts. NALEP II which started in July 2005 and runs to 2010 is now (FY 2006/2007) implemented in 61 districts plus Nairobi Province, while it will have a nation wide coverage starting FY 2007/2008.

5-2 Sector Policies and Sector Decentralisation Intentions and Objectives

There are a number of documents that set out the present government policy with regard to stimulating agricultural production and agricultural productivity through, amongst others, extension. These include, in a cascading manner, the following:

- ERS for Wealth and Employment Creation 2003–2007 as discussed above
- Strategy for Revitalizing Agriculture (SRA) 2004–2014
- National Agricultural Sector Extension Policy (NASEP), draft December 2005
- NASEP Implementation Framework (NASEP-IF), draft May 2006
- Ministry of Agriculture Strategic Plan 2006–2010.

5-2-1 SRA 2004–2014

With regard to the agricultural sector the ERS document cites (p. 29), amongst others, the following reasons are observed for declining in agricultural productivity:

- Lack of a comprehensive legal framework to guide the formulation of consistent policies,
- Poor governance in key agricultural institutions (especially in the cooperative sector),
- Inappropriate technologies and inadequate funding for research and extension,
- Low levels of public funding for the sector,
- Taxation of farmers through local authorities cess and other levies; and
- Lack of capacity of the private sector and the markets to assure availability of farm credit, reasonably priced inputs as well as reasonable produce prices.

The ERS commends a number of actions that are further worked out in the SRA that was published in 2004. The SRA confirms the picture as drawn above that ‘Kenya has a long history of public agricultural extension, whereby in the past the government was solely responsible for the provision of these services’ ... and that this ‘worked well during the first 2 decades of independence. [But thereafter, the services largely collapsed, as] resources dwindled substantially’⁷⁶ while available ‘budgetary resources were largely absorbed by salaries and wage payments. ... As a result of these severe budget constraints, coupled with widespread misuse of even the little resources available, provision of extension services concomitantly declined significantly. Indeed there is no credible extension system in place. ... The current extension system is ineffective and inadequate, and is considered as one of the main causes of poor performance in the sector. Indeed, the general feeling by the majority of the farmers is that the extension service system is virtually dead, because they no longer

⁷⁶ Some sources link this reduction in resources directly to the implementation of the SAPs that were launched at the end of the 1980s (e.g. NASEP 2005, p. 1).

see the extension worker as often as they would wish. The government is implementing the NAEP, which advocates a demand driven extension service and participation of other players in the delivery of these services, but its operational framework is weak, in does not sufficiently link with the research'. (SRA 2004, p. 14/15). Hence, government itself is quite critical of its extension services.

The SRA re-iterates most of the above referred impediments to agricultural productivity, and, in line with the suggestions as made in the ERS, proposes the following actions, amongst several others:

- Reviewing and harmonising the legal, regulatory and institutional framework (SRA), that will include consolidation of the over 60 statutes governing the agricultural sector into a single piece of legislation (ERS)⁷⁷,
- Improving the delivery of research, extension and advisory support services (SRA) and put in place a new agricultural extension policy to promote collaboration with other extension agents (ERS),
- Revising the role of the state, with a restructuring and privatisation of non-core functions of the (26) para-statals and ministries, and create an enabling environment for the private sector to provide inputs, credit and a market channel for the produce; and finally
- Taking measures to improve market access for example through an improved rural road network and revision of internal taxes.

Over the past 2 years, GoK has made a start with the implementation of these actions. As far as extension is concerned, an updated/revised policy was issued that will be discussed below. We wish however, to first elaborate a little on the legal reforms, as it nicely illustrates the complete overhaul that is envisaged for the sector.

Under the auspice of the 'Agricultural Sector Programme (ASP) Agricultural Sector Coordination Committee'⁷⁸, a draft concept note on 'Umbrella Legislation for Kenyan Agriculture' was prepared which proposes to (i) immediately repeal 15 pieces of legislation as 'they serve no purpose, are no longer relevant and cannot or should not be enforced'; (ii) subsequently update '8 pieces of key sub sectoral legislation, including the merger/subsuming of minor Acts into these main pieces, e.g. the agriculture Act, the seeds and plants varieties, the Animal Diseases Act, the Veterinary Surgeons Act and the fisheries Act'; (iii) 'consolidate the many individual commodity and service related pieces of legislation into 5 or 6 pieces of law or 5 or 6 sections of the new Agriculture Act'. The draft concept paper summarises the proposal as (a) repeal a large number of petty/nuisance/outdated legislation;

⁷⁷ Later documents indicate that there are over a hundred pieces of legislation that effect agriculture (see ASCU, 'Concept note on Umbrella Legislation for Kenyan Agriculture', that includes a list of 117 laws affecting agriculture, of which 20–30 are earmarked for immediate action, and 'MoA Strategic Plan 2006–2010' that talks of 131 pieces of legislation.

⁷⁸ ASCU – funded through a common donor basket, which could be seen as a very first step to a joint donor funded sector programme.

(b) capture what needs to be retained and see that it is adequately covered in other legislation, or that it is included in new legislation; (c) create 4 new institutions to replace the 31 para-statal currently active in the sector with (i) an agriculture development board; (ii) a separate livestock development board; (iii) a agriculture and livestock regulatory board and (iv) expansion of the Kenya plant health inspectorate service (KEPHIS) into the Kenya animal and plant health promotion service. The proposal needs to be endorsed by cabinet before detailed work of stakeholder consultation and drafting can commence, and may take several years before being completed.

5-2-2 NASEP (Draft December, 2005)

Following a task force appointed in 1994, the first NAEP was published in December 2001. The implementation of NAEP was realised through the NALEP. The Policy recognised that ‘world-wide there is a trend towards privatisation of agricultural extension services ... based on changing views about the relative roles of the public and private sectors in the economy (as well as other) factors such as budgetary constraints of governments, the need for greater efficiency and effectiveness in the delivery of extension services, and the declining relative importance of agriculture in the economy’ (NAEP, 2001, p. 9). The policy made an attempt to recognise that agricultural extension is provided by a wide variety of parties, but it did not make concrete proposals apart for privatisation of extension for commercial commodities like coffee, sugar, horticulture and flowers, dairy, wheat and pyrethrum. The policy lists various ‘pitfalls’ related to outsourcing of extension and while it devoted three pages to defining ‘terminologies’, it did not define what is meant by ‘private sector’.

The NAEP did not make a choice for a single extension approach as it argued such would not do justice to the variety of socio economic groups and agro-ecological zones; but it promoted participatory planning and improved linkages between research and extension, including a bottom up approach to bottom-up activity planning, to be achieved primarily through fora for beneficiaries and other stakeholders.

However, implementation of NAEP was slow, amongst others due to low commitment and ownership of the policy by the various parties, the lack of a legal and institutional framework as well as slow flow of resources, and a study in 2005 on the impact of NAEP ⁷⁹ led to its review, also to bring on board emerging issues as articulated in the SRA. The main policy intentions (taken from the policy’s executive summary) are highlighted in Box 5-1.

⁷⁹ Review of the National Agricultural Extension Policy and its Implementation, for GoK (Ministries of Agriculture and Livestock and Fisheries Development) and Sida, by ETC East Africa, Nairobi, April 2005.

Box 5-1 NASEP - Policy Recommendations

1. There will be 3 types of extension management: Model 1 where public extension services predominate and are fully public funded but operated by both private and public extension service providers (ESPs), with a clear strategy to graduate to model 2 where the clientele partially offsets service costs through commercialisation and privatisation strategies. The 3rd model is where private sector is dominating and the costs of service delivery are fully borne by the clientele.
2. In order to revitalise the management of extension services, strategies will be prepared to :
 - i) Adopt and encourage the development of pluralistic extension service and recognize the role of private sector in extension service provision.
 - ii) Encourage privatisation of extension services in areas/enterprises that attract private sector operations.
 - iii) Promote decentralised extension service provision through clientele organisations and other grassroots institutions.
 - iv) Establish an independent regulatory body to oversee the regulation of extension service provision, including vetting, accreditation and monitoring of ESPs.
 - v) Encourage ESPs to broaden their extension contents and knowledge to cover the entire value chain, particularly on post-harvest management, value addition, utilisation and marketing.
 - vi) Formulate a mechanism to strengthen partnerships, collaboration and networking; and improve inter-sectoral planning and linkage with other stakeholders.
3. Strengthen research-extension linkages to enhance technology development, packaging, dissemination and adoption.
4. Strengthen Agricultural Knowledge and Information System (AKIS) and adopt the use of Information Communication Technology (ICT).
5. Formulate sustainable financing mechanism for extension services, including taking affirmative actions on:
 - i) Gradual commercialisation of public extension services,
 - ii) Targeted funding of extension service to take care of marginalised and vulnerable groups,
 - iii) Development of private extension services, and
 - iv) Establishing a stakeholder-driven trust fund for extension services.
6. In recognizing that extension service is affected by a number of cross-cutting issues, the policy offers guidance on how to mainstream issues such as sustainable environment, gender and youth, HIV/AIDS, drug abuse, human rights and conflict mitigation and resolution in extension messages.

Source: NASEP, 2005

The NASEP document states that the ‘long-term goal is to have private sector-led and fully commercialised extension service such as that already provided by private companies. However, since the immediate application of this model is limited to high value and readily marketable enterprises, government will continue playing an active role in other enterprises and/or disadvantaged communities through offering fully subsidised public extension services; with the intention of gradually withdrawing

and/or partially charging for the offered services (i.e. privatisation and commercialisation of services)'.

With regard to the decentralised planning process, relevant for this study, it indicates that: the sector ministries will collaborate with other stakeholders to form a coordinating unit for the purpose of ensuring synergy and sustainability of extension services provision, which will be achieved through:

- (i) *Decentralising by empowering district and lower levels to participate in priority setting, design of projects and programmes and resource allocation.*
- (ii) *Establishing a harmonised institutional framework for coordination of all extension programmes/projects within the sector.*
- (iii) *Instituting a bottom-up planning process for the stakeholders' fora and ensuring that resources are budgeted by and allocated to the lowest planning levels.*

Without being very specific, the policy proposes the establishment of 'a stakeholder driven trust fund, managed by a board of trustees, for financing of the of the pluralistic extension services. ... A competitive grant system will be among the systems to be used in accessing extension funds by private sector and public institutions including universities from the trust fund' (NASEP, 2005, p. 22).

5-2-3 NASEP-IF (Draft May, 2006)

At present, the NASEP implementation is being prepared.⁸⁰ A major difference with the earlier NAEP/NALEP is that the NASEP documents are 'sector wide' and also involve, apart from the Ministry of Agriculture, the Ministries of Livestock and Fisheries Development as well as the Ministry of Cooperative Development and Marketing. Whilst building on the considered positive experiences from NAEP/NALEP (notably the stakeholder fora) the new NASEP-IF seeks to address the weaknesses observed with regard to the institutional arrangements (ii) the legal framework; (iii) broad ownership and (iv) issues of financing.

As the NASEP-IF is still being finalised, it is not possible to go into too much detail at this point of time, but most likely the document will spell out guidelines with regard to the following set of subjects:

- i) Commercialisation and privatisation of extension services
- ii) Regulation, co-ordination, M&E of extension services
- iii) Approaches and methods of extension services delivery
- iv) Contents and choice of extension messages
- v) Clientele empowerment

⁸⁰ Refer: *National Agricultural Sector Extension Policy, zero draft* as prepared by the Agricultural Sector Coordination Unit, dated 05 May 2006.

- vi) Stakeholder collaboration and networking
- vii) Modalities for funding of extension services
- viii) Institutional framework and linkages
- ix) CB of ESPs
- x) Participatory technology development, packaging and dissemination
- xi) AKISs
- xii) Extension facilitating factors
- xiii) Mainstreaming cross-cutting issues
- xiv) Publicity for NASEP and NASEP-IF

The institutional arrangements, the legal framework as well as the financing arrangements are part of the ongoing discussions and no clear position has yet emerged.

5-2-4 Ministry of Agriculture Strategic Plan 2006–2010 (Final Draft July 2006)

In addition to the above four policy and implementation frameworks (ERS, SRA, NASEP and the NASEP-IF), the MoA is presently finalising a Strategic Plan for the ministry itself. The document, that is still in draft form (dated July 2006; but expected to be approved soon), mainly highlights the (redefined) roles and functions of the ministry as an institution in the light of the various reforms and policies as discussed above, but strikingly, and as is the case for the NASEP itself, avoids to discuss the consequences of the new extension policy for its work-force.

5-2-5 Position of Various Policy Documents Vis-à-vis Decentralised Service Delivery

The policy framework has a clear logic and the NASEP is part of a hierarchy as agricultural extension, organised according to the policy, and should contribute to the realisation of the SRA⁸¹, which should contribute to the ERS, which should contribute to the PRSP and the MDGs. However, for the time-being most of it is ‘policy intentions’, apart from the experiences gained by NALEP and the World Bank funded Kenya Agricultural Productivity Programme (KAPP).

In general, the policy documents have very little attention for LGs per sé (as decentralisation is largely dealt with as delegation and/or de-concentration within the sector). The only exception is the NALEP-IF (2001) describes the role of LGs as follows:

LAs under the LAs Act have a broad mandate over the infrastructure in the areas under their jurisdiction. For example, they exercise control on the financing and construction of roads, water

⁸¹ The NAEP is not mentioned in the SRA apart from the list of acronyms. Nevertheless NAEP/NALEP are considered to have contributed substantially to the content of the SRA (Review of NAEP; footnote 80)

supplies and produce markets. They also levy charges on selected farm produce being transported from their districts or entering their local markets. They also play a role in the enforcement of certain regulations that may be of importance to agriculture. Additionally, they are important in environmental management either through their waste treatment and disposal functions or through their enforcement of relevant regulations. *They can play important roles in the decentralisation of extension services provided they accept to employ the needed staff. They can be important in ensuring accountability to farmers and others in the provision of services, if they play their rightful roles in educating farmers and acting as watchdogs.* (emphasis added).

In later documents LAs, however, are not explicitly mentioned, and as we will see below, the sector has started to create its own governance structures.

Whilst taking into account the above described policy intentions, in the paragraphs below we will largely describe the situation with regard to functions, division of tasks, funding, planning and HRs 'as is'. But even such is not always easy in general terms as various 'systems' operate in parallel. It should, for example, be noted that many players in the field (as met during the field visits) talk about NALEP/Sida, for the part of the programme paid for by Sida and of NALEP-GoK for the part funded by the Government, whereby some districts are funded by Sida and others by GoK.

5-3 Division of Responsibilities in Delivering Agricultural Extension

There are many players involved in delivering agricultural extension, including projects and NGOs, parastatals dealing with specific commodities as well as the private sector, notably for horticulture, tea, coffee and pyrethrum.

Box 5-2 Agricultural Staff Nyando District

Nyando district has 5 divisions and 79 locations. The office of the district agricultural officer (DAO) has a total of 59 members of staff, 12 of which are based at the district level, including 5 subject matter specialists (SMSs). Each of the divisions has between 7–11 members of staff, including the frontline extension workers (FEWs). In total there are 22 FEWs in the District, hence many locations are 'vacant'.

Source: verbal communication, September 2006

A recent study for Kenya Agricultural Research Institute (KARI)/KAPP⁸² has identified almost 1,100 different service providers engaged in agricultural extension, ranging from small NGOs to the MoA to international research organisations (such as World Agroforestry Centre (ICRAF), International Livestock Research Institute (ILRI), etc.).

⁸² *Inventory of Agricultural ESPs in Kenya*, draft final report, October 2006, by ETC East Africa for KARI/KAPP.

The majority of the organisations (some 60 %) is classified in the public sector, while the number of private organisations is relatively small (below 10 %). The total workforce of these extension organisations is estimated at about 16,600 persons of which almost 75 % is employed by public sector organisations, 16 % by NGOs and only 5.6 % by the private sector (Table 5-3).

Table 5-3 Agricultural Extension Organisations in Kenya, Number and Staff, 2006

Organisation	Number of organisations	%	Number of staff employed	%
Public sector (incl MoA/MoLD) and parastatals	652	59.5	12,419	74.7
Private	106	9.7	938	5.6
NGO / FBO / CBO	272	24.8	2,650	15.9
International [research] organisations	11	1.0	125	0.8
Other (universities, cooperatives, projects)	54	4.9	496	3.0
Total	1,095	100.0	16,628	100.0

MoLD: Ministry of Livestock Development

Source: Inventory for ESPs for KARI/KAPP, un-published preliminary data

As far as the public sector is concerned (and which is the focus of this study), agricultural extension is delivered in a very traditional/hierarchical de-concentrated model, with staff at the various levels (province, district, division), organised and with roles as described in Table 5-4.

Table 5-4 Extension Staff and Functions

Level	Staff	Function
National	MoA - Director of extension, research liaison and development	<ul style="list-style-type: none"> • Policy guidance; monitoring & supervision; guidance on implementation (e.g. through programmes such as NALEP) • Technical support/guidance that cascades down via the provinces and the subject matter specialists
Province	<ul style="list-style-type: none"> • Provincial director of agriculture assisted by provincial subject matter specialists 	<p>The provincial director has its own small operational budget for which she/he is AIE-holder. Funds are made available - by arrangement - through the accountant of the municipality where the provincial HQ is located as the province itself does not have its accounting structure.</p> <p>The provincial director has no line-function for the funds made available to the districts – and his/her role is coordination, supervision and support only.</p> <p>Provincial SMSs have the following main roles:</p> <ul style="list-style-type: none"> • CB of the DSMS • Supervision/technical backstopping at district and frontline • Report compilation and sectional report writing • Analysing reports and give feedback to the districts • Sourcing of information (from various sources including research, universities, private sector etc.) relating professional line and packaging and sharing of the information • Sourcing for New technologies (crop varieties, animal breeds, technologies for improvement, agro-processing, conservation marketing etc.) • Organizing and providing guidance in professional group meetings • Networking with other service providers • Supervisions – to cover both management and technical aspects with emphasis on professional line • Backstopping during trainings and supervision visits • Design and carry out minor impact studies

5. LOCAL SERVICE DELIVERY - AGRICULTURAL EXTENSION

Level	Staff	Function
District	DAO assisted by DSMSs	<p>DSMSs have the following main roles:</p> <ul style="list-style-type: none"> • Sourcing for new technologies (crop varieties, animal breeds, technologies for improvement, agro-processing, conservation marketing etc.) • Organizing and providing guidance in professional group meetings • Networking on behalf of CIGs with other service providers • Supervisions – to cover both management and technical aspects at division and frontline • Training of FADC members (assisting the DivSMS) • CB of DivIT & DET • Report compilation and sectional report writing • Sourcing of information relating to CIG activity and packaging of the information • Backstopping during trainings and supervision visits • Analysing reports and giving feedback to the districts/divisions • Designing and carrying out minor impact studies
Division	Divisional agricultural extension officer, leading the FEWs, and assisted by various SMSs; latter report to the district SMS	<p>Divisional SMSs will, in collaboration with other service providers, prepare plans for extension activities with CIGs to be approved by the divisional stakeholder forum. The SMSs will:</p> <ul style="list-style-type: none"> • Participate in BBS, community mobilisation and CAP development • Promote opportunities • Form CIGs and in collaboration with other service providers conduct training • Assist the CIGs, including the resource poor and vulnerable to write ALEEF related project proposals to be presented to the divisional stakeholder forum for scrutiny and forwarding to district project consultative fora to seek approval and support • Follow up the implementation of CIG proposals • Provide FSAPs on demand
Location	FEWs	<p>Often based at the divisional level and due to staff shortages often serving more than one location. The specific duties of FEW [in the revised NALEP] are as follows:</p> <ul style="list-style-type: none"> • Be involved in the focal area identification • Participate in BBS exercise • Gather data on the number of farmers (by names) including the different enterprises in the extension unit • Visit farmers who request (demand) individual FSAP • Implement the tasks allocated by various DivSMSs • Participate in demonstrations • Assist SMSs in training CIGs, farmers • Meet the demands from farmers outside the focal area • Service as contact persons between farmers the SMSs and the DivIT, and provide feedback information on specific needs, demands, enterprises of farmers • FEW has to work from a location where she/he can be contacted by any farmer or any alternative ESP.

ALEEF: Agriculture and Livestock Enterprise Enhancement Fund, BBS: Broad Based Survey, CAP(s): Community Action Plan(s), CIG(s): Common Interest Group(s), DET: Divisional Extension Team, DivIT: Divisional Implementation Team, DivSMS: Divisional Subject Matter Specialist, DSMS(s): District Subject Mater Specalist(s), FADC: Focal Area Development Committee, FSAP(s): Farm specific action plan(s)

Source: NALEP Workplan 2006/2007 and NALEP

From the above emerges a picture that

- the division is the centre of the activity,
- the role of the provinces is rather minimal,
- the FEW is considered a messenger or ‘foot soldier’, as the entire system is built on subject matter specialists at the various levels which provide backstopping to one-another in a cascading way,
- the organisation with both geographical lines of command (province-district-division) as well

as sector (or subject matter lines) lines of command, through the subject matter specialists at the various levels, is a relatively complex ‘matrix type structure’.

5-4 Public Sector Financing of Agricultural Research and Extension

As shown in Table 5-1, the share of expenditure for agriculture as part of the total government budget has fallen from 13 % in 1983 to around 1.5 % nowadays. In absolute terms, the annual budgets increased substantially over the past few years, but it must also be noted that actual expenditure has fallen substantially behind the budget, especially for development expenditure, which means that available funds were not or could not be utilised (Table 5-5).

Table 5-5 Analysis of Total Expenditure by the Ministry (2002/2003–2004/2005)

(KES million)

		2002/2003	2003/2004	2004/2005	2005/2006
Total Expenditure	Printed	4,905	6,828	7,894	8,332
	Actual	4,056	5,039	5,121	
Development budget (1)	Printed	1,147.8	3,263.8	4,302.2	3,216.3
	Actual	928.8	1,783.8	1,756.5	
Recurrent budget (1)	Printed	3,757.2	3,564.2	3,591.8	5,116.1
	Actual	3,127.2	3,255.2	3,364.5	
Development expenditure as % of total	Printed	23.4 %	47.8 %	54.5 %	38.6 %
	Actual	22.9 %	35.4 %	34.3 %	
Recurrent expenditure as % of total	Printed	76.6 %	52.2 %	45.5 %	61.4 %
	Actual	77.1 %	64.6 %	65.7 %	

Note: (1) these figures are calculated on the basis of data in MPER, Table 4; It is noted that the calculated figures differ substantially from the data provided in MPER Tables 5, 8, 9 and 10.

Source: MPER, Table 4

According to the figures in Table 5-5, the share of the development budget as part of the total budget increased, as much as the recurrent budget remained fairly constant in absolute terms. Under-expenditure on the total budget is mainly due to under-expenditure for development. According to the MPER 2002–2006 the under-expenditure was mainly on projects due to delays in procurement and recruitment of staff mainly for KAPP and Lake Victoria Environmental Management Programme (LVEMP), both projects under KARI (MPER, p. 18).

Expenditure for agricultural extension constitutes the lion’s share of the budget of the ministry, both for the recurrent as well as the development budget (Tables 5-7a and b; Annex 5). Apart from some un-explained variances over the years, one can conclude that some 2/3 of the Ministerial budget is allocated for extension services (including research; see below), which tallies with the popular opinion

Table 5-6 Transfer to Parastatals Under the MoA, 2002/2003–2005/2006

(KES millions)

		2002/2003	2003/2004	2004/2005	2005/2006
Development budget	Printed	936.0	1,377.9	2,439.6	844.9
Recurrent budget	Printed	1,120.2	1,190.4	1,196.8	1,402.9
Total	Printed	2,056	2,568.3	3,636.4	2,247.8

Note: These amounts are included in the figures for MoA (Table 5-5).

Source: MPER, Tables 2 and 3

Table 5-7a Recurrent Expenditure by Budget Line as % of Total (2002/2003–2004/2005)

Recurrent, total in % by budget line	2002/2003	2003/2004	2004/2005	2005/2006
100 General admin and planning	9.6	9.4	9.4	9.8
101 Policy, legal reviews, regulation	9.4	9.1	9.4	10.1
102 Monitoring and management of food security	2.7	4.8	5.0	10.2
103 Facilitation of agricultural extension	70.4	69.1	69.5	63.3
104 Information management	4.7	4.0	3.4	3.5
105 Protection of natural resource base	3.2	3.6	3.4	3.2
Total - recurrent	100.0	100.0	100.0	100.0

Table 5-7b Development Expenditure by Budget Line as % of Total (2002/2003–2004/2005)

Recurrent, total in % by budget line	2002/2003	2003/2004	2004/2005	2005/2006
100 General admin and planning	1.0	22.0	12.1	0.5
101 Policy, legal reviews, regulation	0.0	14.3	2.2	0.6
102 Monitoring and management of food security	25.8	11.2	9.8	0.8
103 Facilitation of agricultural extension	70.6	48.8	65.1	89.0
104 Information management	0.0	0.6	0.0	0.2
105 Protection of natural resource base	2.6	3.2	10.8	8.9
Total - development	100.0	100.0	100.0	100.0

Source: Calculated from MPER, Tables 5, 8, 9 and 10; Annex 5

that, apart from policy making and regulatory functions, agricultural extension is the main activity of the Ministry.

From the available data, it is not easy to distil what share of the budget for extension is actually transferred to districts (see also 5-5), but it should be realised that the above budget-lines for extension include 'research' i.e. all expenditure for the KARI that constitutes some 42 % of the total budget line (Table 5-8), which means that, as far as extension proper is concerned, some 85–90 % of the total amount of the recurrent budget is earmarked for salaries, with the balance (10–15 %) left for operational costs.

Table 5-8 Analysis of Recurrent Expenditure, 2002/2003–2004/2005

(%)

	2002/2003	2003/2004	2004/2005	2005/2006
Salaries and wages	49.1	48.5	52.1	43.9
Operation and maintenance	8.0	7.7	5.3	10.1
Plant and equipment	0.3	0.9	0.2	1.6
Transfers and subsidies / research (KARI)	42.6	42.8	42.4	44.4
Total - extension and research (vote 103)	100.0	100.0	100.0	100.0

Source: MPER 2002–2006

Assuming that 60 % of the population potentially benefits (or should benefit) from agricultural extension, and that the above 10–15 % of the recurrent budget plus 50 % of the development budget is available for activities at the district level and below, this would be equivalent to 90 USD cents per capita or - with an average family size of 6 - USD 5.4 per family per year.

It should finally be noted that the agricultural sector attracts very little resources from the various parallel funding mechanisms (such as CDF, LATF etc.) as mentioned in Chapter 2.

5-5 Local Planning Procedures for Agricultural Extension

Under NALEP, a system of bottom-up planning was set-up, whereby staff in the divisions (the lowest administrative level – even though FEWs do work in the locations) is requested to make operational budgets that are consolidated at the district and provincial level. At the moment of planning, the divisional as well as the district teams do have a certain freedom to allocate resources across various activities (and budget lines) according to local priorities and as they deem fit. Once approved, however, the budgets are fixed and any changes would require the authorisation of the permanent secretary.

The novel approach of NALEP is that divisional staff will have been involved in the preparation of the budget, will hence know ‘their allocation’ and can claim it, even though the DAO retains the AIE holder⁸³. All payments are made through the District Accountant. It is important to note, however, that for NALEP ‘the division is the nucleus of programme implementation and most of the resources will be channelled to this level to ensure programme objectives are met’ (NALEP, Work-plan 2006/2007, p. 9). The other novelty of NALEP, later also adopted by KAPP, is that it started to create and work with stakeholder fora at divisional, district and provincial levels. Again, for NALEP and KAPP the planning process starts from the divisional level, as can be seen from the task descriptions on Table 5-9.

⁸³ The Annual Work-plan of NALEP contains as annexes very detailed overviews of approved activities. On the one hand this looks like ‘little trust’ at the lower level; at the other hand, it provides, as said, staff and other with an opportunity to ask for transparency. See for example: ‘NALEP-II Work-plan July 2006 – June 2007, June 2006’

Table 5-9 Composition, Tasks and Roles of Stakeholder Fora

Level	Organisation / person	Role
Division	DiSHF Members: <ul style="list-style-type: none"> • Farmers and farmer organisations • NGOs/CBOs • Research organisations • MoA/MoLD and other relevant Ministries • Private sector representatives, agro-processors, input suppliers etc. 	The DivSHF will coordinate [agriculture related] development activities in the Division with following main roles: <ul style="list-style-type: none"> • Networking with other organisations • Convene stakeholder consultative meetings • Linking up of the divisional and the DSHF • Resource mobilisation for divisional development (LATF, CDF). Overseeing the implementation of activities by the DivIT • Overseeing activities related to the ALEEF
	DivIT Members : not specified in available documentation; but likely divisional staff of the departments of agriculture and livestock	The DivIT is the implementation arm of the DiSHF whose main roles are to: <ul style="list-style-type: none"> • facilitate joint planning for the agreed activities, sharing and exchange of information between extension stakeholders/collaborators at the divisional level thereby strengthening collaboration and partnership among the stakeholders • guide and oversee the implementation of activities (including ALEEF) so that they are in line with the stakeholders' expectations and various policies • integrate and incorporate into the divisional development agenda all the cross cutting issues e.g. HIV/AIDS, environment, gender, research, legal rights issues, governance, democracy, drug abuse etc. • guide/participate in site selection in consultation with other stakeholders/collaborators • link with the DCT • do M&E
District	DSHF Members: <ul style="list-style-type: none"> • representatives of the key collaborators from other ministries • development agencies • private sector • projects/programmes, • vulnerable groups • NGOs, CBOs, FBOs, etc. note: In one of the documents the above was, erroneously most likely, provided as description for membership of the DCT	The DiSHF plays the same roles as defined for the divisional forum at the district level, with the additional role of sourcing and managing the ALEEF. NALEP will facilitate two meetings, which should be addressing emerging challenge/issue-oriented. The DSF role: <ul style="list-style-type: none"> • To create an enabling environment for the DCT and all the stakeholders to play their respective roles • Promote exchange and sharing of information at the district level while enhancing collaboration and partnerships • Mobilize local resources to support CAP and CIG projects • Understand, correctly interpret and be familiar with various policies so as to guide extension providers at the District and the Divisional level to meet the aspirations of all players • Monitor and Evaluate implementation of activities at the district and divisional level and provide appropriate feedback • Develop strategies to attract investments in cottage agro-industries
	DCT Members: Not yet specified; likely the district directors for agriculture and livestock	The DCT plays the role of the secretariat of the DSHF. Its functions correspond to those of DivIT at the district level with a reduced field implementation responsibility but a higher coordinative function.
Province	Provincial stakeholder forum	The provincial stakeholder forum aims at ensuring wide inclusion of other service providers in the project. The provincial director of agriculture and provincial director of livestock production will: <ul style="list-style-type: none"> • make a stakeholder analysis, in consultation with provincial subject matter specialists and other formalised institutions • call the first meeting for stakeholders who will constitute a PSF • elect a PCT composed of representatives of key collaborators from other ministries, development agencies, private sector, programmes, etc.
	PCT Members: <ul style="list-style-type: none"> • provincial director agriculture • provincial director livestock Development • Members elected by the PSF 	<ul style="list-style-type: none"> • PCT coordinates the [agriculture and livestock] development process [in the province] and initiates the stakeholders' forum at the provincial level as well as linking the various district fora in the province. It plays a backstopping and M&E roles in the province.
National	NFF Members: broad participation but not (yet) directly linked to the district and/or provincial fora.	The NFF will be the principal organ for farmers and other clients to articulate their demands and influence the policy reform process. ⁸⁴

DCT: District Coordinating Team, DiSHF: Divisional Stakeholders' Forum, DSHF: District Stakeholders' Forum, NFF: National Farmer Forum, PCT: Provincial Coordinating Team, PSF: Provincial Stakeholder Forum

Note: Text in [square brackets] is added.

Source: NALEP Workplan 2005/2006 and Operational Procedures 2004/2005.

⁸⁴ From KAPP project document; All other text in this box is from NALEP documentation, which does not yet mention the national form explicitly.

From the above description, the various documents as well as the field visits, it appears that the establishment of the farmer fora is still in its preliminary stages, with, at present, a focus on having the divisional fora established. It seems that even roles and composition of the various institutions is to further evolve (as sometimes available definitions and descriptions are scanty or even contradictory. The coordinating teams, for example, are both called secretariat as well as ‘implementing arm’ – which of course, also considering the pluralistic approach to extension, are two completely different sets of activities).

It is to be noted that the farmer fora are established next to the District Agricultural Committee (DAC), its sub-committees at the divisional level and the provincial agricultural boards (PAB) that were all established as part of the Agriculture Act but, exceptions that confirm the rule apart, largely became dysfunctional since the late 1980s early 1990s, mainly because a lack of resources, both for the functioning of the department and their own functioning. As for the DDCs (Chapter 2) the DAC and the PAB basically lost their function by the time there was nothing left to plan for.

Box 5-3 Composition and Role of the DAC and PAB as Per the Agriculture Act (1980, Revised 1986)

The DACs were established by the Agriculture Act 1980 (revised in 1986). The Act elaborates more on the composition of the Committee than on the functions. Latter are broadly defined as ‘(1) exercise such powers as defined in the Act; (ii) advise the provincial board and (iii) advise the agricultural finance corporation (AFC). It shall be composed of 6–10 farmers, the DC and senior officers of relevant departments. The chair is appointed by the minister from amongst its members.

The PAB, described in the same Act, shall be composed of one member of each DAC, the PC and senior staff of relevant departments. Its functions are as for the DAC: (i) ‘exercise such powers as may be conferred or imposed by the Act (ii) advice the central agricultural board (iii) carry out functions as directed by the minister and (iv) render assistance to the AFC.

Clearly, the way the functions and composition of the DAC and PAB are described are to be seen and understood against the situation in the early 1980s. It would be part of the legislation that needs reviewing (see 5-2-1 above). However, it is important to note that the defunct DACs and PABs have legal status, while the newly created farmer fora do not. For this reason, the NALEP impact study mentioned ‘The stakeholder fora are promising mechanisms for better collaboration and more efficient and effective delivery of agricultural services. However, before establishing a stakeholder forum, an inventory should be made of existing fora at each level – province, district, division - and their functions. In order to avoid duplication of institutions, the stakeholder fora created under NALEP should explore possibilities of merging with other similarly-structured fora.’

5-6 HR Issues

Most of the present staff of the Ministry has been recruited in the 1980s, before, in 1989, and as part of the SAPs, a recruitment stop was imposed, which was never lifted. Since 1989, no new frontline extension staff joined the workforce until the recruitment of 300 new employees in 2005. Many of the staff in MoA have retired or are near retiring-age and over the years staff of the MoA has severely diminished from 9,900 in 2001/2002 to 8,000 in 2004/2005, i.e. a reduction of 20 % of the workforce in 3 years, against an approved establishment of around 10,700 (Table 5-10).

Table 5-10 Staffing Levels for MoA - 2001/2002–2005/2006

Year	Staff in post
2001/2002	9,903
2002/2003	9,298
2003/2004	8,256
2004/2005	7,825
2005/2006	7,959

Source: MPER

Table 5-11 Staff DAO-Nayando District

Year	Staff in post		
	Technical	Admin	Total
2000	102	32	134
2001	95	17	112
2002	78	12	90
2003	59	12	71
2004	53	15	68
2005	53	11	64
2006			59

Source: MoA (verbal communication), field

The issue of staffing is both critical and very sensitive, and, as said above, the strategic plan for the ministry does not explicitly mention it. Yet, with regard to the question of involvement of ‘other ESPs’, privatisation and out-sourcing, this will have a bearing on the numbers of staff required. For some, therefore, the ‘natural’ reduction in staff is not necessarily a bad trend, although others may argue that for an effective extension service a more pro-active style of personnel management would be desirable. The crux of the matter is that a policy decision is made (in favour of a lighter extension service), but that it is difficult to accept and carry through all the consequences.

5-7 Trends in Service Delivery Outputs and Outcomes

The SRA indicates that ‘during the first 2 decades after independence, Kenya’s agricultural sector recorded one of the most impressive growth rates, an average of 6 % per annum, in sub-Sahara Africa. This growth rate, however, was not sustained and between 1980 and 1990 the sector recorded an average annual growth of 3.5 %. The sector performed extremely poorly in the 1990s, registering one of the lowest growth rates in the world. During the 1990–2000 period, the sector grew at an average annual rate of 1.3 %, compared to 3.2 % for Tanzania and 3.7 % for Uganda’ (SRA, p. 19), while population growth for the same period is estimated at 2.9 %.⁸⁵ As shown in the first paragraph of this chapter, growth and productivity figures are improving for the first years of this decade.

The big question of course is in how far agricultural extension is responsible for both the downturn and the recent upheaval. A study by Odhiambo et al. (KIPPRA, 2004) finds a positive relation between agricultural value added and trade policy, the weather and government expenditure for which it adds that ‘although it was not possible to discern the precise area of expenditure, it is reasonable to assume that expenditure in research and extension would have a positive and direct impact on agricultural productivity [as] studies in Asia have overwhelmingly demonstrated this fact’ (KIPPRA, 2004). As much as everybody is eager to believe the great positive effect of extension, in reality hard data to substantiate it are not easily available. Another KIPPRA study (by Odhiambo and Nyangito), notes that a number of ‘studies have demonstrated the importance of extension for enhancing productivity’ in Kenya, but also that ‘although the importance of extension is widely acknowledged it has not been an important driver of productivity (in Kenya for the past decades) due to the many problems faced in providing the service ... (as) the extension system in Kenya has virtually collapsed’ (KIPPRA, 2003). This tallies with the observations of Gautum (2000) earlier in this chapter on the way extension services are delivered.

Over the past 1-2 years, the situation seems to be slowly changing – as more resources have become available in a more predictable manner, whilst staff at the divisional level is involved in the programming. Over time, the stakeholders (through the farmer for a) are supposed to also get a voice in this process. Hence, there are positive trends – but just in the bud.

5-8 Impact of Decentralisation on Agricultural Extension

Gautum indicates that both NEP I and NEP II ‘adopted a top - down, supply driven approach, and lacked a focus on the critical issue of farmer empowerment. ... the primary client, the farmer, still has little or no voice ... (and often) district staff determine the topic of the training sessions.’ (Gautum,

⁸⁵ These figures well illustrate the general downfall of both economic performance and service delivery during the 1990s.

2000, p. 9). He further notes that NEP I and II had given inadequate attention to the issue of incentives, as FEWs were supposed to follow a prescribed route to visit farmers with supervision determining compliance with the route rather than focussing on the quality of the relationship between the FEW and the farmer. He adds that FEW (under NEP) were ‘for the most part, messengers’. This is changing, but only slowly (refer description of tasks of the FEW in Table 5-4).

Obviously, NALEP and the new extension policy are making an effort to address these issues, which not only pertain to agriculture, but which reflect in a way how society, and especially the public sector, looks at issues of governance and the relationship between public sector staff and the population at large. Hence, the issues at stake are much larger than the agricultural sector alone. Yet, the sector (as do other sectors) seems to be addressing them, as if they were alone doing so; refer for example to the way the tasks of the fora is described (‘coordinate development in the division’ not only agricultural development but all development. Also the composition of the fora at divisional level is so broad, that one wonders whether all these people have time to attend to all these meetings at the divisional level).

In this context, and focussing on the ‘institutional part’ (rather than on the sociological and psychological part) the above referred NALEP impact study indicated that NAEP, with its emphasis on bottom-up planning, can be implemented only if there is a genuine decentralisation of government, including devolvement of decisions about budget allocation to district level and below. Only then will an integrated approach to development that reflects local priorities be possible. Officers have been posted to district and divisional levels, but particularly the latter are not provided with even the basic facilities to be able to communicate and travel to reach farmers and other collaborators.

The establishment of farmer fora has been the official response to setting up new governance structures, which seems to be promising, but it is too early to draw firm conclusions. Also, divisional staff seems contented with the better ‘facilitation’, but also here it would not be prudent to draw any firm conclusion with regard to the initial experimentation with the de-concentrated model and the level of services.

5-9 Key Issues and Challenges

- At the moment, there are two major extension projects ongoing i.e. the NALEP-II, supported by Sida and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), attached to the Ministry, and the KAPP, attached to the KARI funded by the World Bank. Under NASEP, supported by various concerned ministries, the institutional basis for the programmes is much broader and opportunities for integration into the regular system better. NALEP which is the operationalisation of first NAEP and now NASEP is up to date the guiding policy framework for extension. The

downside of this is that, for the time-being, agricultural extension in Kenya remains very much project based, which has been the case since the early 1980s.

- Following the ERS, the NAEP was revised into the NASEP, which is yet to be formally approved; while the revision of the various Acts as proposed in the draft concept note will be a major undertaking. As for the other sectors (health and education) as discussed above, various policy initiatives can be identified, yet implementation seem to be lagging behind, which give the impression of a sector with too many good initiatives but too little concretisation.
- A main issue for the sector is to come to terms with the creature called the “private sector”. Whom does this term encompass? With which categories within the private sector should the government be seeking partnership in extension and for which purposes? In which categories of the private sector do capacities need to be built so that they can assume some of the current tasks of government services. For what types of activities should private-sector actors receive public funds for meeting government responsibilities, not only in advisory services but also in monitoring and control? On the basis of such a reflection and subsequent decision making can service delivery for extension be worked out further.⁸⁶
- Within a pluralistic model of agricultural extension services, an important aspect of the institutional set-up will be the arrangements for ‘QA’; who will regulate the service delivery and who (if any) is to ensure ‘quality delivery’. NASEP has proposed a regulatory body but for it to operate it requires the legal framework in place. Currently, the agricultural sector is governed by about 130 pieces of legislation and numerous by-laws many of which are obsolete, unenforceable or inconsistent with the current policies. There is no single ‘common or national’ regulatory body backed by legislation to vet, licence and ensure ‘quality of extension service delivery’ by the various providers.
- The same that holds for increased participation of stakeholders in extension, also applies to agricultural research. Association for strengthening agricultural research in eastern and central africa (ASERECA) (2004) remarks that ‘As great concern is gravitating towards the application of research by the end user, the issue of decentralising research is gaining momentum. Decentralisation makes research to be more outward - looking, client oriented and impact driven’. It also remarks that, although Kenya’s agricultural research has some reasonable degree of geographic spread of its institutes across the country, actual decentralisation of decision making responsibilities, staff and funding is not clear. (ASERECA, 2004; p. 3)

⁸⁶ Review of NALEP and its implementation, synthesis report p. 15

- There is urgent need for the sub-sector of agricultural extension to be able to ‘proof its impact’ and/or to justify its presence. It has been difficult to argue the case in the past (apart from the 1960–1970s), and it will be more difficult in the future, especially if public sector extension will be confined to those areas (food crops, marginal areas, etc.) other service providers, including the private sector, are not willing or able to cater for, hence the public sector extension will remain with the most ‘difficult areas’. Obviously, it is the task of the public sector to cater for those needs that can not be met by private sector intervention, but it also implies a paradox as some of the services are privatised to make the task for the public sector more easy, on the other hand, the same public sector will still have to deal with the more difficult cases. Hence, the need for a well functioning public sector will still persist.
- The stakeholder fora are a promising mechanism but care needs to be taken that one is not replacing one legal structure for a non-legal structure, under the assumption that the new structures will always do better than the old ones, even without having analyzed the root-causes of failure.
- Even though the various fora are promising, reports also indicate that the functioning of the local organisations (e.g. CIGs, divisional fora etc.) is sometimes hampered by the lack of local leadership genuinely serving the public interest. It seems that various sectors are all fighting the same phenomena, that is broader than a single sector, even broader than the sectors together, but which represents the phenomena that others call the ‘individualization of the society’, that has become apparent over the last 10–15 years and which needs addressing for local governance structures getting a chance to succeed.
- As in the other sectors, the agricultural sector is seeking to build governance systems. Looking at the language used for the various fora, the committees that will be established will also be discussing general development issues (either at divisional, district and even provincial level). Coordination with other sectors that are doing the same is indicated.
- Agriculture has chosen the divisional level as its core focus level, either (as for other sectors) chances of accountability are considered best at the lowest (facility) level, or because of other reasons (closeness to farmer). Most other sectors (including health and education) have chosen different geographical areas. In view of harmonization of approaches the reasons for the choice for one particular level need to be made more explicit.

6. CONCLUDING REMARKS

In the previous chapters we have argued, given the particular situation Kenya is in (as compared to Uganda and Tanzania which both have devolved systems of service delivery), that it is too early to draw any firm conclusions on the impact of decentralisation (even within its broad definition) on service delivery. We have, however, described trends in both the organisation and the output of local service delivery. Taking these into account, this final chapter makes an effort to combine them into a logical forward looking synthesis, opportune at this point of time. The chapter does not endeavour to present a comprehensive summary of the foregoing.

6-1 Weak Legal and Policy Framework for Devolved Local Service Delivery

- The present system of LAs is established by an Act of Parliament and lacks a constitutional basis. After the transfer of functions from LG to CG, in 1969 that withdrew main functions, including those for health, education and agriculture, rural LGs were left with minimal functions in service delivery, mainly rural roads, markets and some ‘urban functions’ (such as garbage collection, drainage and social welfare) that further dwindled because of lack of resources.
- In rural councils, the lowest level in the legal structure is the district, and hence there is no legal provision for sub-district level organisation, which makes it difficult for the councils to effectively interface with the communities.
- Even for the minimum functions that they have, LAs find it difficult to attract appropriately qualified personnel due to resource constraints inhibiting them to pay salaries commensurate with the levels of qualifications.
- Over the years, LGs, that were vibrant organisations at the time of independence and some subsequent years, got into a negative spiral of reduced service delivery mandates and reduced (as well unpredictable) revenue sources – less services – less income – less services, and gradually lost their credibility in the eyes of the public, as the little resources available were basically used to pay for the – often bloated - staff.
- In 2000, one of the last sources of LA-revenue, the LAs services charge (that was introduced in 1988), was replaced by a CG transfer under the name of the LATE. The KLGRP used this transfer (and the conditions attached to it) to leverage basic financial performance by LAs. Later, the LASDAP process was added as another condition to LATE, in an effort to promote beneficiary involvement and attention for service delivery issues.

- The realisation of the KLGRP objectives materialised to the extent that most LAs were able to address the issue of debts that had developed over many years and to instil some financial discipline in terms of financial reporting. However, the excessive indebtedness and the size of the wage bill compared to own revenue yields, took a disproportional share of the LATF allocation, leaving little for actual service delivery. Apart from a few capital projects, the impact on service delivery was minimal, thereby leading to a poor perception of the LASDAP process, for which, probably, the objectives were far too ambitious in the light of the resources available and the support rendered.
- It should also be noted that the conceptualisation of LATF and LASDAP as expressed by the approach of the KLGRP, overlooked the political aspects of planning at the local level, which meant that even the little resources available for capital development were fragmented to serve councillors' individual political interests, also as representatives of a local area, the ward. This has led to a fragmentation of the limited funds across the many wards. This has further reinforced the negative public perception on local councils not providing services in the public interest, neither serving as representatives of such interests.
- The said conceptualisation of LATF and LASDAP as advocated by the KLGRP, was grounded in the premise of decentralisation by devolution and the anticipation of an imminent emergence of a legislative framework to operationalise the same through the process of the constitutional review that was in advanced stages by then. After rejection of the draft constitution, that contained detailed provision for a devolved service delivery framework through LAs, however, it is not clear if and when such a framework will indeed materialise.
- The latter observation, if correct, has a serious implication on the consolidation of the KLGRP, as well as the future role of the MoLG, as it highlights its disadvantaged position in dealing with cross-cutting issues of service delivery at the local level as its mandate is limited to LA generic (not sector specific) issues. It begs the question for need of a ministry dealing with local service delivery and/or issues of Decentralisation.⁸⁷

6-2 Trends in Service Delivery

- Politics and side-shows that distract attention apart, the general observations with regard to local service delivery clearly indicates that there are positive trends in both quantitative and qualitative terms, but the situation varies from sector to sector.

⁸⁷ In the definition of this study and that may as such include devolution, de-concentration and delegation.

- The improvements in service delivery are most visible in the education sector, with the introduction of FPE in 2003 that was, crucially linked to the establishment of a system of school capitation grants, and as a result of which enrollment increased significantly as well as availability of instructional materials. The number of teachers however, has not increased to match the new influx of learners, which may have adverse implications on the quality of learning. Also, the physical facilities continue to pose a major challenge, although funding is becoming available under the Kenya Education Support Programme and the CDF, some 60 % of which is allocated to the sector of education. These funds supplement (or replace) the parents contributions which for a long time were the only source of funding for physical school infrastructure.
- For the health sector, as well as for the other sectors, there has been a marked improvement in budget allocations, albeit that this was not always matched by a similar increase in expenditures. The latter may be due in part to cash-flow constraints at the centre, but another major reason appears to be the cumbersome accounting and reporting procedures. For example, World Bank and Sida funded programmes that endeavoured to pilot new ways of decentralised service delivery fell victim to the procedures and had to abandon channelling funds to the districts for lack of a legal framework for more effective and efficient transfer of funds to lower levels of government where implementation is taking place. Unlike for the education sector, where existing legislation provides for devolving of the financial function to education facilities, such a provision does not exist for the health sector. This is considered a serious constraint to further improve decentralised service delivery, and an overhaul of the existing legislation is required. This, however, may take a couple of years to materialise.
- For a variety of other reasons, not directly linked to financial management, the agricultural sector legislation is also in dire need of an overhaul, for which initial steps have been taken, i.e. there is a draft concept paper to review the many pieces of legislation regarding the sector into 1 principle sector law. A major issue regarding such review, which is fairly unique to the sub-sector of agricultural extension, is the need to clarify the roles and the responsibilities of key actors, and more so the role of the public sector vis-à-vis the private sector in extension.
- Over the last 3–4 years, the negative trend in service delivery that started in the early 1980s and reached a peak around the turn of the century, has at least been halted and probably reversed as evidenced by, for example, (i) government insistence on performance improvements through amongst other introduction of performance based contracts for civil servants; (ii) observed change of attitude by both HQ and field public servants; (iii) regained confidence and better facilitation at field staff level; (iv) de-politicisation of the office of the DC and (v) reversing trends in the public perception of government from extremely negative to optimistically cautious.

- The strong point of the sector reforms is that they are all based on the ERS (2003–2007) that has become a framework within which sector policies are formulated. Based on these policies, most sectors have progressed to the implementation stage of these sectoral programmes.

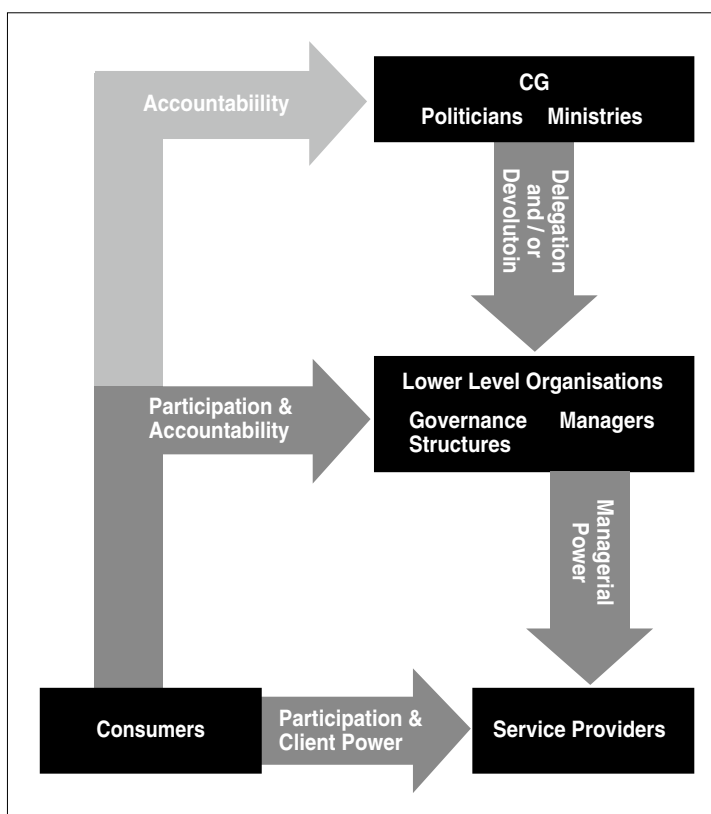
6-3 Emerging Sector Based Governance Structures

- As part of these sectoral programmes, the various sectors have revived dormant or otherwise created new governance structures to facilitate decentralisation of service delivery, notably enhancing local accountability and participation in decision making (Box 6-1). More often than not, this was done without any regards to the notion of political decentralisation (including decentralisation by devolution), but rather yielding to the pressure for more direct community involvement in decision-making. As a result, most sectors have paid less attention to the broader legal and institutional issues.

Box 6-1 Strengthening LG in Service Delivery

The underlying objectives of the recent reforms include elements of the following:

- Improving the effectiveness and efficiency of service delivery, through decentralisation (LATF) but mainly through the delegation of management power and financial and administrative authority to lower level organisations, whether local authorities or district boards.
- Strengthening local accountability of service delivery by enabling consumers to hold lower level service organisation and providers to account for their performance.
- Enhancing the responsiveness of service delivery to the public through allowing the poor to participate in decision making processes around service delivery.



Source: DFID's Support to Local Government Programme, Project Completion Review, 2005

- In cases (health, agriculture) the new structures, the so-called district fora that do not have any legal status, are created next to pre-existing legal, but moribund organisations such as the DAC or the District Health Board.⁸⁸ For education, the situation is different as governance structures at school level have always been in existence and operational (even though also for health, facility management committees have been in existence since the 1980s). With more funds becoming available, and management responsibilities being transferred to district or facility level, whereby the importance of the latter management committees is expected to increase over time – but it is too early to judge whether this is actually already the case.⁸⁹
- Apart from the legal aspects and the multiplication of similar organs next to another, the various fora are considered promising in terms of creating an opportunity for exchange of views and ideas and airing concerns and needs. These organs, however, are still in their infant stages and need to prove their usefulness. There are a number of issues surrounding these new arrangements, among them, the notion of abandoning traditional structures of representative democracy (i.e. elected or appointed committees representing people) in favour of direct democracy (i.e. more all inclusive committees), based on the perception that these traditional structures have failed to represent the citizens' needs and interests (and thereby hence implicitly acknowledging the defeat of representative structures, which, if really true, would have a serious bearing on possible future public sector management).
- The perceived failure of representative democracy (refer also to the perception of LAs) is a core issue in the discussion regarding the improvement of local service delivery, especially because many would take the view that rather than serving public interests, elected leaders or representatives have served personal agendas. Many observers hold the opinion that years of bad governance (refer notably to the 1990s) have seriously aggravated the problem, and that there is question how to get 'the ghost back into the bottle'. We see different sectors grappling with this same issue in isolation, rather than as a concerted action that is required for a lasting solution that is building a responsive public sector as part of a larger coherent social fabric.

⁸⁸ In actual fact, the DHMBs are only functional for the approval of the co-sharing funds - as this is a legal requirement for their use by the district medical officer. In most cases, they do not play their role as 'community representatives' in the health planning process'.

⁸⁹ Some would argue that this is evidences by the SMCs which have now a role to play in regard of the utilisation of the capitation grants. Others, however, also in some of the schools visited, have argued that parent involvement has a tendency to dwindle 'as it now is all government responsibility'. It relates to the observed linkage between citizens' payment and interest in the activities of facilities, which suggests that, with the abolition of user fees, interest of the parents in making demands on local accountability has also decreased. As such, the level of participation would have decreased rather than increased over the past few years. Hence our remark that it is too early to draw firm conclusions.

6-4 Proliferation of Funding Channels

- Over the years, the number of parallel funding channels for service delivery at the local level has continued to multiply, the most recent addition being the CDF, the volume of which in absolute terms has increased rapidly over the past 2–3 years to have become by far the most important source of capital development funding at the local level. For many people in rural areas, the CDF is the first sign of government investment in their areas for a long period of time, which explains its popularity among the rural folk.
- On the other hand, and especially among the rural elite, the CDF has generated a lot of debate, mainly around the issues of allocative efficiency, transparency and accountability, especially in regard to the role of the members of parliament which have become legislator, implementer and watch-dog at the same time. Planning is done outside of both central and local government laid down planning structures and procedures, guided by a CDC, which is an MP appointed rather than elected structure, and which goes against the popular wish of the population to get increasingly involved in matters that directly concern them (refer e.g. to the report ‘The peoples’ choice’ - CKRC 2002). In this respect, it is surprising to see that there is no relationship at all, between the LAs and the CDC.
- Although the CDF-Act stipulates that the projects, once identified, should be implemented by the sector ministries, in most cases implementation actually takes place through various types of community groups, that often lack sufficient technical expertise, for which reasons they fall back, often as an option of last resort, on district service personnel, notably for planning and engineering issues. Equally, for reasons of compliance with GoK financial regulations, payments are processed through the district treasury. Hence, the systems are in a way linked to another by legislation, but in practice they operate in parallel which leads to duplication and inefficient use of resources.
- In addition, the discussion around the CDF also highlighted the need to discuss and agree upon the most suitable geographic level for planning and implementation for local level service delivery, be it the district, constituency or the division. Over the past 5 years, there has been an increasing mismatch between the naturally linked local governance areas of (i) funding for development; (ii) staff capacity and deployment (iii) political representation and bodies (with limited funding and staff capacities). These 3 elements need to be brought back together again.
- Among the many channels of decentralised funding, that are all faced with the same negative impact of duplication and its attendant inefficiencies, the most important ones at the moment are (i) LATF; (ii) the sector ministry funds and (iii) CDF. All these sources have increased over the past few years, although those for the sector ministries not as fast as some would have liked, due to (as described) constraints in the respective legal frameworks.

6-5 Need for One Local Service Delivery Framework and Governance System

- The underlying assumption under the system of devolved service delivery as described in the draft Constitution 2005 was a merger of the existing LG systems and the sector system, whereby the sectors would be, gradually, mainstreamed into a (or even the) LA at district level.
- Whether or not there will be a new constitution, with or without a provision for devolved service delivery structures, the premise underlying Chapter 13 in the draft of 2005, i.e. the need for a well and un-ambiguously defined service delivery structure at the sub-national level remains without further discussion. The prevalent discussions around the CDF only serve to confirm this.
- Given:
 - i) the quest for a harmonised service delivery system, at the sub-national level with sufficient provision for genuine popular involvement,
 - ii) the uncertainty if and when a new constitution will be in place,
 - iii) the gains made over the past few years through sector reforms; and
 - iv) the prominent role played by CDF, both from a development as well as political angle,

it may be needed to ‘think out of the box’ in formulating a road-map for improved local service delivery. Rather than mainstreaming the sectors into the LA-system, an alternative could be to first foster the sector reforms, then convert the district system into a de-concentrated mode of local service delivery, whilst gradually building a representative governance system around it. Effectively, the DC could (temporarily⁹⁰) become the district chief executive officer with the mandate to coordinate and oversee all service delivery and governance activities in the district, whilst being answerable to a locally elected organ.⁹¹

Simultaneously, the present work to further strengthen facility (and service delivery) level of accountability with linkages between clients and providers should continue and be supported by CB. This, however, should take place within one overarching framework, whereby sectoral fora, for example, could become, over time, the sector committees of the new council.

⁹⁰ It is recognised that the DC has tasks related to CG that are, in the longer run, incompatible with the functions of a CEO of a local authority. In that sense, it would probably be more logical to propose the DDO to become CEO. However, the point is that a solution is needed that can break a deadlock, while for the intermediate period, as manager (or arbiter) for the various parties, someone is needed who has authority and who, in principle, is situated ‘above all parties’ as *primus interparus* (or leader among equals). In most cases, neither the clerk of Council, nor the Council Chairman can at the moment play that role, as they lack the ‘natural’ authority.

⁹¹ The present performance contracts as signed between the Office of the President and the DCs already make the latter *de facto* chief executives with far reaching mandates and responsibilities over sectoral and cross-cutting issues in the districts. It also reflects the roles the DCs played before the 1980s.

- This ‘out-of-the box’ proposal could provide opportunity to (i) consolidate the gains made through sector reforms whilst providing a more harmonised framework in which further underpinning sector legislation can be prepared; (ii) nurture the capacity of LAs to serve as effective representative democratic body; and (iii) provide an institutional structure in which the various channels of funding (e.g. CDF) can find their place.
- The ultimate goal is (and remains) decentralisation-by-devolution, but there is need to build strong and credible organisations that can effectively carry the burden of a devolved system, also given the current realities in respect to LAs, and the countries political history. Hence the need for a road-map is technically feasible and politically acceptable. The above idea may contain a lead to a win-win situation that provides opportunity to move away from the present deadlock. However, there is a need for a thorough work on the future road-map in the core areas outlined in this study, i.e. the overall institutional arrangements, the legal and fiscal frameworks, accountability mechanisms, HR management, etc. ANNEXES

ANNEXES

Annex 1 List of Consulted Literature/Consulted Documents

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Annex 2 List of People Met

Ministry of local government

1. Angeline Hongo Coordinator KLGRP
2. K. K. Yegon KLGRP, Programme coordinator
3. John Waithaka PMU Coordinator, Rural Poverty Reduction and Local Government Support Programme
4. Joseph Mukundi Economist, KLGRP
5. Simon Lapper Advisor KLGRP

Ministry of finance

6. Josephine Kanyi Local Government Support/Business Regulatory Unit
7. Ngugi J. Z. Economist, Inter Governmental Fiscal Unit/Task Force Unit

Agriculture

8. James Kirigwi Chief Economist, Ministry of Agriculture
9. Erling Rasmussen Senior Policy Advisor, ASPS
10. Arne Eriksson NALEP Program Advisor
11. J. Choke Agricultural Advisor JICA, Nairobi

Education

12. Agnes Kori Chief Planning officer, MoEST
13. Wycliffe Otieno Education Sector Advisor, World Bank, Nairobi
14. S. Kibe Education Advisor JICA, Nairobi

Health

15. Mr. S N. Muchiri Chief Economist
16. Dr. W. Nyambati Health Advisor JICA, Nairobi

Field work – central province / mbeere district

17. P. G. Gakuu Provincial Planner
18. Mrs Adu Provincial Director of Education
19. Rebecca Wahome Provincial Director - Agriculture
20. Dr. J. N. Njagi Provincial Medical Officer - Health
21. A. O. Okello District Commissioner
22. P. Ireri District Quality Assurance office
23. Ndwiga District Quality Assurance office

24.	Mr. Kitunda	District Development Officer
25.	Mr. Mwangi	Project Manager, M&E Ministry of Agriculture
26.	Josephine Miriti	Siakago District Hospital Nurse in Charge
27.	Albert Magara	Hospital Administrator, Siakago Hospital
28.	Siakago CDF office
29.	Ms Margaret Masaaki	Headteacher, Gikinjeri Primary school
30.	Ms B. M. Kimathi	Clinical officer in charge Kiritiri Health center
31.	Crispin N. Mwanu	Headteacher Mutugu Primary School
32.	Ms Jane Nyaga	Lab Technician Rwika dispensary

Field work – nyanza province / nyando district

33.	Mr. Shem S. Siahi	Provincial Planning officer
34.	Mr Alex Majani	Education, Provincial QA & Standards officer
35.	Mr. Jacob Odindo	Provincial Director Agriculture
36.	Mr. John Egesa	District Commissioner, Nyando
37.	Apollo Kwama	Council Clerk
38.	Council Treasurer
39.	Jasper Owako	Council Chairman and 4 councillors
40.	Mr. John Onyango	Ag. District Agriculture Officer
41.	Willie Lang'at	District Education officer
42.	Mr. Micheni Kangi	Deputy DEO
43.	Mr. Aguro	District Development officer / CDF Secretariat
44.	Dr. Florence Diemo	District Medical Officer of Health
45.	Mr. John Onyango	Ag. District Agricultural Officer + 3 colleagues
46.	Samson Kwach (Okech)	District Officer, Miwani Division
47.	Miwani Dispensary	Dispensary staff
48. Primary school	Team of school teachers

Other resource persons

49.	Mr. Patrick Gichohi	CEO, CDF Management Committee, Nairobi
50.	Mr. S. N. Miu	CDTF, Programme Coordinator
51.	Erick Magolo Aligula	KIPPRA, Analyst Infrastructure & Economic Services

Annex 3

Annex 3-1 Distribution of Public Service Employment by Sub-Sector, 2005

Band	J/G equiv.	Core civil service	Disciplined services	Judiciary		State law office	TSC		Public universities			Local authorities	Parliamentary service	State corporations	Total
				Legal	Paralegal		Teachers	Secretariat	Academic	Academic equivalents	Non academic				
D	A	232									885	1,289			2,406
	B	2,559			147						1,884	11,025			15,615
	C	8,218			97						1,552	5,294			15,161
	D	10,355			251						1,203	8,393	106		20,308
	E	12,483			706		4,122	283			1,039	4,509	62		23,204
	F	8,825	54,762		384		19,759	789			784	3,642	23		88,968
C	G	19,268	6,875		560		103,386	478			812	3,830	78		135,287
	H	12,778	2,782		200		42,977	389			908	1,711	31		61,776
	J	24,751	3,004	15	170		5,898	214			457	187	53		34,749
B2	K	7,454	1,521	39	48	67	5,432	137	127	407	-	42	27		15,301
	L	6,957	218	68	11	34	41,222	79	560	48	-	66	19		49,282
	M	2,260	88	88	15	23	11,236	176	2,053	596	-	71	21		16,627
	N	1,097	51	28	8	18	625	36	861	229	-	3	7		2,963
B1	P	739	13	14	2	13	112	23	360	83	-	1	10		1,370
	Q	260	7	9	1	8	156	12	206	29	-	-	-		688
	R	110	1	-	1	5	75	5	12	-	-	-	-		209
A3	S	44	2	1	-	3	-	1	21	-	-	-	-		72
	T	17	1	-	-	1	-	-	6	-	-	-	-		25
A2	U	25	-	1	-	-	-	-	-	-	-	-	1		27
A1	V	1	-	-	-	-	-	-	-	-	-	-	-		1
Total		118,433	69,325	263	2,601	172	235,000	2,621	4,206	1,392	9,524	40,063	438	86,878	570,917

Note: Figures are extracted from March 2005 Government payroll and personnel records of other sub-sectors of the Public Service.

Source: Directorate of Personnel Management, Pay policy for the public service, 2005 (with modification by the authors of this report for an apparent inconsistency in the calculated total number of employees – reported by the Bureau of Statistics in the Statistical Abstract to be 657,400 persons).

Annex 3-2 Average Monthly Basic Salaries, by Sub-Sector and Job-Groups, 2005

Bands	J/G	Core civil service	Disciplined services	Armed forces	Judiciary		State law office	Tsc		Public universities	Local authorities	Parliamentary service
					Legal	Paralegal		Teachers	Secretariat			
					Ave.	Ave.		Ave.	Ave.			
D	A	5,000								3,868	2,691	
	B	5,045				5,305				4,868	3,696	
	C	5,300				6,045				5,693	4,157	
	D	5,625				6,495				6,903	4,827	20,580
	E	6,135		13,295		7,713		6,123	6,855	10,662	5,483	23,385
	F	6,625	13,040	15,303		8,403		7,117	8,103	13,406	6,218	25,845
C	G	9,375	18,820	15,820		10,860		9,120	9,875	14,957	8,697	41,410
	H	10,475	22,145	18,218		13,115		10,777	12,025	18,407	11,472	49,878
	H/J		24,508									
	J	11,865	26,118	20,428	23,600	14,250		12,704	14,670	21,960	13,244	60,410
B2	J/K		28,813									
			28,813									
	K	17,935	30,285	23,573	28,285	18,258	28,398	15,802	18,710	24,933	14,324	66,813
	L	20,135	35,225	25,038	32,874	20,968	32,874	18,165	22,285	44,316	15,404	71,630
	M	23,585	42,085	25,870	39,076	24,408	39,076	21,925	25,315	50,199	16,806	76,863
	N	25,860	47,090	31,190	45,236	26,268	45,236	23,808	31,818	57,069	18,054	87,328
B1	P	72,593	51,118	34,815	72,593	52,085	72,593	26,299	72,593	72,512	19,547	97,793
	Q	88,237	57,418	49,805	88,237	55,310	88,237	28,975	88,237	81,752		114,385
	R	107,253	67,285	71,645		60,135	107,253	32,002	107,253	226,630		
A3	S	114,300	81,297	116,308			114,300	–	114,300	249,508		
	T	150,560	150,560	208,860	150,560		164,240	–		360,000		
A2	U	227,520		298,670			227,520	–				304,560
A1	V	415,880		465,565			415,880	–				

Source: Directorate of Personnel Management, *Pay policy for the public service, 2005*

Annex 4 Abstract from the Education Sector Review – 2006

The recurrent allocation to the sector grew by 10.8 % from KES 71,158.40 million in 2003/2004 to KES 78,810.53 million in 2004/2005 and by 12.1 % from KES 78,810.53 million in 2004/2005 to KES 88,361.70 million in 2005/2006, as shown in Table Annex 4-1.

On the other hand, the sector continued to receive significant allocation for development budget supported mainly by development partners towards the FPE programme. However, 2004/2005, there was a decline of 37.7 % from the previous financial year. This increased again by 116 % from KES 3,863.40 million in 2004/2005 to KES 8,358.80 million in 2005/2006.

Table Annex 4-1 Budgeted and Actual Expenditure for Recurrent and Development Votes, 2002/2003–2005/2006

(KES million)

Sub-vote	2002/2003		2003/2004		2004/2005		2005/2006
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted
General Admin and Planning	43,771.50	43,578.20	54,566.70	53,069.70	59,140.75	57,751.20	63,835.10
Primary Education	736.50	610.9	5,987.10	5,287.00	6,583.43	6,503.10	7,466.90
Teacher Education	150.30	138.7	211.90	192.8	210.52	210.1	282.5
Special Education	107.50	107.5	191.30	175.1	211.64	211.1	192
Early Childhood Education	8.60	6.7	7.80	5.5	25.92	19.8	40.5
Secondary Education	656.90	654.5	944.90	942.8	938.98	938.8	1,045.10
Technical Education	887.90	888.3	1,528.00	1,171.90	1,635.34	1,621.30	1,862.80
University Education	6,369.10	6,369.10	7,417.10	7,470.10	9,748.41	9,735.20	11,374.70
Miscellaneous Services	297.90	254.2	303.60	251.2	315.54	309.2	2,262.10
Recurrent Expenditure	52,986.20	52,608.10	71,158.40	68,566.10	78,810.53	77,299.80	88,361.70
Development Expenditure	2,847.70	2547.6	6,203.50	4076.5	3,863.40	2863.8	8,358.80
Total Expenditure	55,077.70	55,155.70	72,177.30	72,642.60	79,652.47	80,163.60	96,720.50

Source: Appropriation Accounts 2002/2003–2004/2005 and Printed Estimates 2005/2006

The largest share of recurrent expenditures is allocated to General Administration and Planning under which teachers' salaries and allowances fall. Recurrent expenditure to university education goes entirely towards paying salaries and wages which in certain instances is not adequate to meet the payroll. Early childhood education and special education have each received less than 1 % allocation over the last two-year period. The allocation to primary sub-sectors (excluding teacher salaries) increased by 10.0 % in 2004/2005 and 13.4 % in 2005/2006.

Comparing actual expenditure and budgeted (approved) estimates, the trend for recurrent and development budgets indicates there has been an under-spending over the two-year period. The under-

spending in the recurrent budget decreased from KES 2,592.3 million in 2003/2004 to KES 1,510.7 million in 2004/2005 while that of development budget decreased from KES 2,127.0 million to KES 999.6 million for the sector over the same period. The under spending in the development budget especially in the year 2003/2004 was due to non-release of the exchequer by treasury and the slow and cumbersome procurement procedures which are made worse by elaborate disbursement requirements by development partners (quotation from the Education Sector Review, 2006).

In addition to the reasons mentioned for under-spending, the field missions revealed that the late disbursement of funds makes it hard for the districts and the schools to spend the money in time, and funds are remitted, despite urgent needs for utilisation.

Annex 5

ANNEX 5-1 Ministry of Agriculture, Actual Recurrent Expenditure by Vote,
2002/2003–2004/2005

(KES million)

	2002/2003	2003/2004	2004/2005	2005/2006
Recurrent, GoK				
100 General admin and planning	310.4	345.6	345.8	514.8
101 Policy, legal reviews, regulation	99.5	97.4	98.5	103.2
102 Monitoring and management of food security	95.5	177.5	185.8	537.1
103 Facilitation of agricultural extension	2,513.3	2,532.4	2,590.1	3,331.3
104 Information management	164.7	143.4	118.1	173.3
105 Protection of natural resource base	97.1	107.7	87.4	107.7
Sub-total	3,280.5	3,404.0	3,425.7	4,767.4
Recurrent, appropriation in aid				
100 General admin and planning	33.2		3.6	1.0
101 Policy, legal reviews, regulation	237.0	235.0	250.8	426.9
102 Monitoring and management of food security				
103 Facilitation of agricultural extension	1.2	3.0	3.3	0.5
104 Information management	3.9	3.7	8.9	9.6
105 Protection of natural resource base	16.1	26.0	38.5	60.4
Sub-total	291.4	267.7	305.1	498.4
Recurrent, Total				
100 General admin and planning	343.6	345.6	349.4	515.8
101 Policy, legal reviews, regulation	336.5	332.4	349.3	530.1
102 Monitoring and management of food security	95.5	177.5	185.8	537.1
103 Facilitation of agricultural extension	2,514.5	2,535.4	2,593.4	3,331.8
104 Information management	168.6	147.1	127.0	182.9
105 Protection of natural resource base	113.2	133.7	125.9	168.1
Total - recurrent	3,571.9	3,671.7	3,730.8	5,265.8
Recurrent, Total in % by budget line				
100 General admin and planning	9.6 %	9.4 %	9.4 %	9.8 %
101 Policy, legal reviews, regulation	9.4 %	9.1 %	9.4 %	10.1 %
102 Monitoring and management of food security	2.7 %	4.8 %	5.0 %	10.2 %
103 Facilitation of agricultural extension	70.4 %	69.1 %	69.5 %	63.3 %
104 Information management	4.7 %	4.0 %	3.4 %	3.5 %
105 Protection of natural resource base	3.2 %	3.6 %	3.4 %	3.2 %
Total - recurrent	100.0 %	100.0 %	100.0 %	100.0 %

Source: MPER, Tables 5 and 10, * 2004/2005 printed - others actual

**ANNEX 5-2 Ministry of Agriculture, Actual Development Expenditure by Vote,
2002/2003–2004/2005**

(KES million)

	2002/2003	2003/2004	2004/2005	2005/2006
Development, GoK				
100 General admin and planning	19.3	772.9	172.0	21.4
101 Policy, legal reviews, regulation		254.9	24.3	24.8
102 Monitoring and management of food security	500.0	400.3	215.1	30.9
103 Facilitation of agricultural extension	836.1	1,083.9	1,026.0	2,824.0
104 Information management		21.2	0.7	7.2
105 Protection of natural resource base	50.0	112.9	185.5	309.0
Sub-total	1,405.4	2,646.1	1,623.6	3,217.3
Development, Appropriation in Aid				
100 General admin and planning		13.8	95.0	
101 Policy, legal reviews, regulation		254.9	24.3	
102 Monitoring and management of food security				
103 Facilitation of agricultural extension	531.1	662.5	408.3	693.9
104 Information management				
105 Protection of natural resource base			51.9	42.4
Sub-total	531.1	931.2	579.5	736.3
Development, Total				
100 General admin and planning	19.3	786.7	267.0	21.4
101 Policy, legal reviews, regulation	0.0	509.8	48.6	24.8
102 Monitoring and management of food security	500.0	400.3	215.1	30.9
103 Facilitation of agricultural extension	1,367.2	1,746.4	1,434.3	3,517.9
104 Information management	0.0	21.2	0.7	7.2
105 Protection of natural resource base	50.0	112.9	237.4	351.4
Total - development	1,936.5	3,577.3	2,203.1	3,953.6
Development, Total in % by budget line				
100 General admin and planning	1.0 %	22.0 %	12.1 %	0.5 %
101 Policy, legal reviews, regulation	0.0 %	14.3 %	2.2 %	0.6 %
102 Monitoring and management of food security	25.8 %	11.2 %	9.8 %	0.8 %
103 Facilitation of agricultural extension	70.6 %	48.8 %	65.1 %	89.0 %
104 Information management	0.0 %	0.6 %	0.0 %	0.2 %
105 Protection of natural resource base	2.6 %	3.2 %	10.8 %	8.9 %
Total - recurrent	100.0 %	100.0 %	100.0 %	100.0 %

Source: MPER, Tables 8 and 9, * 2004/2005 printed - others actual

ANNEX 5-3 MoA, Recurrent and Development Expenditure by Vote, 2002/2003–2004/2005

(KES million)

	2002/2003	2003/2004	2004/2005	2005/2006
Recurrent and Development, GoK				
100 General admin and planning	329.7	1,118.5	517.8	536.2
101 Policy, legal reviews, regulation	99.5	352.3	122.8	128.0
102 Monitoring and management of food security	595.5	577.8	400.9	568.0
103 Facilitation of agricultural extension	3,349.4	3,616.3	3,616.1	6,155.3
104 Information management	164.7	164.6	118.8	180.5
105 Protection of natural resource base	147.1	220.6	272.9	416.7
Sub-total	4,685.9	6,050.1	5,049.3	7,984.7
Recurrent and Development, Appropriation in Aid				
100 General admin and planning	33.2	13.8	98.6	1.0
101 Policy, legal reviews, regulation	237.0	489.9	275.1	426.9
102 Monitoring and management of food security	0.0	0.0	0.0	0.0
103 Facilitation of agricultural extension	532.3	665.5	411.6	694.4
104 Information management	3.9	3.7	8.9	9.6
105 Protection of natural resource base	16.1	26.0	90.4	102.8
Sub-total	822.5	1,198.9	884.6	1,234.7
Total Recurrent and Development				
100 General admin and planning	362.9	1,132.3	616.4	537.2
101 Policy, legal reviews, regulation	336.5	842.2	397.9	554.9
102 Monitoring and management of food security	595.5	577.8	400.9	568.0
103 Facilitation of agricultural extension	3,881.7	4,281.8	4,027.7	6,849.7
104 Information management	168.6	168.3	127.7	190.1
105 Protection of natural resource base	163.2	246.6	363.3	519.5
Total - recurrent	5,508.4	7,249.0	5,933.9	9,219.4
Total Recurrent and Development, Total in % by budget line				
100 General admin and planning	6.6 %	15.6 %	10.4 %	5.8 %
101 Policy, legal reviews, regulation	6.1 %	11.6 %	6.7 %	6.0 %
102 Monitoring and management of food security	10.8 %	8.0 %	6.8 %	6.2 %
103 Facilitation of agricultural extension	70.5 %	59.1 %	67.9 %	74.3 %
104 Information management	3.1 %	2.3 %	2.2 %	2.1 %
105 Protection of natural resource base	3.0 %	3.4 %	6.1 %	5.6 %
Total - Recurrent	100.0 %	100.0 %	100.0 %	100.0 %

Source: MPER, Tables 5, 8, 9 and 10, * 2004/2005 printed - others actual