

Political Economy Analysis of Devolution in Kenya: An overview of issues

Karuti Kanyinga
Institute for Development Studies (IDS)
University of Nairobi
Email: karuti.Kanyinga@uonbi.ac.ke

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Outline

- Introduction:
 - Objects of devolution
 - Desire for change under Constitution 2010
- Foundational and institutional issues
- Politics of delivery
 - Key challenges
 - New opportunities
- Conclusion

Introduction

- The devolved system of government
 - Provided for under the 2010 Constitution
- 47 county governments established in March 2013.
- Fourth Schedule
 - The counties have service delivery functions
 - National Government has policy development functions

Objects of devolution

- Promote democratic and accountable exercise of power;
- Give powers of self-governance to the people (enhance the participation)
- Recognise the right of communities to manage own affairs/development;
- Protect and promote the interests and rights of minorities and marginalised
- Promote social and economic development and the provision of proximate, easily accessible services throughout Kenya;
- Ensure equitable sharing of national and local resources throughout Kenya;
- Facilitate the decentralisation of State organs, their functions and services, from the capital of Kenya; and
- Enhance checks and balances and the separation of powers.

...resource base

Equitable share is the main source of revenue

- Conditional grants
- Own source of revenue

Access to resources by 47 counties is not dependent on political considerations

- CRA formulae determines (but arriving at the formulae itself is political)

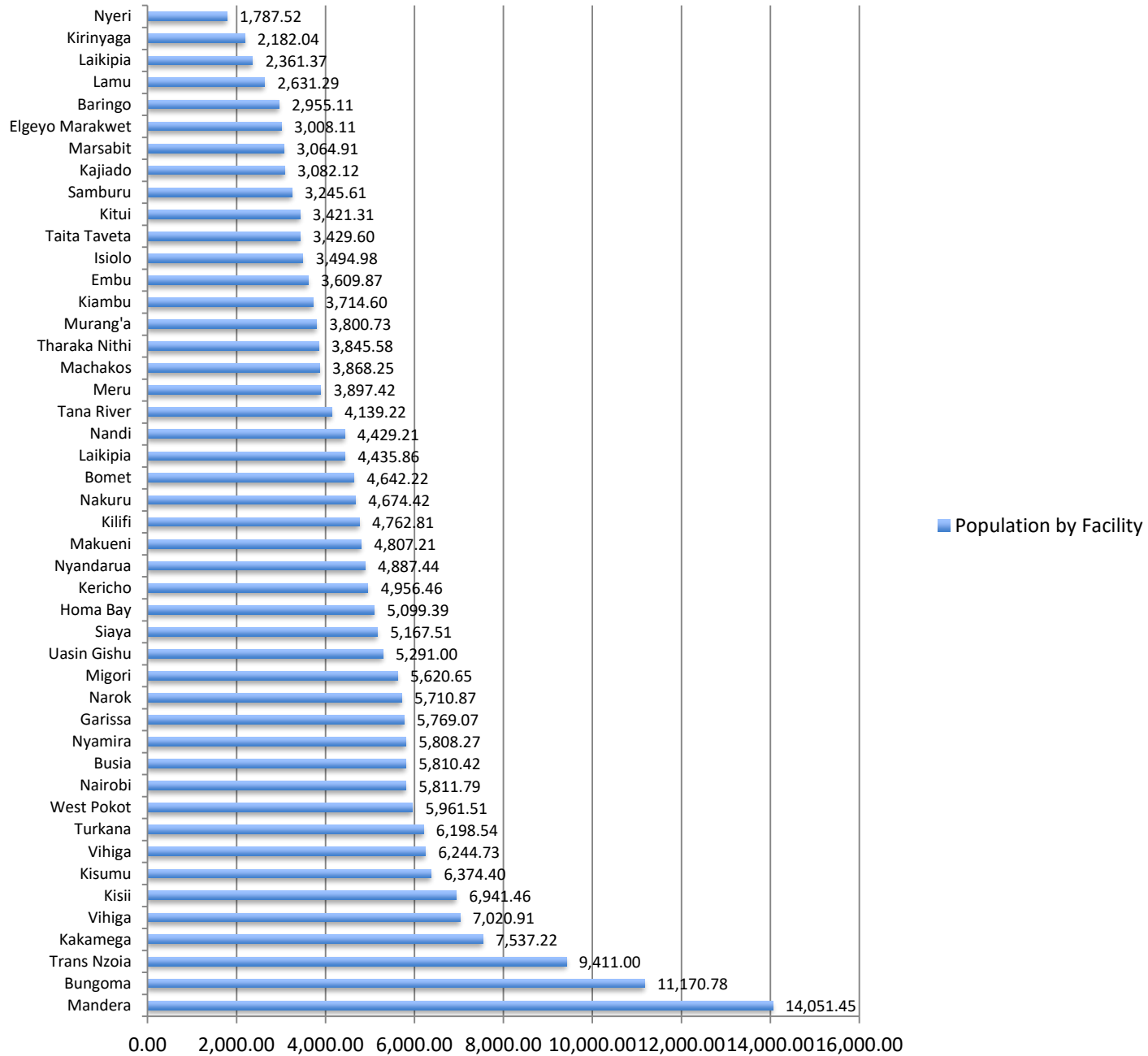
Foundational and institutional context

- Devolution is anchored on the political economy of Kenya's development
 - Imbalances in development from the colonial period
 - Ethnic inequalities and politicization of ethnic identity
 - First-Past-the-Post (FPTP – Majoritarian electoral system)
 - Political patronage and national development
 - Disproportionate distribution of development resources
 - Slowed economic growth/demographic challenges

e.g. of inequalities before 2013/14

- Health facilities
 - Bungoma 1: 11,170
 - Mandera 1:14,051
 - Nyeri 1: 1787
- There were life expectancy variations
 - In 2009 life expectancy in Kisumu and Siaya was 40 years;
 - It was 65 years in Bomet and Kericho

Figure 1: Population by health facility



Why inequalities...2

- Concentration of development resources corresponds to distribution of political power
 - Development policies and priorities passed on basis of political considerations
 - Institutional context dominated by competing interests
- Barkan and Chege, 1989 note that regimes adopt devolution when they have weak ethno-economic basis of support
 - Political and resource base of the regime matters
- Control of the society is exerted through effective hold of “development resources”
- The 2010 Constitution introduced devolution against all odds

The key organizing questions

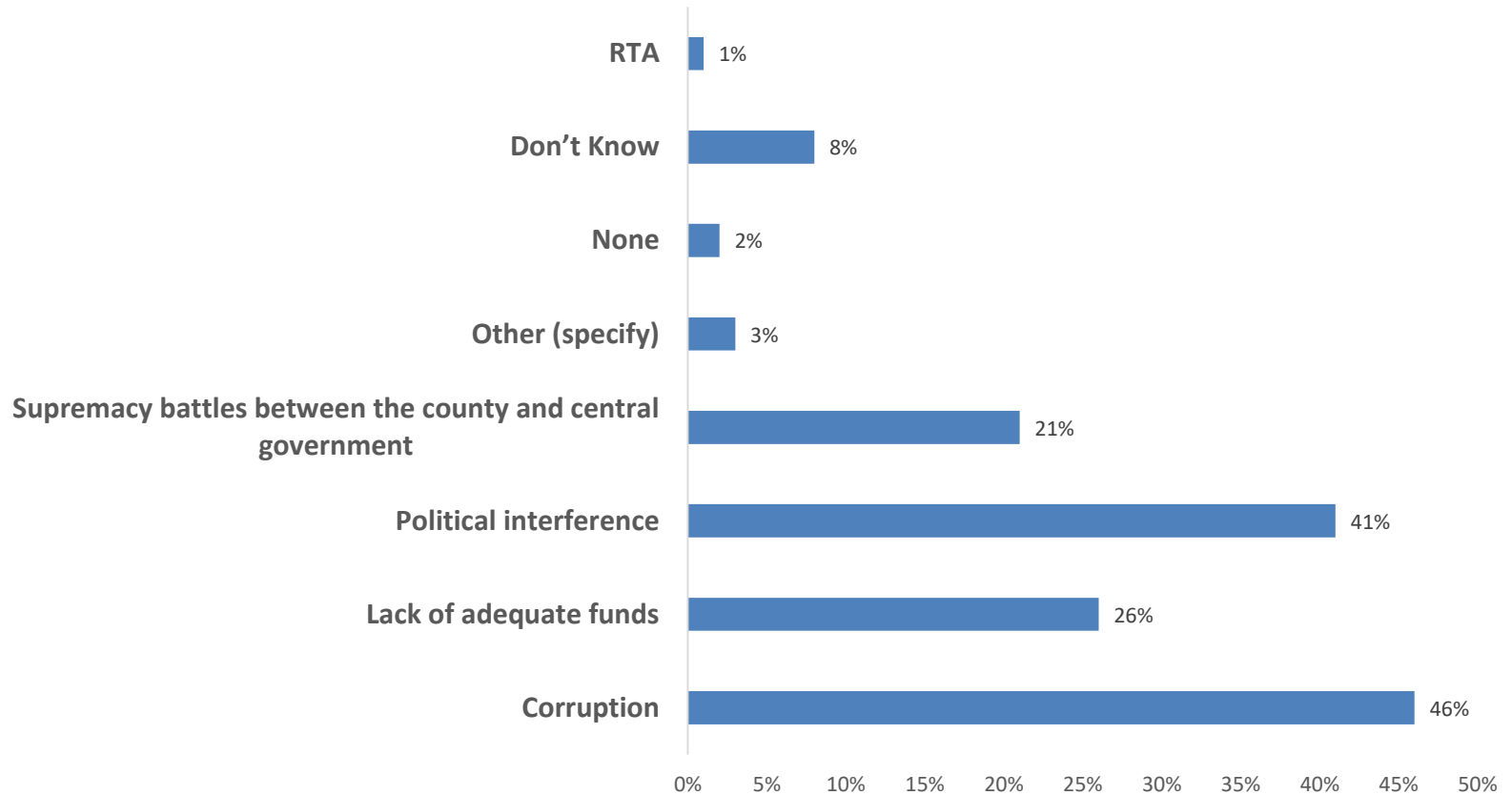
- If 'devolution is dependent on the **ethno-economic** base of support of any regime, then what is the **future of devolution** in Kenya?'
 - What are the challenges to implementation?
 - Why do these challenges persist 10 years after implementation?

POLITICS OF DELIVERY

- **Key challenges**
- Inadequate funds from equitable share (and politics of sharing)
- Limited spending on development (owing to limits on equitable share)
- Institutional challenges: Inter-governmental relations
- Gradual decline in public confidence

Factors posing threat to devolution in Kenya (Nov. 2013)

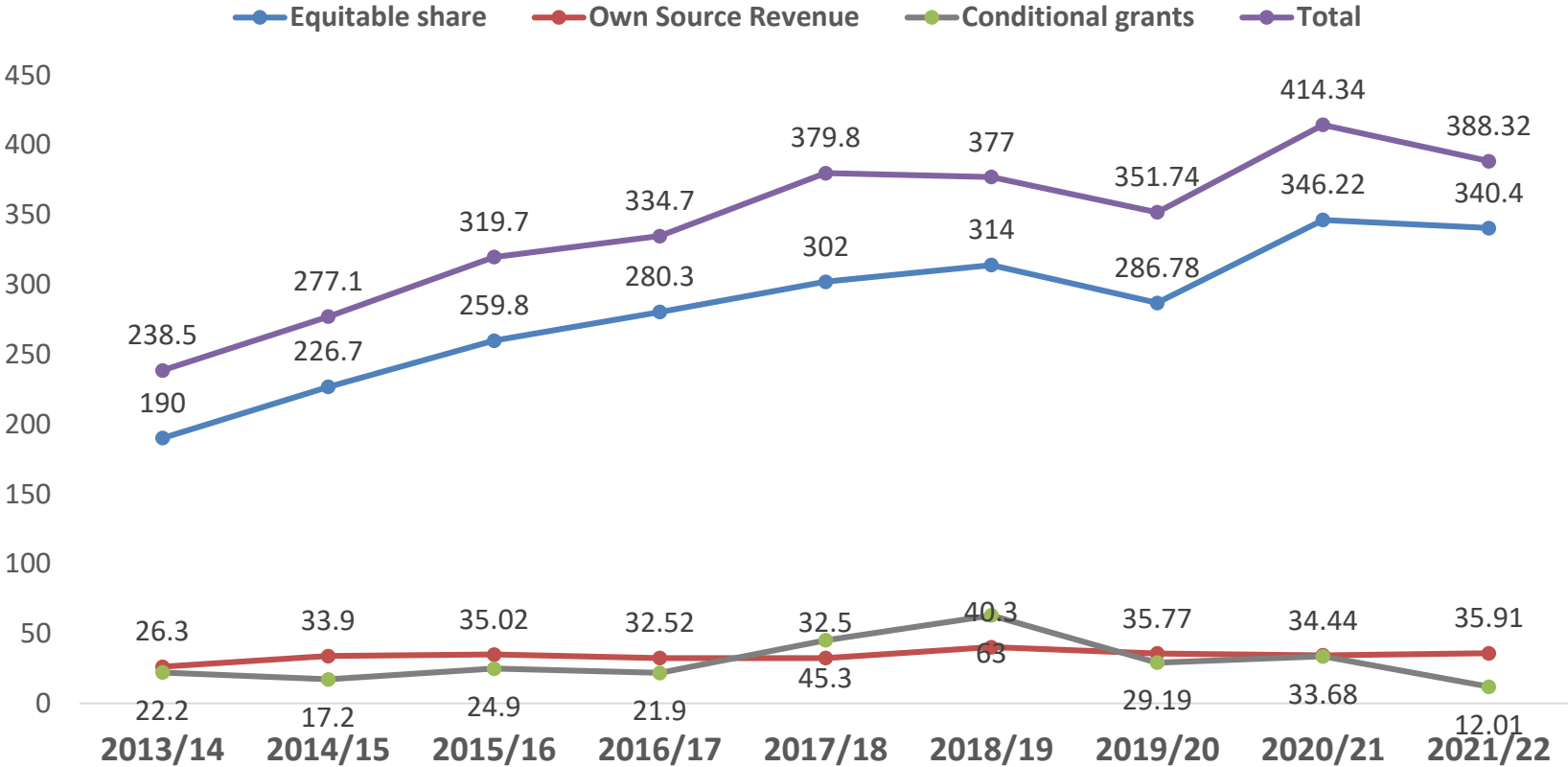
Q) What do you think are the factors that pose a threat to devolution in Kenya? (N=2060)



Equitable share has not radically increased; counties have less to spend on development

INADEQUATE FUNDS - EQUITABLE SHARE OF REVENUE

County Governments Total Revenue, FY 2013/14– 2021/22 (Kshs)



Source: County Budget Implementation Review Reports: various issues

**County Governments Total Revenue, FY 2013/14–
2021/22
(Kshs.)**

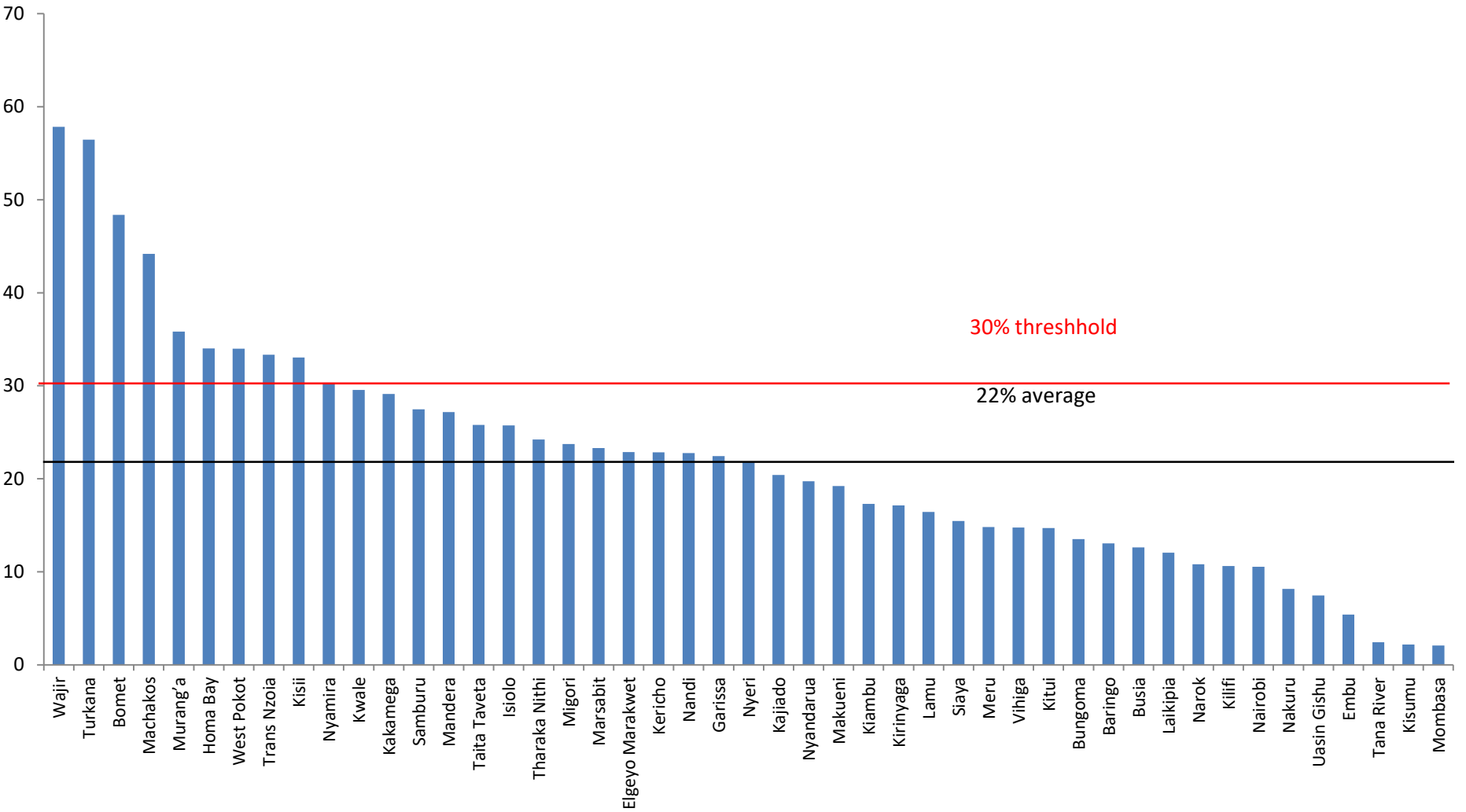
Source of Revenue	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21	2021/ 22	Total
Equitable share	190	226.7	259.8	280.3	302	314	286.78	346.22	340.4	2,546.2
Own Source Revenue	26.3	33.9	35.02	32.52	32.5	40.30	35.77	34.44	35.91	306.66
Conditional grants	22.2	17.2	24.9	21.9	45.3	63	29.19	33.68	12.01	269.38
Total	238.5	277.1	319.7	334.7	379.8	377	351.74	414.34	388.32	3,133.24

Source: County Budget Implementation Review Reports: various issues

LESS SPENDING ON DEVELOPMENT

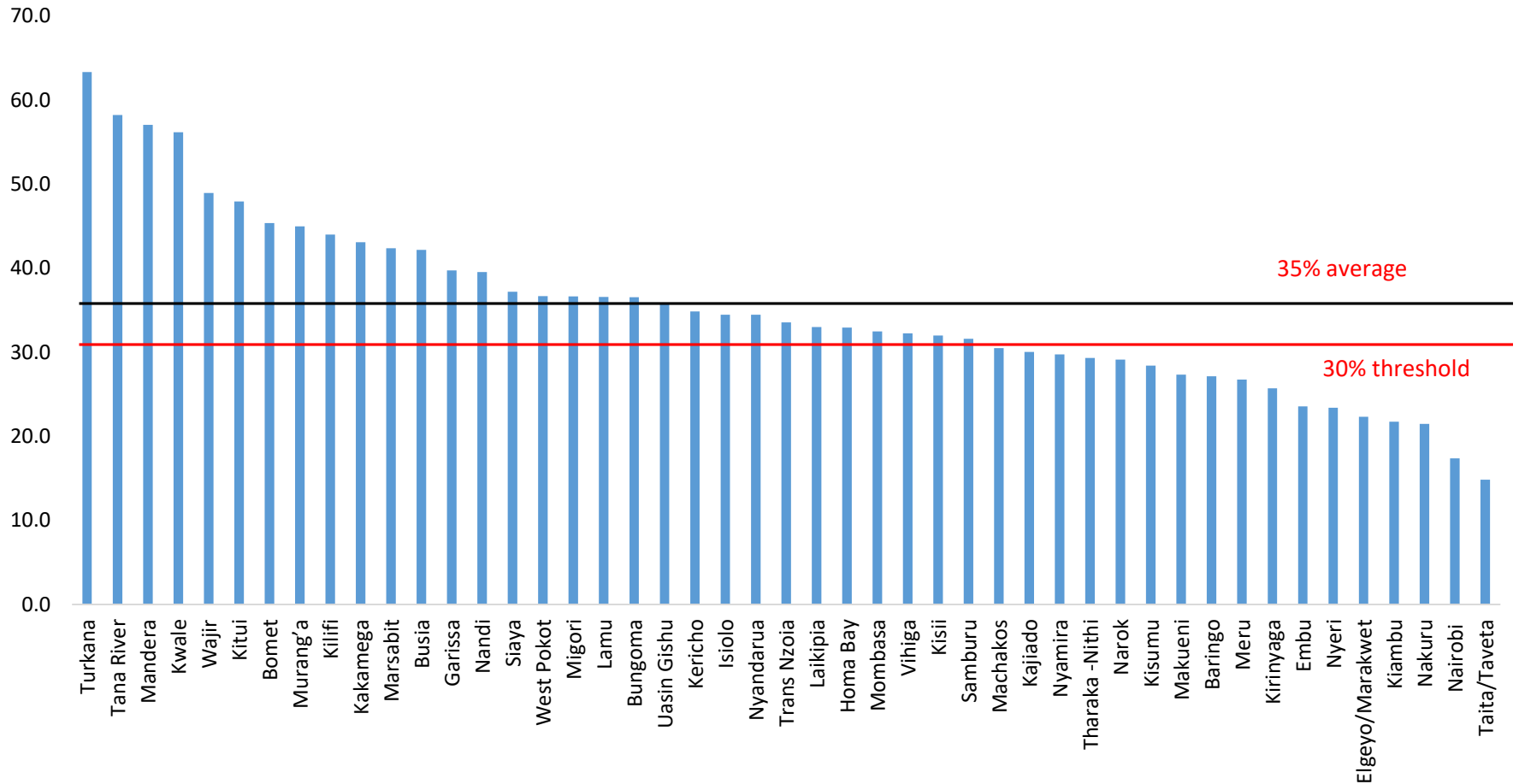
Equitable share funding is so low that funds are not enough to allow all counties to spend "at least" 30 per cent of budget on development

Only 9 counties spent over 30% - County development spending, % of total spending (2013/14)

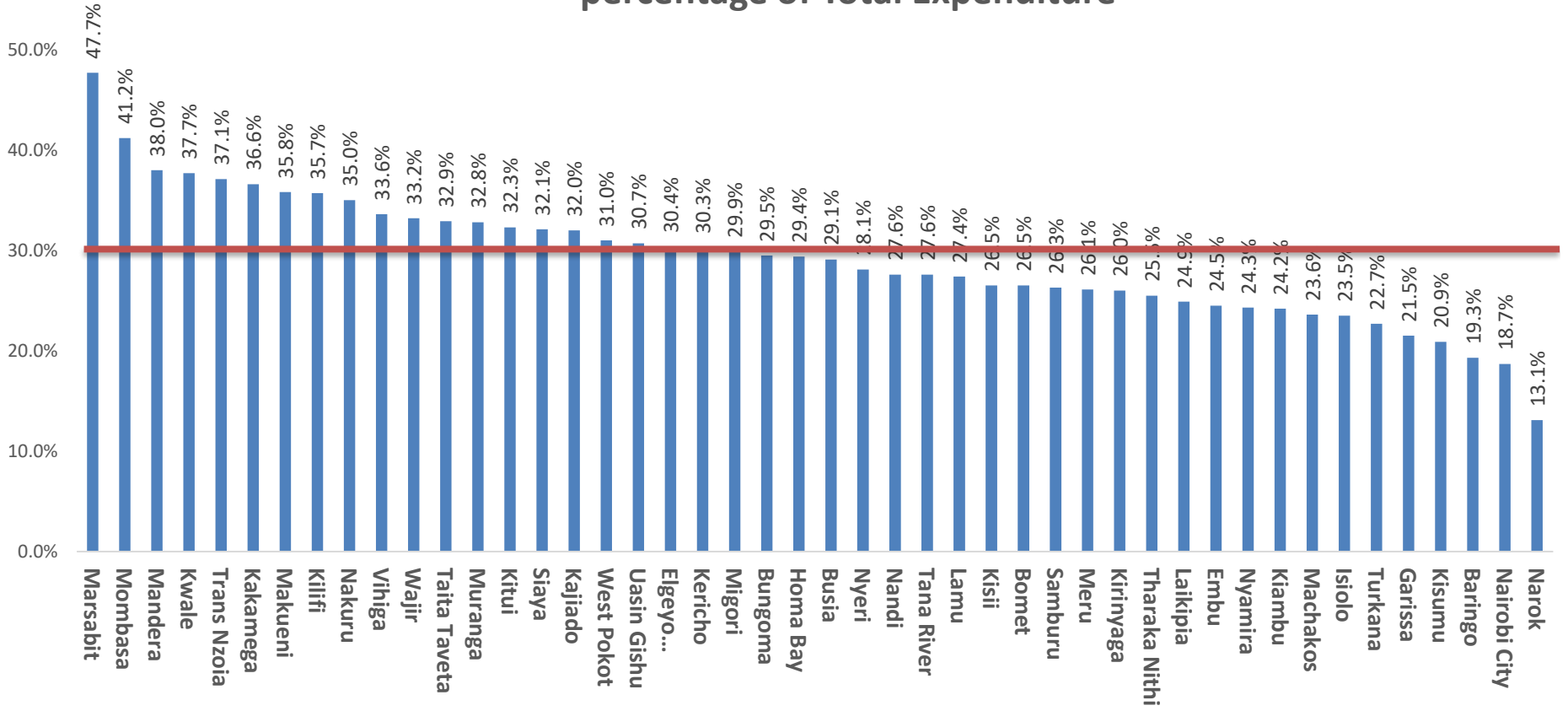


33 out of 47 met the 30% development threshold...

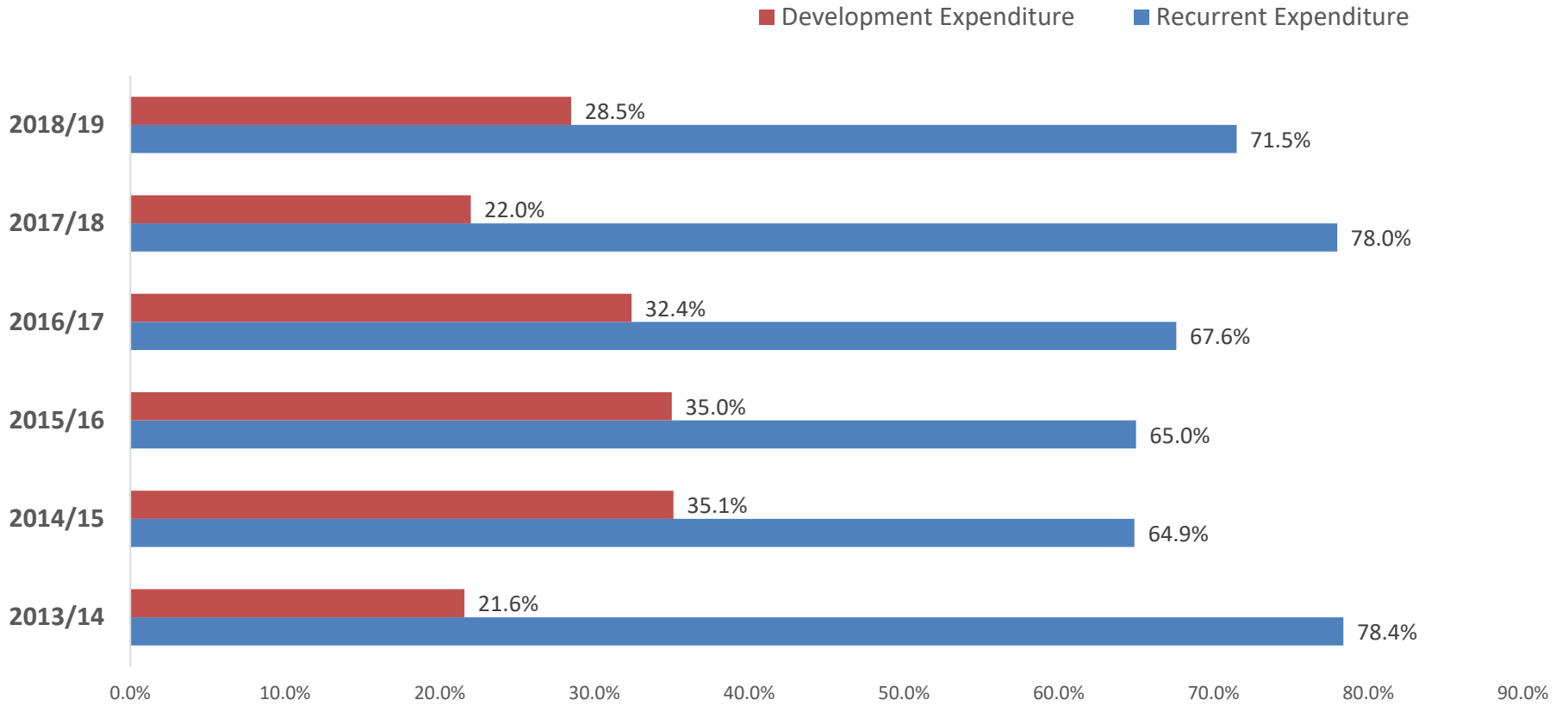
County development Spending, % of total spending (2015/16)



FY 2020/21 County Governments' Development Expenditure as a percentage of Total Expenditure



County Recurrent and Development Expenditures for FY 2013/14 - FY 2018/19



Source: County budget implementation reports

INTER- GOVERNMENTAL CHALLENGES

- Conflict over mandate remain in place – the centre does not “let-go”
- Parastatals (regional authorities) carry out county functions
Ministry of Health; Agriculture; Water; continue to carry out devolution related functions
- The National Treasury remains a creature of the “central government”

Inter-governmental disputes/conflicts ...2

- Delays/intermittent disbursement of equitable share
- Conflicts over jurisdiction/mandate
 - Senate vs National Assembly
 - Senators vs the Governors
 - MCAs/County Assemblies vs the Governors
 - Border counties and collection of revenue in urban centres
 - National ministries vs counties
- Annual recurrent disagreement over Division of Revenue Sharing Bill
- Limited coordination, cooperation and consultation between the two levels of government
 - Limited coordination among IGR institutions.

Citizens are concerned about increasing levels of corruption

Token participation exercises by both national and county governments

Satisfaction in implementation on decline

Incoherence and competing mechanisms of public participation

REDUCED PUBLIC CONFIDENCE / PARTICIPATION IN DECISION MAKING

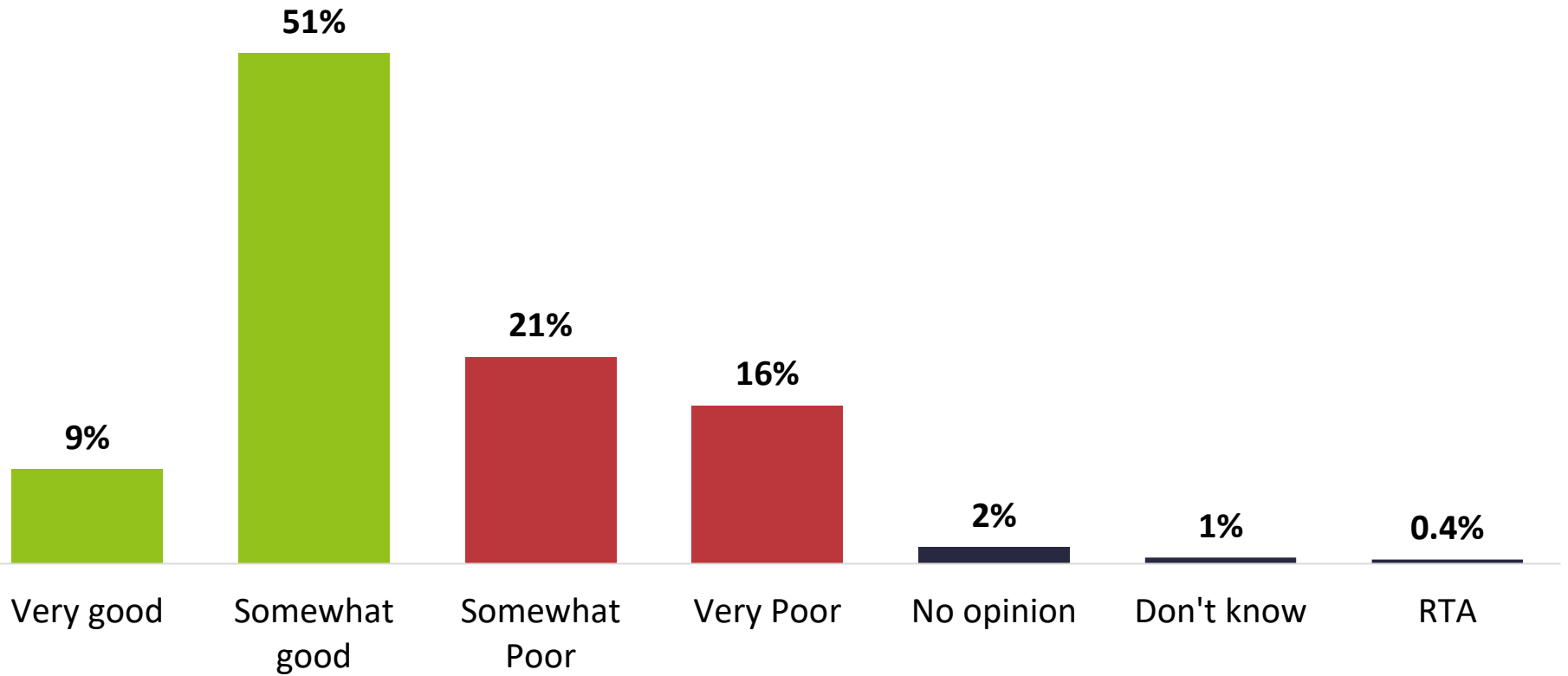
Public confidence

- Corruption is on the rise; citizens cite examples of
 - MCAs and the county in rent seeking
 - Poor quality of services owing to corruption in award of tenders
- MCAs fighting over implementation of projects (contracts)
 - Compromises oversight roles

Satisfaction with implementation of devolution...

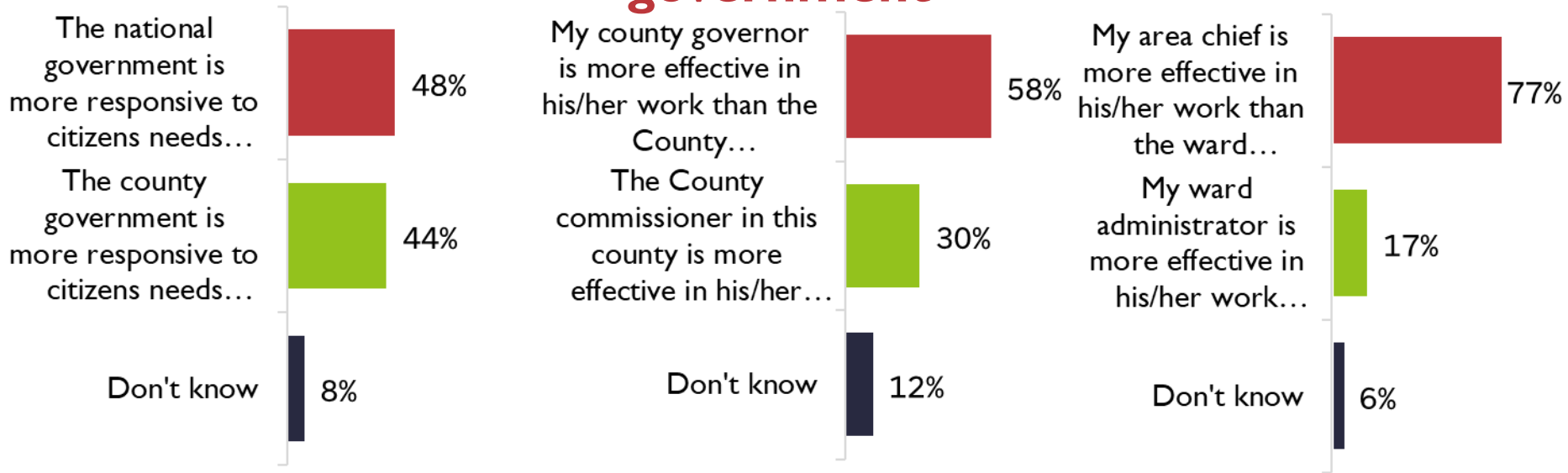


Performance of County Governments...



NOTABLE PROGRESS

Performance of both the national government and the county government



Now, let's compare the performance of both the national government and the county government in involving citizens in the development process. For each of the following statements, which one is closest to your view?

Base n= 2418, All resp.

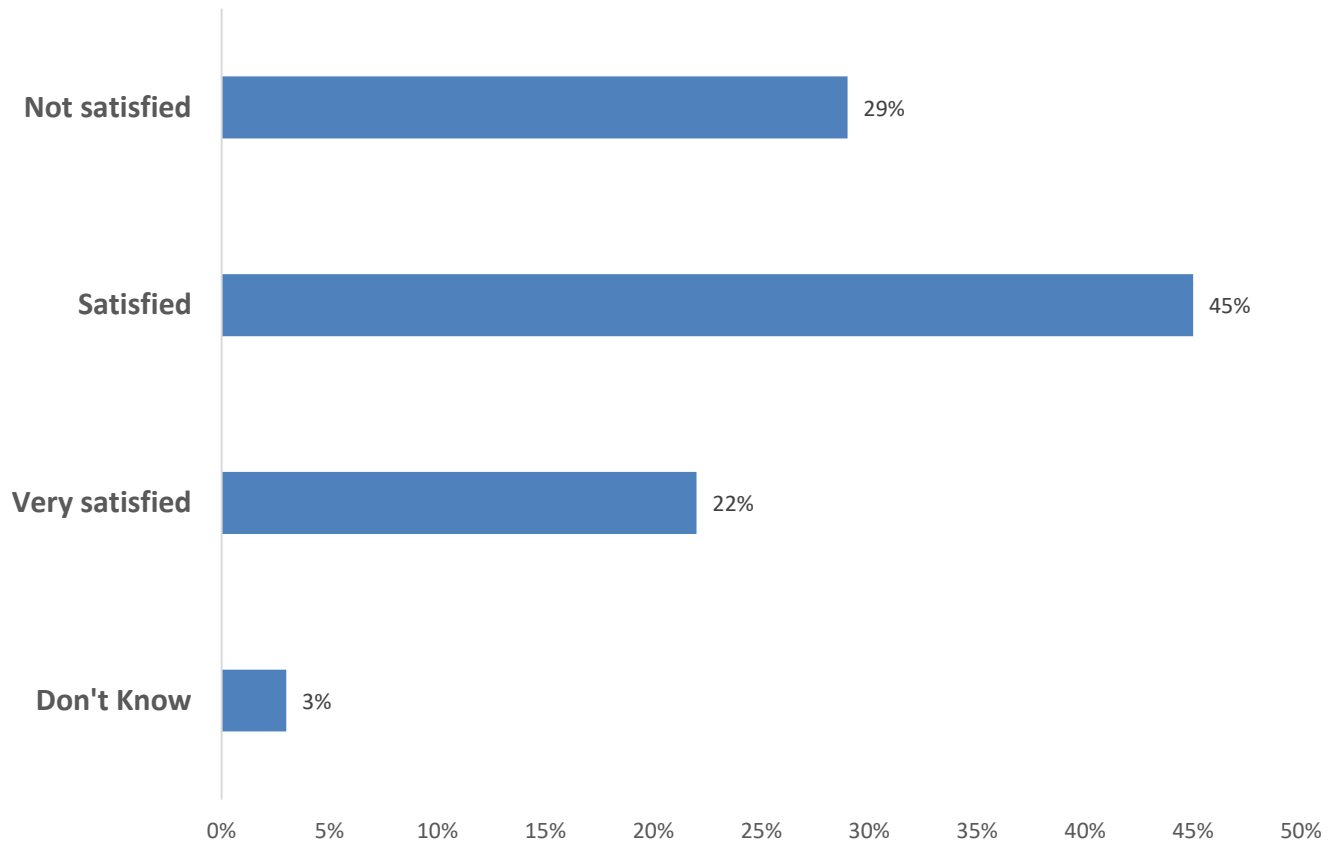
Significant change

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- Local economic activities
 - Growth in the counties (county GDP on increase)
- Marginalized counties opening up and providing services
 - Improved health services
 - Infrastructure
- Citizens and county governments interact
 - There is potential for improved accountability

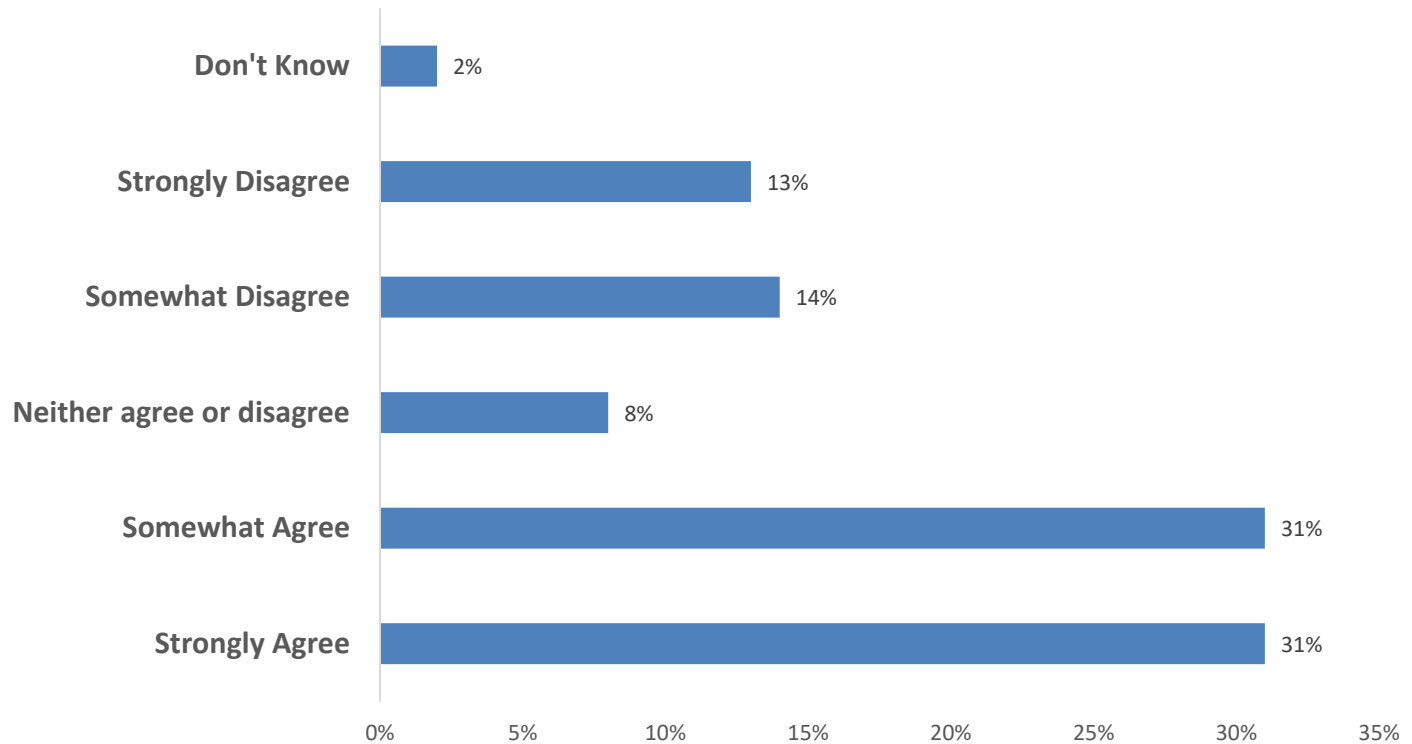
Satisfaction in the implementation of devolution (June 2021)

Q) How satisfied are you with implementation of devolution in Kenya?(N=5508)



County governments have provided more development with devolution (Oct. 2021)

Q) How much do you agree with the following statements? - My county government has provided more development than before devolution? (N=1518)



Conclusion

- Devolution has potential to correct imbalances in development
 - Promote self governance and service delivery
 - People centred
- ‘State-based’ challenges threaten this potential
 - Inter-governmental relations constrain implementation
 - Disputes over mandate/jurisdiction constrain delivery
- ‘County-specific’ challenges undermine potential manage own affairs and local development
 - Tokenism in public participation
 - County Assemblies negation of oversight roles and demand for executive roles
 - Gradual withdrawal of citizens from the space for decision making
- IDS devolution seminar series will focus on these challenges
 - The second seminar will focus on inter-governmental relations