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Implementing CAADP in a Devolved System:

An Analysis of Budgetary Allocation at the National and County Government Levels in Kenya

By

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Introduction

Global institutions have recommended budgetary allocation to public policy initiatives, as a popular strategy for implementing provisions of international treaties and commitments. The African Union (AU) is not any different. Two of the union's legal instruments and policy frameworks require member states to allocate specific percentages of their national expenditures towards their implementation. However, available data that track this allocation suffer two major challenges. First, data is not synergistic: It narrows down resource allocation to specific sectors, without accommodating resource allocation to other complementary sectors that contribute to the treaties aspirations. Second, available data only captures budgetary allocation at the national level. Information on budgetary allocation is gathered from national line agencies controlled by central government, without investigating the relevance of compliance data at the sub-government levels.

This paper aims to bridge these gaps by applying the logic of compliance to legal instruments to devolved governance systems. It analyzes budgetary allocation both at the national and county levels using implementation of the Comprehensive Africa Agriculture Development Programme (CAADP) in Kenya as a case study.

Implications of Differences in Political Systems for Public Policy Making

Countries in Africa are frequently differentiated by their formal political organization. There are unitary and federal states. In a unitary government, power is held by one central authority, usually the President or Prime Minister. In a federal government, power is divided between national (federal) government and local (state) governments. Over time, there has been a strong trend towards the federal system, with unitary states being sharply curtailed.

As a result, more and more, whether countries are unitary or federal, autonomous decision making authority is increasingly being granted to regional, provincial, or local governments.

From a policy perspective, one would be interested in finding out the extent to which formal political organization differentially influences the content and direction of public policy. In federal or devolved systems, policy making is decentralized from the national government to sub-national governments. The distribution of power includes a division in provision of goods and services - Roads, education, health, agriculture, and other socio-economic activities and services are primarily provided for by these sub-national governments. This means that budgeting for provision of goods and services is also decentralized to these governance units. Thus a comparison of national expenditures in federal and unitary states highlights two key differences. First, national governments in federal systems appear to be less committed to provision of goods and services than unitary states, with more expenditure expected at the sub-government level than at the national level.

Second, there is likely to be less uniformity in application and administration of policy in federal states due to decentralization of authority at the sub-government level. Conversely, at the national level, policy application and administration is likely to exhibit uniformity due to centralization of power to a single authority. We therefore expect sub-governments in federal systems to comparatively have more power in determining the content and direction of policy – whether through managing budgets, implementing international commitments, or formulating development strategies.

This paper tests this assertion. It investigates Kenya's comparative compliance to CAADP's budgetary allocation requirements at the national and county levels.

From Centralization to Devolution: A Governance Transition in Kenya

In 2010, Kenya promulgated a new constitution that set the country on a path of governance reforms. This heralded a transition from Provincial Administration[1] to Devolution. The objective of devolution is to decentralize government services away from the capital, and set up a system of 'county governments' at the local level, each with law-making and law implementation powers. In terms of public financial management, each county government also prepares and adopts its own annual budget. As a result, provision of some services has since been decentralized to county governments including; agriculture, county health

[1] A 'top-down' system of government inherited from the British colonial government with its apex in the Office of the President. The Provincial Administration was solely responsible for coordinating all development activities and harmonizing the work of government departments to ensure efficiency in delivery of services.

services, county transport, trade, and county public works and services[2]. County governments therefore have a leeway in determining the content and administration of policy with regards to these developmental components.

In such devolved systems, compliance to international commitments that emphasize public spending on any of these areas is best assessed by analyzing budgetary allocations to the components at the county level.

Implementing CAADP in Kenya's Devolved System: Kenya's Experience

CAADP's overall aim is to help African countries reach higher economic growth status through agriculture-led development (SOTU, 2014). The explicit goal of the instrument is to eliminate hunger and reduce poverty in Africa by agriculture development. To pursue this aim, African governments committed to achieve several results including a specific target to increase the allocation of national budgets directed to the agricultural sector to at least 10 %.

Tables 1 and 2 below show Kenya's progress with CAADP implementation during 2012/12 and 2013/2014 financial years both at the national and counties levels respectively.

[2] The national government will however still be charged with security, police, army, education, prisons, courts, labour standards, sports, national transport and communication, and immigration & citizenship.

Table 1: Budgetary Allocation to CAADP Implementation at the National Government Level in Kenya during FY 2012/2013

NATIONAL SUB-SECTOR	Agriculture	Fisheries	Lands	Livestock	Kenya Agriculture Research Foundation (KARI)	Kenya Marine and Fisheries Research Institute (KMFRI)	Kenya Sugar Research Foundation (KESREF)	Tea Research Foundation of Kenya (TREK)	Coffee Research Foundation (CRF)	East African Affairs, Commerce & Tourism[3]	Industrialization[4]	Kenya Industrial Research & Development (KIRDI)[5]	Road Development, Management, and Maintenance[6]	Transport Infrastructure Development	Information & Communication Services	ICT Infrastructure	ICT Mass Media Skills	Integrated Regional Development	Forestry and Wildlife Policy Regulation	Forestry Research, Development and Management	Environment Policy Development and Coordination	Environment Management and Protection	Meteorological Services and Climate Change	Water Policy and Management	Water Supply Services	Water Resources Management & Storage	Irrigation and Land Reclamation	TOTAL (Kshs. Millions)
Actual Public Agricultural Expenditure (PAE)[7] (Kshs. Millions)	8,730	2,007	14,234	3,582	1,694	200	74	29	36	335	548	135	23,087	3,276	0	0	131	3,138	199	3,147	70	2,116	545	108	16,983	4,498	1,767	**90,669**
Total National Actual Expenditure (Kshs. Millions)																												**1,114,759**
% Allocation to CAADP																												**8**

[3] This allocation captures 30% of the total vote for East African Affairs, Trade and Tourism sub-sector: Agriculture accounts for 30% of the region's GDP

[4] 24% of all industrial activities in Kenya are Agricultural.

[5] See 2 above. We assume that 24% of research funds will be dedicated to agricultural industry research.

[6] This vote captures percentage of allocation based on assumption that CAADP focuses on development of unpaved roads. These comprise 42% of the overall country's roads network.

[7] PAE includes not only agriculture-*specific* expenditures (direct support for agricultural sector) but also agriculture-*supportive* expenditures (indirect support for agricultural sector) (FAO, 2013). This data captures development expenditures only; recurrent expenditures is not included.

Table 2: Budgetary Allocation to CAADP Implementation at the County Governments Level in Kenya during FY 2013/2014

COUNTY	Baringo	Bomet	Bungoma	Busia	Elgeyo/Marakwet	Embu	Garissa	Homa-Ba	Isiolo	Kajiado	Kakamega	Kericho	Kiambu	Kilifi	Kirinyaga	Kisii	Kisumu	Kitui	Kwale	Laikipia	Lamu	Machakos	Makueni	Mandera
Total Actual Expenditure (Kshs. Millions)	2800	3600	4200	2500	1700	2750	2170	4000	2000	2830	5220	2800	6700	4010	1800	4800	4530	3400	2930	2600	729	6100	3100	3500
Actual Public Agricultural Expenditure (PAE)[10] (Kshs. Millions)	208.6	823.9	252.7	105.57	39.7	107.1	210	694	225.2	151.7	116.3	339.7	288.1	142	157.4	303.2	36.6	182	209.2	202.3	37.1	751.7	134.5	573.2
% Allocation to CAADP	**7**	**23**	**6**	**4**	**2**	**4**	**10**	**17**	**11**	**5**	**2**	**12**	**4**	**4**	**9**	**6**	**1**	**5**	**7**	**8**	**5**	**12**	**4**	**16**

COUNTY	Marsabit	Meru	Migori	Mombasa	Murang'a	Nairobi	Nakuru	Nandi	Narok	Nyamira	Nyandarua	Nyeri	Samburu	Siaya	Taita Taveta	Tana River	Tharaka Nithi	Trans Nzoia	Turkana	Uasin Gishu	Vihiga	Wajir[8]*	West Pokot[9]*	TOTAL
Total Actual Expenditure (Kshs. Millions)	2500	3800	4200	5200	3900	17800	5900	2400	4200	2400	2900	4270	2100	2500	2000	1320	2200	3020	3400	2700	2500	**(4400)**	**(2890)**	**160079**
Actual Public Agricultural Expenditure (PAE)[10] (Kshs. Millions)	177.3	357.9	414.7	20.4	763.2	454.9	286.5	311	223.8	83	471	436	342.4	115	168.8	44.7	189.3	589.2	240.1	59.5	91.9	-	-	**12137.87**
% Allocation to CAADP	**7**	**9**	**10**	**0.4**	**20**	**3**	**5**	**13**	**5**	**3**	**16**	**10**	**16**	**5**	**8**	**3**	**9**	**20**	**7**	**2**	**4**	-	-	**8**

Source: (OCoB, 2014); Author's calculations

[8] The county spent Kshs. 2.6 Billion on various development projects during the period under review. However, there is no available data showing disaggregated development expenditure for the county.

[9] The County spent Kshs. 984 million on development programs during the period under review. However a breakdown of this expenditure was not provided for further analysis.

[10]This captures actual development expenditures on agriculture as prescribed in the four pillars of CAADP implementation– land and water management (water & irrigation; conservation agriculture); market access (local infrastructure – transport, storage, ICT, supply chains; strategic alliances; trade negotiations; strategic alliances); food supply (domestic production and marketing, regional food trade, household productivity); and agricultural research and technology dissemination (NEPAD, 2013).

Discussion

PAE above computes 100% agriculture-*specific* expenditure and 100% agriculture-*supporting* expenditure on specific infrastructure - roads construction and water supply. We however compute 25% of agriculture supporting expenditure on other infrastructure – ICT, education, urban planning, and civil works[11].

From the data above, Kenya is yet to reach the CAADP's 10% target of budgetary allocation to agriculture both at the national and county levels[12]. The country spent 8% of its actual expenditure on PAE in 2012/2013 financial year at the national level. It also made an average PAE spend of 8% in 2013/2014 financial at the county governments' level[13]. Roads development and maintenance, and Water supply and management took the lion's share of actual development expenditure at the national level. Most of the country's CAADP expenditure at the national level is therefore agriculture-*supporting*. For a developmental state, this is justified. Prosperity of a country depends directly upon the development of Agriculture and Industry. But agricultural production will require transport facilities, water, power, all of which are necessary support infrastructure that enhance productivity and hence economic growth (Srinivasu & Rao, 2013). This notwithstanding, poor expenditure on the ICT sector – with a nil spend on both ICT infrastructure and Information and Communication services – frustrates the quest to transform Africa's agricultural sector for sustainable socio-economic development.

At the county governments' level, compliance to CAADP requirements varies substantially. Only 14 out of the 47 county governments in Kenya met the CAADP 10% PAE target. Bomet, Trans Nzoia, and Murang'a county governments allocated the highest expenditure to agricultural development (at 23%, 20%, and 20% respectively) while Mombasa and Kisumu counties spent the least (0.4% and 1% respectively).

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[11] The assumption is that Agriculture accounts for only 25% of Kenya's GDP (KNBS, 2014). Therefore most of expenditures on such infrastructure are not aimed at enhancing agricultural productivity in those counties. But since Kenya is mostly a rural economy, investment in road construction and water supply will most likely fully contribute to improved agricultural productivity.

[12] This deviates from previous research conducted by SOTU in August 2014 that computed compliance using both development and recurrent expenditure (SOTU, 2014). The paper bases its allocation on actual development expenditure on CAADP components (PAE). There is no available disaggreagted data (per line ministry, programme, or function) on counties' recurrent expenditure, making comprehensive assessment of compliance to CAADP budgetary requirements less feasible.

[13] There is no available data on actual development expenditure at the national level for the 2013/2014 financial year. The 2012/2013 expenditure is the most recent data available for analysis.

Majority of the compliant counties are located in the country's productive highlands, some – like Trans Nzoia - being reputable breadbaskets. It is however anomalous that Uasin Ngishu County, a breadbasket, only spent 2%. This may be attributed to two factors: 1) According to Controller of Budget's report, the county government had inadequate human resource capacity for budgeting, accounting, and procurement (OCoB, 2014). This resulted in inaccurate reports and delayed preparation of budget documents which affected timely budget monitoring and execution; 2) The County may not have prioritised strengthening its comparative advantage in agriculture: Of the Kes. 204 Million Development expenditure, only Kes. 1 Million (0.48%) was spent on agricultural-*specific* projects.

The major cities – Nairobi, Mombasa, and Kisumu – had comparatively little PAEs (3%, 0.4%, and 1% respectively). This is partially due to factors such as increased competition between urban land uses and agriculture land on the urban and semi-urban perimeter, and a preference for economic activities that tilt towards service provision for the cosmopolitan populations therein, rather than food production. However these cities could still take advantage of their peculiar geographical characteristics to enhance agricultural production. Kisumu's location at the shores of Lake Victoria (a fresh water lake), for instance, should be a throughput for investing in the fishing industry to boost food security in the lakeside region.

That some counties located in the country's northern frontier – a region least favourable for agricultural productivity – hit the CAADP target is also interesting. Mandera, Isiolo, and Garissa had 16%, 11%, and 10% PAEs respectively. Isiolo County had 23% of its development funds spent on securing relief food and 6% to purchase tractors and ploughs for local farmers. Mandera spent 6% of its funds to revive six irrigation schemes while Garissa spent 24% of its development funds to construct a dam for agricultural purposes.

Conclusion, Implications, and Recommendations

This brief unpacks the state of CAADP implementation in Kenya through public agricultural expenditure at the national and county governments' level. The logic of decentralization expects national governments in devolved systems to be less committed in determining and implementing international public policy. An analysis of CAADP implementation in Kenya shows some indifference: Both the national and county governments spend similar amounts of development resources on agriculture. The paper finds that the actual PAE spend at the national level and the average spend by the 47 county governments both stand at 8%.

Kenya is therefore yet to reach the 10% PAE target set by CAADP.

This analysis has two implications - one methodological and another empirical: First, in terms of research methodology, this paper should not be taken as a tool for comparative analysis. While adding the computed components may be justified to the extent that they are agriculture-related expenditures, their omission and varied disaggregation from the preceding years' expenditures means that PAE is not comparable over time (ReSAKSS, 2012). The analysis is nonetheless useful. It provides a spotlight on what's going on well and what needs to be improved. From this short study, it is clear that some counties need to increase their PAEs and the government also needs to invest more in ICT.

Second, the paper empirically adds to the body of knowledge on international public policy. Policy implementation can be both at national and sub-national (County) levels. In Kenya, policy formulation and implementation is varied: Some policy components like security and education are handled by the national government, while others – specifically agriculture – are purely left to the county governments (with little coordination or support from the centre). Policy analysts investigating policy compliance around agricultural issues will therefore maximize credibility of their policy advice if this is informed by analyses of the same at the county governments' level. Policy advice therefore has to be context-specific.

In order to fast-track compliance to CAADP by the county governments, this paper recommends two key policy actions:

First, the country will have an advantage in having *County Budget Controllers* (Representatives of the Office of the Budget Controller) who monitor performance of county governments' budgets (SOTU, 2014). As a measure of domesticating CAADP and other AU instruments with provisions for budgetary allocation[14], the mandate of the Controller of Budgets (CoB) could be expanded. The CoB should be constitutionally empowered to ensure that county governments conform to the budgetary commitments of CAADP.

Second, the county governments should strike a good balance between spending on agriculture-*specific,* and agriculture-*supporting* programmes. Infrastructural spending is critical, but equal focus should be given to specific agricultural components like agricultural research, development and extension advisory services – areas where the county governments had below average investment. The county Governors should commit at least 4% of the agricultural budgets to research and development.

[14] So far, only two AU instruments oblige countries to commit to allocating given percentages of their national budgets to specified development sectors: The Africa Health Strategy (2007 – 2015); and CAADP.

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