



TAX JUSTICE BASELINE REPORT

BASELINE SURVEY FOR THE DOMESTIC RESOURCE MOBILISATION
PROJECT CONDUCTED IN NAIROBI, WAJIR AND TURKANA COUNTIES

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Funded by the Ministry of Foreign Affairs of Finland

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	5
1.0 EXECUTIVE SUMMARY	6
2.0 INTRODUCTION AND BACKGROUND INFORMATION	14
1.1. About Oxfam Kenya	14
1.2. Scope of the evaluation.....	14
3.0 APPROACH AND METHODOLOGY.....	15
2.1. Adopted Approach.....	15
2.2. Adopted Methodology.....	15
a) Key Informant In-depth Interviews	15
b) Focus Group Discussions.....	15
c) The Quantitative Approach.....	15
4.0 LITERATURE REVIEW	16
5.0 BASELINE SURVEY FINDINGS.....	20
4.1 Survey Demographics.....	20
4.2 Perceptions on Level and Extent of Public Participation	21
4.2.1. Level, extent and quality of citizen public participation	21
4.2.2. Level, extent and quality of citizen participation in decision making processes in the planning and budgeting at the county governments.....	27
4.2.3. Knowledge, attitudes and satisfaction levels of citizens especially poor and marginalized women and youth of the County Integrated Development Plans (CIDP) and County budgets;	31
4.3 Actual resource allocation by the national and county government versus public perception on resource allocation.....	34
4.4 Taxation and perceptions on tax.....	44
4.4.1. Public perceptions on taxation in Kenya	44
4.4.2. Analyse existing legislation in the three counties on taxation, public participation, resource mobilization, allocation and expenditure.	46
4.4.3. Analyse the progressiveness/repressiveness of the tax regime in Kenya and recommend the required changes to make Kenya's tax regime more progressive;.....	50
6.0 SURVEY CONCLUSION AND RECOMMENDATIONS	53
7.0 REFERENCES.....	57

LIST OF TABLES

Table 1: Survey Demographics: Gender and Residence	20
Table 2: Survey Demographics: Age and Marital Status.....	20
Table 3: Survey Demographics: Religion and Social Class.....	21
Table 4: Extent to which citizens have been involved (consulted) in decision making by the county government towards county budget making and expenditure by county	21
Table 5: Citizen Involvement in running the County government by County and by gender	22
Table 6: Reasons for attending /participation in county public participation forums by County.....	23
Table 7: Means that county has been using to invite people to discuss the county matters by county	24
Table 8: Ease of Public participation by County	25
Table 9: Whether county government observes the following values and principles by county.....	26
Table 10: Call for a citizens' consultative forum to solicit opinions on issues by county and age.....	27
Table 11: Participation in a public meeting to discuss county budget by county	28
Table 12: Convener of the public meeting to discuss the county budgets vis-à-vis the county and gender	28
Table 13: Respondents perception on how county government has utilized its resources for the last three years by county	29
Table 14: Participation or listening to civic education program by County	30
Table 15: Importance of the implementation of devolution for Kenya today by county	31
Table 16: Satisfaction with the performance of the national government since March 2013 on budget allocation and Taxation and expenditure by county	32
Table 17: Satisfaction with the level of performance of the national and county government in service provision	33
Table 18: Agreement/Disagreement on Statements Regarding Budget and expenditure by county	34
Table 19 : Whether there has been an increase in allocation of county resources on the various basic services by County since the start of devolution.	35
Table 20: People's perception of what the County government should give priority in their budget	38
Table 21: Satisfaction with the county budget allocation and expenditure in relation to needs and priorities.....	43
Table 22: Respondent's Allocation to various Sectors by County	43
Table 23: Awareness of responsibility to pay taxes by county.....	44
Table 24: Fairness of Kenya's tax system by County	44
Table 25: Respondent's response on tax evasion	45
Table 26: Perception on provision of good quality services vis-a-vis taxes paid	45

LIST OF FIGURES

Figure 1: Budget allocations to priority sectors (FY 2013/14 – FY2016/17).....	36
Figure 2: Capital and recurrent spending	36
Figure 3: Sector distribution of county expenditure (FY2013/14)	37
Figure 4: Budget allocations to pro-poor sectors (2002/03 – 2016/17)	38
Figure 5: Nairobi County Development Budget Allocation to various Sectors from FY 2013/14- FY2016/17.....	40
Figure 6: Turkana County Development Budget Allocation to various Sectors from FY 2013/14- FY2016/17.....	41
Figure 7: Wajir County Development Budget Allocation to various Sectors from FY 2013/14- FY2016/17.....	42

ABBREVIATIONS AND ACRONYMS

CAPI	Computer Assisted Phone Interviews
CBO	Community Based Organization
CDF	Constituency Development Fund
CIDP	County Integrated Development Plan
CSO	Civil Society Organization
DRM	Domestic Resource Mobilization
EA	Enumeration Area
FGD	Focus Group Discussion
FOI	Freedom of Information
FY	Financial Year
IT	Information Technology
KII	Key Informant Interview
M&E	Monitoring and Evaluation
NDI	National Democratic Institute
NTA	National Taxpayers Association
PPS	Population Proportionate to Size
PWDs	Persons with Disability
SPSS	Statistical Package for the Social Sciences

1.0 EXECUTIVE SUMMARY

Introduction

Oxfam Kenya and its partners through the Tax Justice Programme have initiated a three year project on Domestic Resource Mobilization (DRM) in 3 counties of Kenya, namely Nairobi, Wajir and Turkana. The program, titled ***“Progressive mobilization and management of domestic resources for quality delivery of public services in three counties of Kenya”*** seeks to support civil society organisations, community based organisations, and communities in the 3 counties, to be better placed to demand progressive taxation, more accessible public services and an accountable government. The project mainly intends to contribute to a more progressive, transparent and accountable tax and expenditure regime that result in reduced inequality and improved quality of life for poor, vulnerable and marginalized women and youth.

Objectives of the Baseline Survey

The main objectives of the survey were:

- i) Analyse existing legislation in the three counties on taxation, public participation, resource mobilization, allocation and expenditure;
- ii) Analyse the progressiveness/repressiveness of the tax regime in Kenya and recommend the required changes to make Kenya’s tax regime more progressive;
- iii) Analyse the level, extent and quality of citizen participation particularly of women and youth in decision making processes in the planning and budgeting at the county governments particularly in Nairobi, Turkana and Wajir;
- iv) Analyse the level, extent and quality of citizen participation particularly of women and youth in holding duty bearers and service providers accountable on effective delivery of public services particularly in Nairobi, Turkana and Wajir;
- v) Level of Government investment in the provision of essential public services at the National and County level;
- vi) Knowledge, attitudes and satisfaction levels of citizens especially poor and marginalized women and youth of the County Integrated Development Plans (CIDP) and County budgets;
- vii) Survey the Knowledge, attitudes and perception of duty bearers, government officials and service providers on citizens’ rights as tax payers, and government roles and responsibilities for tax justice, budgeting and public service delivery among women and youth in target Counties;

Approach and Methodology

The baseline survey adopted both qualitative and quantitative research approaches. The qualitative phase entailed Key Informant Interviews (KIIs) with key stakeholders and opinion shapers in the civil society space, county and national governments; and Focus Group Discussions (FGDs) with various respondents such as women, men and youth; as well as literature review of various documents, while the quantitative phase involved household interviews with a representative sample of 1,200 (400 per county) targeting members of the general public in the 3 target counties (Turkana, Wajir and Nairobi). The data was collected in all the sub-counties of the 3 counties except Turkana East sub-county which was experiencing insecurity at the time of the survey. This translated into a margin of error of 4.9% at a 95% confidence level in each of the 3 counties.

Key Findings

Public participation was considered in a broad sense, as the active involvement of the public in policy-making processes (Tanaka, 2007; Carlitz, 2010; Lakin, 2013). However, only 2.5% of the respondents are fully involved in decision making towards county budget making and expenditure in Wajir County. Whilst in both Nairobi and Turkana County, just a few 2.0% and 1.6% of the surveyed households are fully involved in decision making towards county budget making and expenditure. Only 2.7% of the surveyed households in Wajir County have given their opinion on how the county should be run, while in Nairobi and Turkana County only 7.3% and 7.1% respectively have given their opinion to their county government on how it should be run.

Turkana County recorded the highest number of surveyed respondents who indicated that they have ever participated in a public meeting to discuss their county budget at 18.3% of those surveyed, while only 4.5% and 3.3% of the surveyed respondents had ever participated in a public meeting to discuss their county budget in Nairobi and Wajir County respectively. Thus, public participation on budgetary issues at the county level since devolution came into place is very low as is evident from the baseline data. The differences in Nairobi and Wajir counties are not statistically significant.

For those who had participated in the public meetings to discuss their county budgets, 38.8% indicated that the meeting had been convened by their area MP/Senator/MCA, 35.8% indicated that the convener was civil society/community based organization, 13% indicated that the meeting was convened by the county assembly, while 12.4% indicated that the convener was the county executive. Therefore, a majority of the convenors of the public meetings to discuss budgets were convened by either the legislators in the county or civil society/community based organizations.

This goes to show that the legislators are seemingly playing their critical role of budget oversight and information dissemination while the civil society/community based organizations seem to be playing the role of providing information on public needs and priorities through their connections with citizens, and communities in the counties. However, there is still much more that needs to be done to have more people convened to discuss county budgets, thus the County Executive and Assembly to increase their level of engagement with the people on budget matters.

In Nairobi County, 53.5% of the surveyed respondents opined that there had been an increase in allocation of county resources on the various basic services since devolution came into existence in 2013 (Such as health, water, education, roads etc.), 24.8% opined that there had been no increase while 21.7% opined that they did not know if there had been any increase in the allocation. In Turkana County, only 8.8% of the surveyed respondents opined that there had been an increase in allocation of county resources on the various basic services (Such as health, water, education, roads etc.), while 38.2% opined that there had been no increase and 53% did not know if there had been any increase in the allocation of county resources on the various basic services (Such as health, water, education, roads etc.).

In Wajir County, 14% of the surveyed respondents opined that there had been an increase in the allocation of county resources on the various basic services (Such as health, water, education, roads etc.), while 50.9% opined that there had been no increase and 35% opined that they did not know if there had been an increase since devolution came into existence in 2013.

What is to note is that this was solely based on perception of the surveyed respondents. It can then be concluded that there is greater perception of an increase in allocation of county resources in Nairobi as opposed to Wajir and Turkana, thus Wajir and Turkana county governments should endeavour to communicate how county resources are allocated to their citizens. Therefore, the perception that more is being allocated to basic services since devolution seems to be mostly prominent in Nairobi County whilst in Wajir and Turkana the citizens still were seemingly not feeling the impact of devolved resources to basic services.

A majority of the surveyed respondents are not satisfied with the timeliness of public service delivery by the national government as opined by 54%, 71% and 45% of the respondents in Nairobi, Wajir and Turkana counties respectively. However, 3 in every 10 of the surveyed respondents in Turkana County are satisfied with the timeliness of public service delivery by the national government in contrast to at least 2 in every ten in Nairobi and Wajir counties.

During the desk review for this survey, it was noted that the proportion of development expenditure in total GoK spending considerably expanded over the last decade (2003 – 2013). Further increase in the proportion of development expenditure is expected, and mostly attributable to the PFM Act,

2012 that now requires the government, both national and county, to allocate at least 30% of the budget to development programmes or activities. Commencing FY2012/13, the constitution of Kenya 2010 required the national government to transfer at least 30% of budget to 47 semi-autonomous devolved government structures. Notably, Kshs 210 billion was earmarked for transfer to the counties in FY2013/14, and another Kshs 226.7 billion allocated for transfer to the counties in FY2014/15. Majority of the counties allocated at least 30% of total revenues to development. There has been a generally progressing trend in allocation of resources to sectors deemed pro-poor¹ though the proportion in total government spending has not grown significantly in comparison with the annual budgetary allocations. Allocations to pro-poor sectors amounted to Kshs 87.1 billion in FY2002/03 and were projected to be around Kshs 312.6 billion in FY2016/17. However, the proportion of total pro-poor allocations in total GoK expenditure appeared to steadily decline from 32.1% in FY2003/04 to 21.8% in FY2016/17.

Nairobi County seems to have prioritised more of its development budget on public works and infrastructure, health, water and environment which are in line with the top 3 areas that the citizen's would like the county to prioritize on. However, the county should focus more on health and water as they are the top most priority areas according to the surveyed respondents. On the other hand, the Turkana County budget allocations are in line with the people's priorities according to our analysis as the budget addresses what was mentioned by the surveyed respondents as key areas the county should focus on when making the budget key among them being health, water and sanitation, education, irrigation and agriculture. Wajir County has prioritised public works, water, energy, environment and natural resources and public health comes in a distant fourth. Thus, the county should consider putting more resources into public health and water as they are the top priorities for the citizens of Wajir County.

The level of satisfaction with the county budget allocation and expenditure in relation to the surveyed peoples' needs and priorities in the various counties was 45.1% in Nairobi County, 41.8% in Turkana County and 47.6% in Wajir County. This shows that less than half of the county residents in the 3 counties of interest feel that the county governments allocate and spend their money based on the people's wishes and needs. Perhaps this can be related to the low number of those who opined that the county governments involve them in their decision making concerning various issues in the county.

A majority of the surveyed respondents in all the three counties are aware that it is their duty to pay taxes; 92.9% in Nairobi County, 75.5% in Turkana County and 60.2% of those in Wajir County. On the

¹Pro-poor spending as per this analysis reflects allocations to: - Health, water and sanitation, Education (largely primary education), Agriculture livestock and fisheries, and Special programmes - in areas of Social protection, gender, and social services.

other hand however, a majority of the surveyed respondents in all the 3 target counties indicated that Kenya's tax system is not fair: 75.5% of the surveyed respondents in Nairobi County, 59.8% in Turkana County, and 60.4% in Wajir County. Further, key informants were of the view that there are aspects of Kenya's tax regime that are progressive and some that are regressive. The regressive aspects of the tax regime in Kenya as opined by tax experts are majorly; The VAT tax which is applicable to everyone notwithstanding their financial ability. Similarly, tax experts agreed that some aspects of Kenya's tax regime are progressive such as PAYE – which has enabled the country to finance a majority of its budget without external help.

A majority (57.2%) of the surveyed respondents in Nairobi County indicate that they would refuse to pay a tax or a fee to the government if they had a chance of not being caught while 40.7% of the respondents in the same county would still pay the tax or fee to the government. In Turkana County and Wajir County, a majority (59.2% and 62.6% respectively) would not refuse to pay a tax while 23.1% and 9.2% of the surveyed respondents in Turkana and Wajir counties respectively would refuse to pay a tax or a fee to the government if they had a chance of not being caught. These findings are corroborated by an earlier research commissioned by Oxfam Kenya and undertaken by the Africa's Voices Foundation (AVF) regarding the same issues². Meaning whilst citizens are aware of their duty to pay taxes and in some instances would not evade payment of such taxes, they are also keenly aware that the taxes paid do not translate to the delivery of quality essential public services.

Still on taxes paid by the respondents, a majority of the surveyed respondents in Nairobi County (81.1%), Turkana County (63.6%) and Wajir County (67.3%) opined that they do not receive good quality services from the taxes that they pay.

Conclusions and Recommendations

Conclusions

- **In relation to the levels of engagement and modalities of inclusion**, respondents indicated that they did not feel sufficiently included in the budget process. A majority of respondents had not participated in public engagement forums to discuss county budget issues. Also a very small proportion of respondents indicated that they had prior experience participating in civic education programmes on taxation and budget making. This was further complicated by the fact that a very small proportion of respondents indicated prior

² https://kenya.oxfam.org/policy_paper/progressive-mobilisation-and-management-domestic-resources-quality-delivery-public

participation in civic education programmes. The frequency of invitation to forums where issues around taxation and budgeting are discussed or decided on was very low with most of the respondents indicating that they had been invited on average 1 – 2 times in a year. This points to the need to re-look at or further interrogate how counties conduct public participation.

- **On the role Civil Society and other third-party intermediaries should play in the budget process and on conversations on taxation**, it emerged that a lot of the engagement forums were convened by politicians (MP/MCA/Senator). However, civil society played a significant role in mobilising for participation and convening public engagement forums on budget making processes. This underscored the critical role played by CSOs in facilitating and shaping public engagement in issues around budgeting. Most of the participants were of the opinion that CSOs functioned to organise community members to participate in the budget forums. They also helped in conducting civic education around taxation and budget making and also in relaying information to the public.
- **Regarding access to information and levels of knowledge on taxation and budgeting**, radio remains the main source of information on budgets. It was also one of the most trusted mediums to convey budget information. However, there was an indication that in spite of existing sources of information on budgeting, a vast proportion of the population were unaware of proportions of the budget that were allocated to different levels of governments as well as to different sectors. It appears as though accessing information on the budget and the budget making process is still significantly challenging.
- **On the knowledge, attitudes and satisfaction levels of citizen's especially poor and marginalized women and youth of the County Integrated Development Plans (CIDP) and County budgets**, it emerged that the county governments considered in the survey appeared not to favour sufficient diversity in the budget forums but also within the government itself.
- **Regarding existing legislation in the three counties in Kenya (Turkana, Nairobi and Wajir) on taxation, public participation, resource mobilization, allocation and expenditure**, there appeared to be sufficient legislation to anchor participation. However, the implementation and establishment of key provisions of such legislation in order to achieve meaningful participation was still a work in progress. As such, whilst it did not stifle participation per se, the lack of full enforcement of legislation appeared not to effectively facilitate public participation.
- Finally, **In terms of progressiveness/repressiveness of the tax regime it emerged that a** majority of respondents appeared to think that most of their taxes did not go into delivery of

quality services. Many also indicated that the existing tax system was not fair to everyone. Many respondents felt that those at the bottom of society, the poor, were overly taxed yet the returns on their tax was not commensurate in terms of public services and poverty reduction programmes. There was an overall feeling that whilst tax revenues went up and taxes increased; both in breadth and in rates, this was not translating into desirable outcomes such as improved access to quality services and goods as well as provision of quality public services and goods.

Recommendations

- **Based on the above conclusions from the survey, the following are the recommendations:**
 - i. Oxfam and its partners should advocate for County Governments to develop and agree on a policy framework or at least guidelines on the conduct of public participation. This is especially in regards to the modalities for inclusion for the public in public engagement forums since very few are included in the county decision making. Oxfam and its partners in the counties should also interrogate how effective public participation is being done by county governments, and whether the outcome of engaging the public is reflective of its aspirations/priorities. The findings can then be shared with the county government and be used to help the county in knowing what sectors they should focus on in terms of budgetary allocations.
 - ii. Oxfam and its partner CSOs should lobby the government to allocate more resources to pro-poor sectors based on their analysis. Oxfam in collaboration with other like-minded CSOs should come up with position papers that will be used to influence policy towards allocation of more resources to pro-poor sectors in the annual national budget.
 - iii. Oxfam and its partner CSOs should come up with programs that will advocate for the county governments to ensure that there is diversification of people who participate in public forums to discuss county matters. Specifically, the advocacy efforts should be geared to ensuring women, youth, physically disabled, and the marginalised have ways of and the space to participate in giving their views to the county governments on matters of importance to them.
 - iv. Oxfam and its partners/stakeholders should start building the capacity of communities to understand the process of coming up with a CIDP ahead of the next process after 2018. They should also lobby county governments to ensure that they involve the public in giving their views towards the next CIDPs. Further, Oxfam and its partners should collaborate with the county governments in identifying the most pressing needs of the people in each county, so that they can be included in the CIDPs.

- v. In relation to the above recommendation, Oxfam and its partners should also advocate for more community involvement in development of CIDPs, contribution of budget proposals and social audits to achieve sustainable development initiatives. The public should be encouraged to take up public participation as a duty since it is their right to do so. County governments should increase forums and opportunities for dialogue with the public on taxation and other domestic resource mobilisation matters at County levels.
- vi. Oxfam and its partners too should advocate for increased access to information on budgeting (across all the stages from formulation to review) through expanded channels such as local radio stations, ward administrators, MCAS, etc. for delivery to improve quality of citizen participation since it was noted from the survey that information on budgets from the counties is rarely availed to the public in time or not availed at all; while county governments should increase avenues for sharing of public information on budgeting, taxation and other public finance matters including planning as required by law, Further, Oxfam and its partners can partner with county government and local media in the counties to share/popularise the public participation schedules, in order to give citizens enough lead time to engage during the public participation forums.
- vii. Development partners should support capacity development for county governments and CSOs engaging in advocacy and policy making on domestic resource mobilisation at county levels.
- viii. The national government needs to increase awareness on how much resource it has mobilised, how it has allocated these resources to the counties as well as the various sectors. On the other hand, citizens should be taking part in tracking the expenditure to ensure the resources allocated are accounted for; this pro-activeness from both sides is a way of enhancing of re-establishing the social contract between the Government and the public.
- ix. Finally, development partners should continue engagements to broker dialogue between County and national government, Civil Society and citizens on taxation and budgeting.

2.0 INTRODUCTION AND BACKGROUND INFORMATION

1.1. About Oxfam Kenya

Oxfam Kenya, through its Tax Justice Programme and in partnership with other national and local partners are implementing a three year project on Domestic Resource Mobilization (DRM) with financial support from the Ministry of Foreign Affairs of Finland. The project titled ***“Progressive mobilization and management of domestic resources for quality delivery of public services in three counties of Kenya”*** is generally aimed at supporting civil society organisations, community based organisations, and communities in Nairobi, Turkana and Wajir counties, to be better placed to demand progressive taxation, more accessible public services and an accountable government. In so doing, the project seeks to contribute to promoting accountable, transparent and gender sensitive resource mobilization, allocation and spending of county governments towards public services in order to tackle inequality and poverty.

Further, the project intends to contribute to a more progressive, transparent and accountable tax and expenditure regime that result in reduced inequality and improved quality of life for poor, vulnerable and marginalized women and youth in Kenya.

Specifically, Oxfam and its partners seek to ensure that the project is able to support women and youth to effectively influence progressive policy changes on government revenue raising, budgeting and spending that deliver increased investment in public services that respond to their needs, priorities and rights in Turkana, Wajir and Nairobi counties.

Oxfam Kenya thus commissioned this baseline survey to provide programme staff and partners with detailed baseline data on key project indicators that will enable better programming and advocacy as well as the objective measurement of the impact of the project on the targeted stakeholders and subsequently, the changes taking place over the course of the project.

1.2. Scope of the evaluation

The baseline survey was conducted in three counties namely; Turkana, Wajir and Nairobi. The survey targeted members of the general public, representatives of civil society organizations and community based organizations conducting civic education on budgets, public participation and taxation, national and county government representatives, county assembly representatives, media and tax experts.

3.0 APPROACH AND METHODOLOGY

2.1. Adopted Approach

The baseline survey adopted both qualitative and quantitative research approaches. The qualitative phase entailed Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs) with various respondents as well as literature review of various documents, while the quantitative phase involved household data. Data from secondary sources was also used during the baseline survey. The purpose of incorporating both qualitative and quantitative research approaches was to enable the triangulation of the survey findings.

2.2. Adopted Methodology

a) Key Informant In-depth Interviews

Key Informant Interviews (KIIs) were conducted with various key stakeholders who had insights and deep understanding of taxation, budget making process and public participation in the national and county governments.

b) Focus Group Discussions

Focus group discussions were conducted with youth, women and men in the 3 target counties. The number of respondents per FGD varied from 8-12 with each group taking between 1.5-2 hours. In total, 18 FGDs were conducted. The respondents were recruited from the community with the help of Oxfam particularly in Wajir and Turkana. For one to be eligible to participate in the focus group discussion, they had to be members of an organised group, such as women group, youth group etc. and have had knowledge of the county government and its mandate.

c) The Quantitative Approach

The consultants conducted face-to-face interviews in Turkana, Nairobi and Wajir with adult members of the general public who are 18 years and above. The sample was stratified in a way to incorporate the gender (male/female) of the respondent, place of residence (urban/rural), and the social economic class of the respondents. The sample for the survey was n= **1,200** face to face interviews. The interviews were conducted using Infotrak's customised ODK CAPI (computer assisted personal interviews) system. This translated into a margin of error of 4.9% at a 95% confidence level for each one of the 3 counties.

Public engagement: A strategy for progressive taxation and budgeting?

Taxation and public sector budgeting are fundamental activities of government; these signify and embody the social contract between citizens and government. They actualise the agreement between people and their governments that involves citizens making private resources available to government (in the form of tax) in return for public services and other necessities that meet national priorities and interests (Gomez, Friedman & Shapiro, 2005; Tanaka, 2007; Justice & Dulger, 2009; Carlitz, 2010). As such, citizens rightfully expect of their governments, efficient, fair, equitable and transparent delivery of public services and goods (Tanaka, 2007). Over the years, public engagement or participation has increasingly been encouraged to ensure that government is more accountable and responsive to citizen demands. Notably, over 1200 municipalities across the world today are understood to be employing participatory approaches in budgeting and on conversations on taxation involving citizens (Zhang and Yang, 2009).

Why engage the public?

Public participation may be regarded as a way of empowerment and as vital part of democratic governance. Existing literature suggests that governments continue to encourage citizen participation mainly: i) to inform the public of government decisions, ii) to involve the public in government decision making, iii) improve government's understanding of public expectations, iv) to adjust services to the preferences of the public, v) understand public priorities, and vi) to obtain information from the public on the quality of government services (Gomez, Friedman & Shapiro, 2005; Tanaka, 2007; Justice & Dulger, 2009; O'Meara et al, 2010; Berener, 2009; GFOA, 2009; Carlitz, 2010).

Public participation and budgeting

It is argued that strengthening the transparency and openness of public budgets can help promote social accountability and facilitate the building of public confidence in overall government, its legitimacy and credibility (Tanaka, 2007; Carlitz, 2010; Lakin, 2013). There are also those who argue that beyond budgeting, public engagement can be both a "means" and an "end" for democratic governments (Gomez, Friedman & Shapiro, 2005; Tanaka, 2007; Carlitz, 2010). It could make citizens better educated about public policies and allow government to build more effective and responsive institutions by tapping into the experience and expertise of their constituents (Friedman & Shapiro, 2005; Tanaka, 2007; Justice & Dulger, 2009; O'Meara et al, 2010; Carlitz, 2010).

Clarlitz (2010) reviewed budget-related transparency and accountability initiatives aiming to analyse their impact. He argues that building horizontal and vertical alliances between stakeholders, producing and making legitimate information available to the public, legal empowerment and international support remain some of the effective ways towards accruing the most from public engagement in budgeting processes (Clarlitz, 2010).

Tanaka (2007) explored citizen engagement in the budget process. She argues that public engagement in budgeting can lead to: i) citizens providing more input into the establishment of priorities and feel that they have a stake in outcomes, ii) citizens placing greater trust in government and public officials, iii) greater equity and better protection of interests of under-represented and vulnerable groups, iv) government being more open, transparent and accountable, and v) chances of wastage of resources and corruption are reduced, vi) more accurate understanding of public finances (Tanaka, 2007).

Kang & Min (2013) investigated the different public participation mechanisms in Korea and illustrated how public inputs are reflected in the country's budget process and fiscal policies (Kang & Min, 2007). They argue that incorporating public participation mechanisms in the budget process in Korea was possible because of support from budget authorities and political leaders as well as nongovernmental organizations (Kang & Min, 2007).

Lakin (2013) has extensively studied public participation in the budget process in Kenya. He argues that in terms of what to discuss, engagements on the budget process could focus on; i) determining how to spend development (capital) funds on investment projects in the county, ii) determining how to spend part of the recurrent or operational budget, and iii) determining allocations to specific sectors of interest like health or education (Lakin, 2013).

Gomez, Friedman & Shapiro (2005) argue that access to budget documents is vital to ensuring government financial accountability, and for the public's informed participation in budget debates (Gomez, Friedman & Shapiro, 2005). They contend further that countries should take much larger steps to further open national budget processes to broader citizen participation (Gomez, Friedman & Shapiro, 2005).

Lastly, O'Meara et al (2010) investigated community and facility-level engagement in planning and budgeting for the health sector in Kilifi County Kenya. They established that engagement of the community through committees influenced target and priority setting. They maintain that even limited community involvement can influence health sector planning and may allow for activities

and investments to be tailored to local needs, but this can easily be over-ridden by national frameworks for target setting (O'Meara et al, 2010).

Public engagement and taxation

Regarding taxation, public engagement has been touted as a mechanism through which governments can increase the understanding of the public on the intricacies and complexities that characterise the nexus between taxation and service delivery. It has also been argued that public engagement on taxation can be leveraged to build legitimacy and credibility of government (Tanaka, 2007; Lakin, 2013; Beuermann & Amelina, 2014). This in turn can encourage citizens to pay taxes, investors to commit funds, and donors to top up existing sources of revenue (Tanaka, 2007; Lakin, 2013; Beuermann & Amelina, 2014). In fact, many endorse the idea that through active engagement of citizens on taxation, modern government can strengthen themselves as it ensures that government programmes reflect public interests, views and values (Tanaka, 2007; Beuermann & Amelina, 2014).

There is evidence suggesting that citizen engagement increases tax revenues. Beuermann & Amelina (2014) carried out an experimental evaluation of the participatory budgeting model. They established that in administratively matured and politically decentralised local governments, increased public participation in the process of decision making increased local taxes, ensured larger volumes of the public budget is invested in services prioritised by citizens and increased public satisfaction with public services (Beuermann & Amelina, 2014).

Citizens often demonstrate a lot of appetite for public services but do not appear to match this with willingness to pay for them (Tanaka, 2007). While citizens welcome spending that provides visible and immediate benefits, many seem blind to the need for essential public goods and resist investments in them (Tanaka, 2007). There seems to be gaps in information and understanding amongst the public on the need for short-term fiscal trade-offs for long-term budget outlooks (Tanaka, 2007; Beuermann & Amelina, 2014)

Social Contract

The social contract is a binding relationship that exists among members of society and the state (in its holistic nature). It outlines mutual roles and responsibilities, for the State to ensure the good of the people who constituted it and for the people to ensure the common good of the whole (Rousseau, 1762); this then essentially brings people together for mutual preservation. The social contract can be broken down into three key categories: i. **Expectations** as to how interactions between state and society should function both directly and indirectly. A plausible social contract

is one that comprises and references such expectation sufficiently. Thus, it behooves the state to consult the public whenever it has any plans it wants to implement for example during the budget making process. The public should be invited to give their views on what they expect the budgets to focus on and what their needs are, while the government should also put forward its own proposition. This discussion should end in a compromise, where both sides are satisfied. ii.

Capacity-entails not only the ability of the state to allocate the resources in line with expectations but also the desire to do so to better society. It therefore incorporates not only the availability of materials and technical resources but also the level of responsiveness to the needs of society based on discussions held between the state and the citizenry. The citizens should also play their part by paying taxes which will later be used by the state to offer various services and goods. iii.

Processes-that take place within a social contract would affirm inclusive and deliberate political, economic and social participation at every level of society. This is where public engagement is important and it should be held in an open manner and in accordance to the existing laws.

Credibility of the social contracts lies with guaranteed service delivery, management of criticisms, and promotion of relationships in society and the reduction of inequalities as well as marginalization (UNDP, 2012, p. 18).

Conclusion

The literature suggests that successfully engaging the public in conversations around taxation and the budget process offers an opportunity for encouraging good government practices and adoption of responsible fiscal policies. Engaged citizens are more knowledgeable about government, hold more thoughtful and sophisticated views of public policy, and are less cynical in their attitudes toward government. Nonetheless, the clamor for citizen engagement must recognize that budgeting and tax policy matters are technically complex and politically difficult. This has significant implications on the level of engagement as well as the quality of interactions with government on budgeting, taxation and service delivery.

5.0 BASELINE SURVEY FINDINGS

4.1 Survey Demographics

Overall, 51.5% of the respondents were female while 48.5% were male as depicted in Table 1 below. 54.3% of the respondents were from urban areas, 2.6% were from peri-urban areas while 43.1% were from rural areas as depicted below.

Table 1: Survey Demographics: Gender and Residence

Gender			Residence			
Male	Female	Total	Urban	Peri-Urban	Rural	Total
48.5%	51.5%	100.0%	54.3%	2.6%	43.1%	100.0%

Table 2 below depicts the age and marital status of the surveyed respondents. 7.5% were aged 18-20 years, 21.8% were aged 21-25 years, 23.5% were aged 26-30 years, 13.5% were aged 31-35 years, 14.8% were aged 36-40 years, 5.9% were aged 41-45 years, 4.9% were aged 46-50 years while 8% were aged 51+ years. On the other hand, 61.4% of the surveyed respondents were married, 28.7% were single, 4.2% were divorced/separated while 5.7% were widowed.

Table 2: Survey Demographics: Age and Marital Status

Age									Marital Status				
18-20	21-25	26-30	31-35	36-40	41-45	46-50	51+	Total	Single	Married	Divorced/Separated	Widowed	Total
7.5%	21.8%	23.5%	13.5%	14.8%	5.9%	4.9%	8.0%	100.0%	28.7%	61.4%	4.2%	5.7%	100.0%

Table 5 below depicts the religion and social class of the surveyed respondents. 28.5% were Catholics; 31.9% were Protestants; 37.1% were Muslim; 0.5% were Hindu; while 2% belonged to other religions. On social class; 0.6% belonged to social economic class AB; 5.9% belonged to social economic class C1; 38.7% belonged to social economic class C2; while 54.9% belonged to social economic class D. According to Infotrak's LSM descriptor, those in SEC AB belong to higher managerial, administrative or professional occupations. They include senior corporate executives, CEOs, General Managers, NGO executive directors etc. They also include Entrepreneurs or owner of

medium to large enterprise as well as large scale/ranch Farmers. They live almost exclusively in affluent suburbs of major urban areas in Kenya and they own and live in their dream houses. Those in SEC C1 are the Upper Middle Class. They include middle level corporate executives CEOs, General Managers, NGO executive directors etc. but of smaller organizations. They also include entrepreneurs or owners of SMEs and medium scale /small scale Farmers. Meanwhile, those in SEC C2 are known as the Middle-lower middle class. It comprises of junior level executives/ clerks, teachers, small business owners, majority of government workers in the middle to lower level job groups as well as entrants in the private sector. They have an average income with some micro business and small savings. Finally, there is SEC D: this SEC is known as the middle lower class. These are manual workers (Labourers, house servants, waiters). They have little disposable income and live from hand to mouth.

Table 3: Survey Demographics: Religion and Social Class

Religion						Social class				
Catholic	Protestant	Muslim	Hindu	Other	Total	AB	C1	C2	D	Total
28.5%	31.9%	37.1%	.5%	2.0%	100.0%	.6%	5.9%	38.7%	54.9%	100.0%

4.2 Perceptions on Level and Extent of Public Participation

4.2.1. Level, extent and quality of citizen public participation

In your opinion, to what extent have citizens been involved (consulted) in decision making in this county by the county government towards county budget making and expenditure?

Table 4: Extent to which citizens have been involved (consulted) in decision making by the county government towards county budget making and expenditure by county

	County			Total
	Nairobi	Turkana	Wajir	
They have not been involved at all	52.2%	74.9%	64.1%	63.3%
They have been involved to some extent	32.1%	18.6%	14.6%	21.9%
Don't know	13.7%	4.9%	18.8%	12.8%
They have been fully involved	2.0%	1.6%	2.5%	2.0%
Total	100.0%	100.0%	100.0%	100.0%

In the target county, only 2%, 1.6% and 2.5% of the surveyed respondents in Nairobi, Turkana and Wajir Counties respectively have been involved fully by the county governments in decision making towards county budget making and expenditure. This is in comparisons to a majority of the surveyed respondents in Turkana County (74.9%) Wajir County (64.1%) and Nairobi County (52.2%) who have not been involved in decision making towards county budget making and expenditure as indicated in Table 4 above. The study found out that there is no difference among inferences from Nairobi, Wajir and Turkana.

On citizen involvement in the running of the county government, only 2.7% of the surveyed households in Wajir County have given their opinion on how the county should be run, while only 7.3% and 7.1% of the surveyed respondents have given their opinion on how the county should be run in Nairobi and Turkana Counties respectively as indicated in table 2 below. More households in Nairobi County (7.3%) have been invited by the county government to attend a meeting or forum to discuss issues pertaining to their county than households in Turkana (5.6%) and Wajir (3.2%) counties respectively as shown in Table 5 below. Overall, there was no difference among the counties on the issue of citizen involvement in running the county government.

Table 5: Citizen Involvement in running the County government by County and by gender

		County		
		Nairobi	Turkana	Wajir
Has your county government ever obtained your opinion on how your county should be run	Yes	7.3%	7.1%	2.7%
	No	92.7%	92.9%	97.3%
Through invitation of your County Government, have you ever attended any meeting or forum to discuss issues pertaining to your County?	Yes	7.3%	5.6%	3.2%
	No	92.7%	94.4%	96.8%

The survey further sought to know what would make the respondents attend the public participation forums. In Turkana County about 46.6% of the surveyed respondents would participate in the forum if invited; 10.0% would participate if they were aware of participation in the forums; 13.8% would participate in order to contribute to the agenda setting in the county while 9.1% of the respondents did not have a good reason to attend the meetings. Another 14.3% of the surveyed respondents would participate since the decisions made in the forums affect them; while 5.4 % would participate since they have a constitutional right to attend the forum; 13.8% would

attend the forums only if money was offered and only 9.1% of the surveyed respondents would attend to get insights on how the county budget is allocated.

In Nairobi County about 27.0% of the surveyed respondents would participate in the forum if invited; 23.0% would participate if they were aware about participation in the forums; 29.4% would participate to contribute to the agenda setting in the county while 12.9% of the surveyed respondents didn't have a good reason to attend. Another 30.0% of the surveyed respondents would participate in the forums as the decisions made affect the; 21.4 % would participate since it is their constitutional right to attend the forum; 14.0% would attend the forums only if money was offered while 9.1% of the surveyed respondents would participate to get insight on how the county budget is allocated.

In Wajir County about 10.7% of the surveyed respondents would participate in the forum if invited; 32.4% would participate if they were aware of the participation in the forums; 18.3% would participate to contribute to the agenda setting in the county while 32.4% of the respondents didn't have a good reason to attend. Another 7.5% of the respondents would participate since they are affected by the decisions made in the forums; 10.3 % would participate since they have constitutional right to attend the forum; 2.5% would attend the forums only if money was offered and 2.3% of the surveyed respondents would participate to get insights on how the county budget is allocated as depicted in table 6 below.

Table 6 below has the details

Table 6: Reasons for attending /participation in county public participation forums by County

	County			Total
	Nairobi	Turkana	Wajir	
If invited to participate/attend the forums	27.0%	46.6%	10.7%	27.5%
If there was awareness about participation in the forums	23.0%	10.0%	32.4%	22.2%
To contribute to agenda setting in our county	29.4%	13.8%	18.3%	20.4%
I don't have a good reason	12.9%	9.1%	32.4%	18.7%
The decisions made in the forums affect me	30.0%	14.3%	7.5%	16.8%
It is my constitutional right to attend the forums	21.4%	5.4%	10.3%	12.2%
If money was offered to me to attend the forums	14.0%	13.8%	2.5%	9.8%
To get insight on how the county budget is allocated	17.6%	9.1%	2.3%	9.3%
Total	100.0%	100.0%	100.0%	100.0%

Means used by the Counties to invite people to public participation forums

The most popular avenues for inviting residents to discuss county matters in Nairobi are radio as mentioned by 60.9% of the surveyed respondents, newspapers mentioned by 50.6% of the surveyed respondents and television mentioned by 49.7% of the surveyed respondents. In Turkana County, the most popular avenues used to invite people to discuss county matters are ward administrators mentioned by 42.6% of the surveyed respondents and MCAs mentioned by 41.6% of the surveyed respondents. Meanwhile, in Wajir County, the most popular means of inviting people to discuss county matters is through radio as mentioned by 64.6% of the surveyed respondents and ward administrators as mentioned by 36.6% of the surveyed respondents. The survey data thus goes to show that depending on the specific county, there are various means that work in inviting members of the public to discuss county matters. What comes out from the survey is that ward administrators and MCAs are a popular means of invitation in the far flung counties as opposed to Nairobi County which is using the media more to invite the public. Table 7 below indicates the means used by the surveyed counties to invite the public to discuss about county matters.

Table 7: Means that county has been using to invite people to discuss the county matters by county

	County:			
	Nairobi	Turkana	Wajir	Total
Radio	60.9%	29.8%	64.6%	49.5%
Ward Administrators	8.1%	42.6%	36.6%	28.3%
Newspapers	50.6%	4.4%	1.2%	21.0%
Television	49.7%	3.9%	2.4%	20.8%
MCAs	8.4%	41.6%	4.9%	20.7%
Posters and Billboards	23.5%	9.3%	.6%	12.6%
Social Media	13.7%	.2%	5.5%	6.5%
SMS	5.3%	1.9%	6.1%	4.2%

Thinking about public participation; how easy or difficult would you say it is

In Nairobi County 50.3% of the residents have difficulty in accessing information on county budgets, legislation and project plans; about 49.2% have difficulty in participating in budget and planning while 46.1% have difficulty in influencing county decision making.

In Turkana County, 39.1% of the residents have difficulty in accessing information on county budgets, legislation and project plans; about 41.3% have difficulty in participating in the budget and planning while 37.0% have difficulty in influencing county decision making.

In Wajir County 36.2% of the residents have difficulty in accessing information on county budgets, legislation and project plans; about 43.4% have difficulty in participating in budget and planning while 34.3% have difficulty in influencing county decision making. Table 8 below has the details.

Table 8: Ease of Public participation by County

	County			Total
	Nairobi	Turkana	Wajir	
To participate in your County budgeting and planning	49.2%	41.3%	43.4%	44.7%
To influence your County decision making	46.1%	37.0%	34.3%	39.3%
To access information on your county budgets, legislation and project plans	50.3%	39.1%	36.2%	42.1%
Total	48.5%	39.1%	38.0%	42.1%

Would you say your county government observes the following values and principles?

22.8% of the surveyed respondents in Wajir County opined that the county government observes transparency and accountability in its affairs as compared to 24.6% in Nairobi County and 27.5% in Turkana County. A paltry 10% of the surveyed respondents in Wajir County opined that their county government observes equality/inclusion of the people from all diversities into the government; in comparison to 31% and 32.6% of the surveyed respondents in Turkana and Nairobi counties respectively. 16.5% of the surveyed respondents in Wajir County opined that their county government observes equitable distribution of county resources in contrast with 30.2% and 31% in Nairobi and Turkana counties respectively. On the other hand, 16% of the surveyed respondents in Wajir County opined that their county government observes the principle of recognition and inclusion of women into the county government as compared to 33.8% and 58.9% of those in Turkana and Nairobi counties respectively. Only 12.5% of the surveyed respondents in Wajir County opined that their county government observes the principle of recognition and inclusion of youth into the county government, in contrast to 28.3% and 56.1% of the surveyed respondents in Turkana and Nairobi counties respectively. Finally, 14.8% of the surveyed respondents in Wajir County opined that the county governments have taken services closer to the people, while the number was higher in Turkana and Nairobi counties respectively at 29.7% and 62% respectively as shown in table 9 below. From the survey, it is evident that a majority of the residents do not feel that their county governments are transparent and accountable in their affairs, neither do they observe equality/inclusion of people from all diversities into the government nor equally distribute resources in the county. On recognition of youth and women in the county government and taking

service provision closer to the people, a majority of the surveyed respondents in Wajir and Turkana counties do not feel that their county governments observe these values and principles.

Table 9: Whether county government observes the following values and principles by county

		County		
		Nairobi	Turkana	Wajir
Transparency and accountability in its affairs	Yes	24.6%	27.5%	22.8%
	No	73.2%	65.1%	72.8%
	Don't Know	2.2%	7.4%	4.5%
Equality/inclusion of people from all diversities into the government	Yes	32.6%	31.0%	10.0%
	No	62.1%	48.0%	83.5%
	Don't Know	5.3%	21.1%	6.5%
Equitable distribution of county resources	Yes	30.2%	31.0%	16.5%
	No	64.5%	56.7%	74.0%
	Don't Know	5.3%	12.3%	9.5%
Recognition and inclusion of women into the county government	Yes	58.9%	33.8%	16.0%
	No	35.2%	47.1%	66.5%
	Don't Know	5.9%	19.1%	17.5%
Recognition and inclusion of youth into the county government	Yes	56.1%	28.3%	12.5%
	No	37.7%	54.0%	69.5%
	Don't Know	6.3%	17.7%	18.0%
Taking service provision closer to the people	Yes	62.0%	29.7%	14.8%
	No	32.8%	50.4%	65.7%
	Don't Know	5.2%	19.8%	19.5%

The survey then asked the respondents to choose between two statements and choose either of the statements. Statement A reads as: If the county government called for a citizens' consultative forum to solicit opinions on issues, I would be sure to attend and offer my opinion; while statement B read as: If the county government called for a citizens' consultative forum, I would NOT attend. We further sought to know what statement the respondent chose and their level of agreement with the statement.

To further gauge the pro-activeness of the county residents in participating in county affairs, the survey posed 2 statements to them, they were required to choose one and indicate their level of agreement with it.

The statements were **Statement A** which read as: *If the county government called for a citizens' consultative forum to solicit opinions on issues, I would be sure to attend and offer my opinion*; while **Statement B** read as: *If the county government called for a citizens' consultative forum, I would NOT attend*. 60% of the surveyed respondents opined that they were in agreement with statement A, in comparison with 37% who were in agreement with statement B. Only 3% of the surveyed households neither agree nor agree with statement A or statement B. Therefore, from the findings, it is worth noting that a majority of the surveyed respondents would be sure to attend and offer their opinions if called for a citizens consultative forum.

A majority of the surveyed respondents in all the 3 counties would attend a citizen's consultative forum organized by the county government in order to give their opinions. This was opined by 58.9%, 59.4% and 60.8% of the surveyed respondents in Nairobi, Wajir and Turkana counties who were in agreement with statement A. The opinion was the same across the 2 genders with a majority of the male and female respondents being in agreement with statement A as opined by 58.4% and 60.8% of male and female respondents respectively. However, Turkana County had the highest number of respondents who opined that they were not in agreement with either statement A or B as shown in table 10 below. Thus, from the survey, it is evident that a majority of the citizens (almost 6 in every 10) are willing to participate in forums organized by the counties and offer their input on how the county should be run. County governments should thus put in place strong mechanisms and structures that will facilitate this engagement with the public.

Table 10: Call for a citizens' consultative forum to solicit opinions on issues by county and age

	County			Gender	
	Nairobi	Turkana	Wajir	Male	Female
I AGREE with Statement A	58.90%	60.80%	59.40%	58.40%	60.80%
I AGREE with statement B	40.20%	33.50%	37.50%	37.90%	36.80%
I agree with neither	0.90%	5.70%	3.10%	3.60%	2.40%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

4.2.2. Level, extent and quality of citizen participation in decision making processes in the planning and budgeting at the county governments

The survey established that there is minimal active involvement of the citizenry in county budget planning. Turkana County recorded the highest number of surveyed respondents who indicated that they have ever participated in a public meeting to discuss their county budget at 18.3% of those surveyed, while only 4.5% and 3.3% of the surveyed respondents had ever participated in a public

meeting to discuss their county budget in Nairobi and Wajir County respectively as shown in Table 11 below.

Table 11: Participation in a public meeting to discuss county budget by county

	County		
	Nairobi	Turkana	Wajir
Yes	4.5%	18.3%	3.3%
No	95.5%	81.7%	96.7%
Total	100.0%	100.0%	100.0%

In Nairobi County, half (50.1%) of the surveyed respondents indicated area MP/Senator/MCA as the convener of the meeting to discuss county budgets, followed by 27.6% who indicated that it had been the County Executive. In Turkana County, 41.8% indicated that the convener was civil society/community based organization, followed closely by the area MP/Senator/MCA indicated by 39.3% of the surveyed respondents in the county. In Wajir County, 38.9 % of the surveyed respondents indicated that the convener of the public meeting was civil society/community based organization followed by the area MP/Senator/MCA at 22.9% and the county assembly at 22.7% as illustrated in table 12 below.

Table 12: Convener of the public meeting to discuss the county budgets vis-à-vis the county and gender

	County		
	Nairobi	Turkana	Wajir
Area MP/Senator/MCA	50.1%	39.3%	22.9%
Civil Society/Community Based Organization	11.6%	41.8%	38.9%
County Assembly	10.7%	11.5%	22.7%
County Executive	27.6%	7.4%	15.4%
Total	100.0%	100.0%	100.0%

The survey further sought to find out the level of agreement or disagreement by the respondents on a wide range of issues concerning county resource management.

Table 13 below illustrates the level of agreement/disagreement with statements about county service delivery and resource use in the 3 counties where the survey was conducted. More

surveyed respondents in Nairobi agreed that the county government has helped reduce poverty levels in their county as compared to surveyed respondents in Turkana and Wajir counties. 6 in every 10 of the surveyed respondents in Nairobi County agreed that the county government has improved health services in the county as compared to 4 in every 10 of the surveyed respondents in Wajir and Turkana counties respectively.

45.4% of the surveyed respondents in Nairobi County agreed that the county government has improved roads in the county as compared to 34.7% and 30.2% of the surveyed respondents in Turkana and Wajir counties respectively. A majority (53.8%) of the surveyed respondents in Nairobi County agreed that the county government has improved access to clean water in the county as compared to 33.3% and 24.8% of the surveyed respondents in Turkana and Wajir counties respectively.

4 in every 10 of the surveyed respondents in Wajir and Turkana counties agreed that the county government has improved access to education within the county as compared to almost 6 in every 10 of the surveyed respondents in Nairobi County. 4 in every 10 of the surveyed respondents within the 3 target counties agreed that the county government has improved security within the county.

A majority (59.9%) of the surveyed respondents in Nairobi County agreed that the county government has prioritized women in its budget allocation within this county in contrast to 34.4% and 22.6% of the surveyed respondents in Turkana and Wajir counties respectively. Finally, 55.2% of the surveyed respondents in Nairobi County agreed that the county government has prioritized youth in its budget allocation within this county, in comparison to 36.5% and 23.6% of the surveyed respondents in Turkana and Wajir counties respectively.

Table 13: Respondents perception on how county government has utilized its resources for the last three years by county

		County:		
		Nairobi	Turkana	Wajir
County Government has helped to reduce poverty levels in my county	Disagree	48.60%	65.70%	70.50%
	Neither Agree Nor Disagree	14.90%	11.10%	11.70%
	Agree	36.60%	23.20%	17.80%
The County Government has improved health services in the county	Disagree	19.60%	39.20%	40.40%
	Neither Agree Nor Disagree	15.70%	16.10%	14.80%
	Agree	64.60%	44.70%	44.80%
The County Government has improved roads in my county	Disagree	32.50%	44.40%	59.60%

	Neither Agree Nor Disagree	22.10%	20.90%	10.10%
	Agree	45.40%	34.70%	30.20%
The County Government has improved access to clean water within the county	Disagree	29.40%	46.90%	61.70%
	Neither Agree Nor Disagree	16.70%	19.80%	13.50%
	Agree	53.80%	33.30%	24.80%
The county government has improved access to education within the county	Disagree	25.30%	38.30%	39.20%
	Neither Agree Nor Disagree	16.30%	19.00%	18.20%
	Agree	58.30%	42.60%	42.50%
The county government has improved security within the county	Disagree	43.90%	41.70%	41.90%
	Neither Agree Nor Disagree	18.30%	18.30%	17.40%
	Agree	37.80%	40.00%	40.70%
The county government has prioritized women in its budget allocation within this county	Disagree	25.70%	46.00%	64.70%
	Neither Agree Nor Disagree	14.40%	19.60%	12.70%
	Agree	59.90%	34.40%	22.60%
The county government has prioritized youth in its budget allocation within this county	Disagree	30.10%	47.90%	65.40%
	Neither Agree Nor Disagree	14.70%	15.70%	11.00%
	Agree	55.20%	36.50%	23.60%

Civic Education has been defined as education in self-government. Democratic self-government means that citizens are actively involved in their own governance; they do not just passively accept the dictums of others or acquiesce to the demands of others. During the survey, a majority of the surveyed respondents in Nairobi County (81.7%), Turkana County (86.6%) and Wajir County (95.7%) had not participated or listened to any civic education program within the past 1 year as illustrated in table 14 below.

Table 14: Participation or listening to civic education program by County

	County		
	Nairobi	Turkana	Wajir
Yes	18.3%	13.4%	4.3%
No	81.7%	86.6%	95.7%
Total	100.0%	100.0%	100.0%

4.2.3. Knowledge, attitudes and satisfaction levels of citizens especially poor and marginalized women and youth of the County Integrated Development Plans (CIDP) and County budgets;

In Nairobi County, 34.5% of the surveyed respondents indicated that devolution is very important, 33.4% opined that it is somewhat important, 16% opined that it is not important, and 15.9% opined that devolution is not important at all, while 0.2% refused to answer the question.

In Turkana County, approximately two-thirds (67.1%) of the surveyed respondents indicated that devolution is very important, 26.6% indicated that devolution is somewhat important, 4.4% indicated that devolution is not important, 0.8% indicated that devolution is not important at all while 1.1% refused to answer the question.

In Wajir County, almost half (47.8%) of the surveyed respondents opined that devolution is very important, 30.7% is somewhat important, 12.9% is not important at all, 8.1% is not important at all while 0.4% refused to answer the question on devolution.

Table 15 below illustrates the findings per county on the importance of the implementation of devolution in Kenya today.

Table 15: Importance of the implementation of devolution for Kenya today by county

	County			Total
	Nairobi	Turkana	Wajir	
Very important	34.5%	67.1%	43.7%	47.8%
Somewhat important	33.4%	26.6%	31.9%	30.7%
Not important	16.0%	4.4%	17.9%	12.9%
Not important at all	15.9%	.8%	6.6%	8.1%
Refuse to answer	.2%	1.1%	0.0%	.4%
Total	100.0%	100.0%	100.0%	100.0%

A majority of the surveyed respondents in the 3 counties are dissatisfied with the performance of the national government on budget allocation and expenditure since March 2013 as opined by 56.3%, 58.6% and 65.2% of the surveyed respondents in Nairobi, Turkana and Wajir counties respectively. The case was the same with a majority of the surveyed respondents in the 3 counties indicating that they are dissatisfied with the national government performance on taxation since March 2013. Table 16 below has the details.

Table 16: Satisfaction with the performance of the national government since March 2013 on budget allocation and Taxation and expenditure by county

		County		
		Nairobi	Turkana	Wajir
Budget allocation and expenditure	Dissatisfied	56.30%	58.60%	65.20%
	Neither satisfied nor dissatisfied	13.90%	19.50%	7.70%
	Satisfied	29.70%	21.90%	27.00%
Taxation	Dissatisfied	78.60%	61.70%	63.30%
	Neither satisfied nor dissatisfied	5.20%	17.50%	7.40%
	Satisfied	16.30%	20.80%	29.40%

The survey further sought to establish the level satisfaction of the citizens with the performance of the national and county governments with regards to service provision. 4 in every 10 of the surveyed respondents in Nairobi and Turkana counties agreed that there had been improved access to public services at the national government since 2013 as compared to 2 in every 10 of the surveyed respondents in Wajir County who were of the same opinion. Wajir County recorded the highest number (56%) of the surveyed respondents who indicated that there was no improved access to public services at the national government.

A majority of the surveyed respondents are not satisfied with the timeliness of public service delivery by the national government as opined by 54%, 71% and 45% of the respondents in Nairobi, Wajir and Turkana counties respectively. However, 3 in every 10 of the surveyed respondents in Turkana County are satisfied with the timeliness of public service delivery by the national government in contrast to at least 2 in every ten in Nairobi and Wajir counties.

On satisfaction with the quality of public service delivery by the national government, 26%, 30% and 24% of the surveyed respondents in Nairobi, Turkana and Wajir counties respectively are satisfied. However, a majority of the surveyed respondents are not satisfied as depicted in table 17 below.

45%, 32% and 17% of the surveyed respondents in Nairobi, Turkana and Wajir counties respectively agreed that there is improved access to public services at their county governments since 2013. This was in comparison to 35%, 42% and 70% of the surveyed respondents in Nairobi, Turkana and Wajir counties respectively who were of the opinion that there had not been improved access to public services in their county.

A majority of the surveyed respondents are not satisfied with the timeliness of public service delivery at my county government as opined by 58%, 50% and 71% of the surveyed respondents in Nairobi, Turkana and Wajir counties respectively.

A majority of the surveyed respondents are also not satisfied with the quality of public service delivery at my county government as indicated by 58%, 51% and 70% of the surveyed respondents in Nairobi, Turkana and Wajir counties respectively. Table 17 below depicts the satisfaction levels of the surveyed respondents with the level of performance of the national and county governments in service provision.

Table 17: Satisfaction with the level of performance of the national and county government in service provision

		County		
		Nairobi	Turkana	Wajir
There is improved access to public services at the national government	Disagree	32%	46%	56%
	Neither	22%	11%	20%
	Agree	46%	43%	24%
I am satisfied with the timeliness of public service delivery by the national government	Disagree	54%	45%	71%
	Neither	21%	23%	11%
	Agree	25%	32%	18%
I am satisfied with the quality of public service delivery by the national government	Disagree	50%	47%	60%
	Neither	24%	23%	16%
	Agree	26%	30%	24%
There is improved access to public services at my county government	Disagree	35%	42%	70%
	Neither	20%	26%	14%
	Agree	45%	32%	17%
I am satisfied with the timeliness of public service delivery at my county government	Disagree	58%	50%	71%
	Neither	19%	23%	14%
	Agree	23%	27%	15%
I am satisfied with the quality of public service delivery at my county government	Disagree	58%	51%	70%
	Neither	20%	24%	16%
	Agree	22%	26%	14%

4.3 Actual resource allocation by the national and county government versus public perception on resource allocation

The survey also sought to find out the level of agreement or disagreement with statements regarding access to information, budget allocation and budget expenditure in the 3 counties. On access to information on budget allocations and expenditure by the national government, a majority of the surveyed respondents in Nairobi County (55.8%) and Turkana County (55.9%) were of the opinion that they could not access the information while 48.1% of the surveyed respondents in Wajir County also opined that they couldn't access the information.

A majority of the surveyed respondents in Nairobi County (56.2%) and Turkana County (51.4%) indicated that they were not confident they could access information on budget allocations and expenditure by their county governments, while 45.6% in Wajir County were not confident they could access information on the same.

On the other hand, 45.5% of the surveyed respondents in Nairobi County, 50.3% of the surveyed respondents in Turkana County and 48.3% of the surveyed respondents in Wajir County disagreed that the county budgets and plans reflect citizenry needs, and priorities as illustrated in table 18 below.

Table 18: Agreement/Disagreement on Statements Regarding Budget and expenditure by county

	County		
	Nairobi	Turkana	Wajir
I am confident that I can access information on budget allocations and expenditure by the national government	55.8%	55.9%	48.1%
I am confident that I can access information on budget allocations and expenditure by my county government	56.2%	51.4%	45.6%
My county budgets and plans reflect citizenry needs, and priorities	45.5%	50.3%	48.3%

The survey sought to know the knowledge of the surveyed respondents on if there has there been an increase in allocation of county resources on the various basic services (Such as health, water, education, roads etc. In Nairobi County, 53.5% of the surveyed respondents opined that there had been an increase in allocation of county resources on the various basic services (Such as health, water, education, roads etc., 24.8% opined that there had been no increase while 21.7% opined that they did not know if there had been any increase in the allocation. In Turkana County, only 8.8% of the surveyed respondents opined that there had been an increase in allocation of county

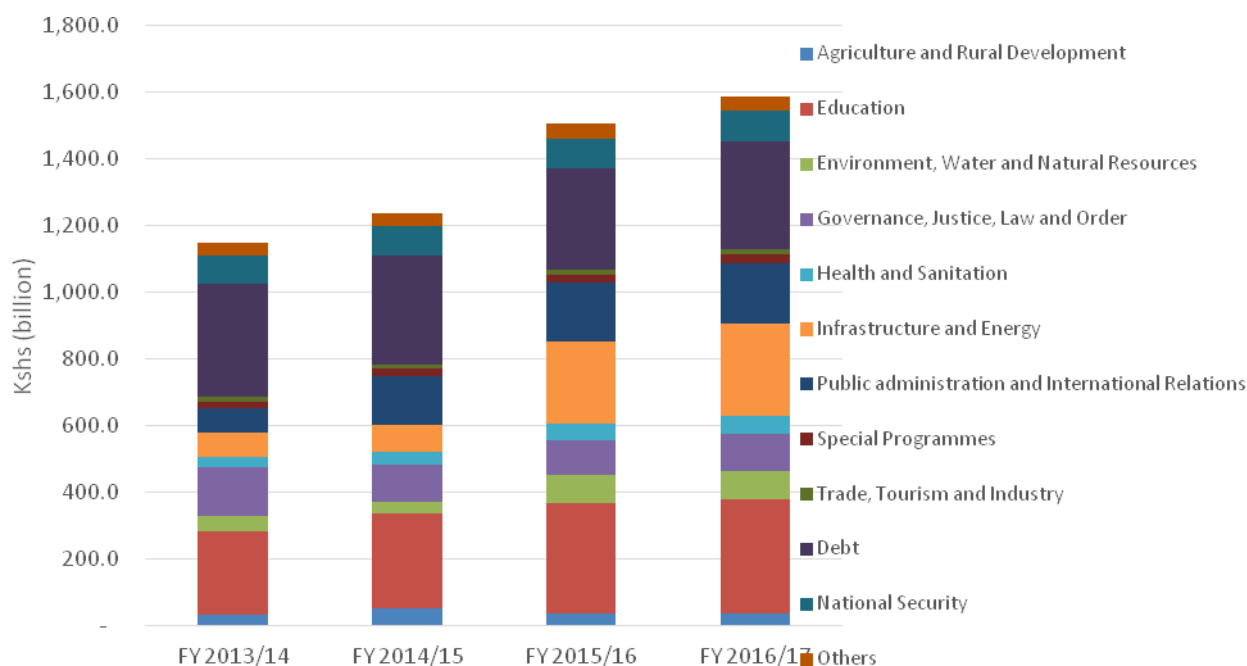
resources on the various basic services (Such as health, water, education, roads etc., while 38.2% opined that there had been no increase and 53% did not know if there had been any increase in the allocation of county resources on the various basic services (Such as health, water, education, roads etc. In Wajir County, 14% of the surveyed respondents opined that there had been an increase in the allocation of county resources on the various basic services (Such as health, water, education, roads etc., while 50.9% opined that there had been no increase and 35% opined that they did not know if there had been an increase as illustrated in table 19 below.

Table 19 : Whether there has been an increase in allocation of county resources on the various basic services by County since the start of devolution.

	County		
	Nairobi	Turkana	Wajir
Yes	53.5%	8.8%	14.0%
No	24.8%	38.2%	50.9%
Don't Know	21.7%	53.0%	35.0%
Total	100%	100%	100%

Government investment in the provision of essential public services

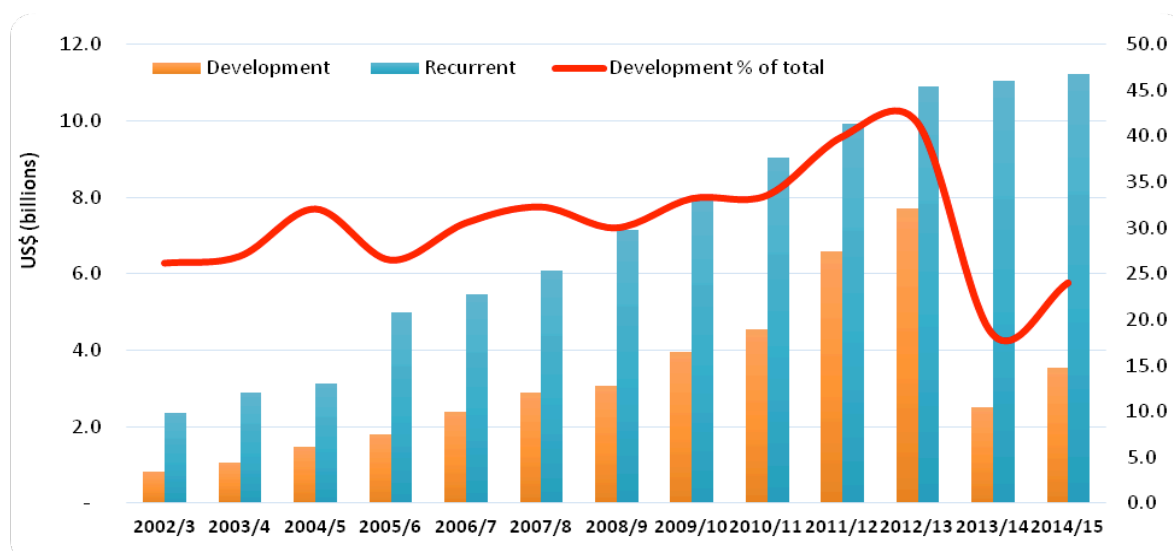
As outlined in the Medium Term Plan (MTP II) of Kenya's Vision 2030 and exemplified by policy implementation and resource allocation, the GoK has prioritised i.) Infrastructure development, and ii) improvement of access and quality of education over the past decade (2003 – 2013). This has been evident in flagship government projects such as the Thika super highway, the Free Primary Education programme, the Standard Gauge Railway project and LAPPSET. There is renewed focus by the Jubilee government on expansion and modernization of infrastructure (including energy and ICT), access to basic education (including mainstreaming of ECDE and universal access to computers), implementation of the constitution and devolution, and health care service delivery (especially maternal health). The proliferation of insecurity and terrorism has also motivated increased investments in the security sector. Figure 2 below shows current and projected expenditure in key priority areas (FY 2013/14 – FY2016/17).



Source: Acepis based on Ministry of Finance

Figure 1: Budget allocations to priority sectors (FY 2013/14 – FY2016/17)

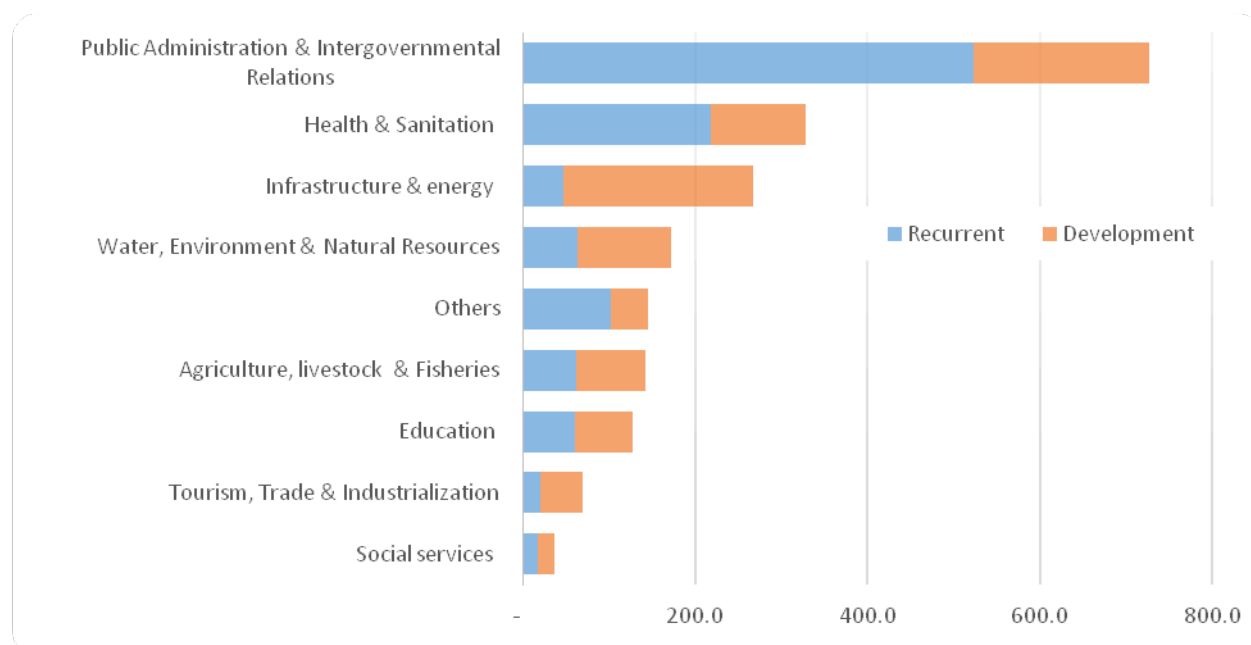
The proportion of development expenditure in total GoK spending considerably expanded over the last decade (2003 – 2013). Further increase in the proportion of development expenditure is expected, and mostly attributable to the PFM Act, 2012 that now requires the government, both national and county, to allocate at least 30% of the budget to development programmes or activities.



Source: Acepis based on Ministry of Finance

Figure 2: Capital and recurrent spending

Commencing FY2012/13, the constitution of Kenya 2010 required the national government to transfer at least 30% of budget to 47 semi-autonomous devolved government structures. Notably Kshs 210 billion was earmarked for transfer to the counties in FY2013/14, and another Kshs 226.7 billion allocated for transfer to the counties in FY2014/15. Majority of the counties allocated at least 30% of total revenues to development.



Source: Acepis

Figure 3: Sector distribution of county expenditure (FY2013/14)

Further there has been a generally progressing trend in allocation of resources to sectors deemed pro-poor though the proportion in total government spending has not grown significantly in comparison with the yearly budgetary spending. Pro-poor spending as per this analysis reflects allocations to: - Agriculture livestock and fisheries, Health and sanitation, Education (largely primary education), and Special programmes - in areas of Social protection, gender, and social services. Allocations to pro-poor sectors amounted to Kshs87.1 billion in FY2002/03 and were projected to be around Ksh312.6 billion in FY2016/17. However, the proportion of total pro-poor allocations in total GoK expenditure appeared to steadily decline from 32.1% in FY2003/04 to 21.8% in FY2016/17.

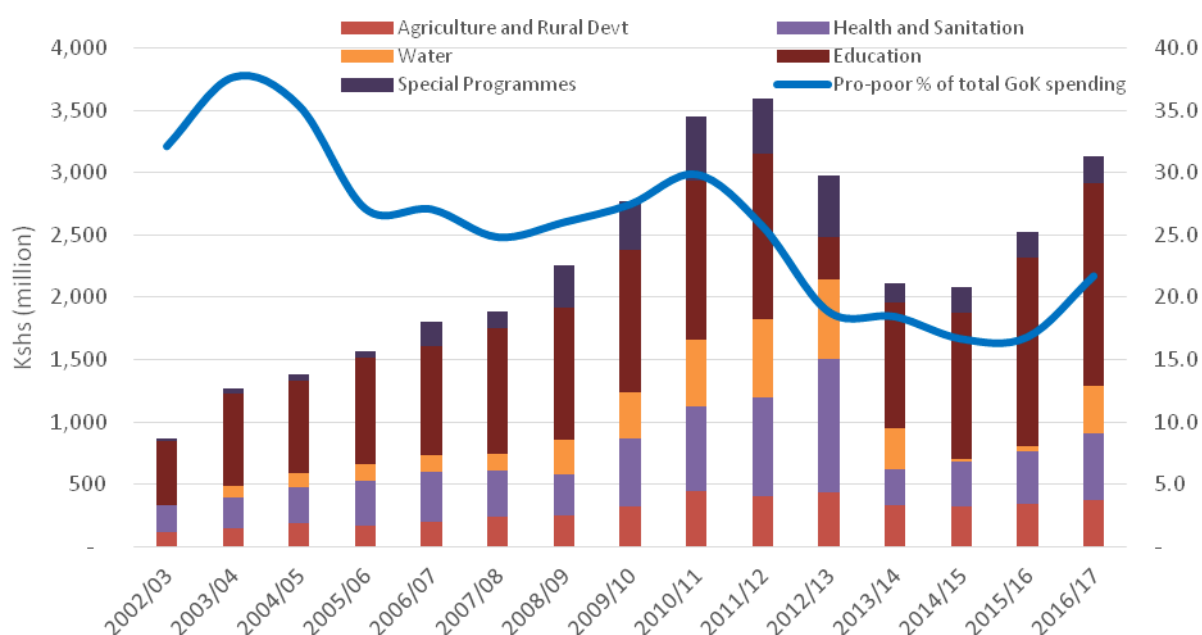


Figure 4: Budget allocations to pro-poor sectors (2002/03 – 2016/17)

Source: Acepis based on Ministry of Finance

During the household survey, we sought to know the peoples budgetary priorities so that we could compare with what the county governments have allocated to various sectors. Health was mentioned by a majority of the surveyed respondents in all the three counties as an area they would like the county governments to prioritize in as illustrated in Table 17 below. In Nairobi County, other priority areas mentioned by the surveyed respondents were job creation (47.5%), water (34.7%) and roads (34.5%) among other priorities. In Turkana County, apart from health, other priorities mentioned by the surveyed respondents are: water (45.2%), roads (36.3%) and job creation (31.8%) among other priorities. In Wajir County, besides health, other priority areas that the surveyed respondents would like addressed are water (61.9%), roads (36.3%) among others as illustrated in table 21 below.

Table 20: People's perception of what the County government should give priority in their budget

	County		
	Nairobi	Turkana	Wajir
Health,	58.9%	51.4%	74.4%
Water	34.7%	45.2%	61.9%
Roads	34.5%	36.3%	33.0%
Job Creation	47.5%	24.7%	12.9%
Early Childhood Education/Village Polytechnics	30.6%	11.3%	24.5%
Agriculture	13.3%	20.6%	7.2%
Environment,	15.4%	5.9%	.3%

Electrification	6.8%	10.6%	2.3%
Trade and Investments	9.6%	7.7%	.3%
Salaries and Administration, or any other	7.4%	1.1%	1.0%
Total	100.0%	100.0%	100.0%

Further, the survey looked into the actual budgetary allocations in the 3 counties to see if they were in line with the citizen's wishes.

Nairobi

In Nairobi County, the county development budget allocation on various sectors varied as illustrated in figure 7 below. The health sector development budget has been on an upward trend from FY 2013/14 to FY 2015/16, however in FY 2016/17, the health sector development budget was reduced. In the FY 2013/2014, the health sector development budget was KES 86.95 million; which increased to KES 93 million in the FY 2014/15 and KES 176 million in the FY 2015/2016. However, the budget reduced to KES 110 million in the FY 2016/17. The environment, water and energy sector development budget has also been on an upward trend from FY2014/15 to FY 2016/17 as illustrated in figure 5 below. The environment, water and energy sector development budget was allocated KES 50.7 million in the FY 2013/2014; this reduced the following year to KES. 50 million and then increased in the next 2 financial years to KES 68.8 million and KES 97 million in the FY 2015/16 and 2016/17 respectively. The education, youth and social services ministry budget has been on an upward trend in the first 2 financial years with the allocation being KES. 29.5 million for the FY 2013/14, and KES 60.7 million for the FY 2014/15. However, in the FY 2015/16, the budget allocation reduced to KES 43.6 million, and further reduced to KES 40 million in the FY 2016/17. Figure 5 shows how the Nairobi County has allocated its development budget to various sectors from FY2013/14 to FY2016/17. Nairobi County seems to have prioritised more of its development budget on public works and infrastructure, health, water and environment which are in line with the top 3 areas that the citizen's would like the county to prioritize on. However, the county should focus more on health and water as they are the top most priority areas according to the surveyed respondents.

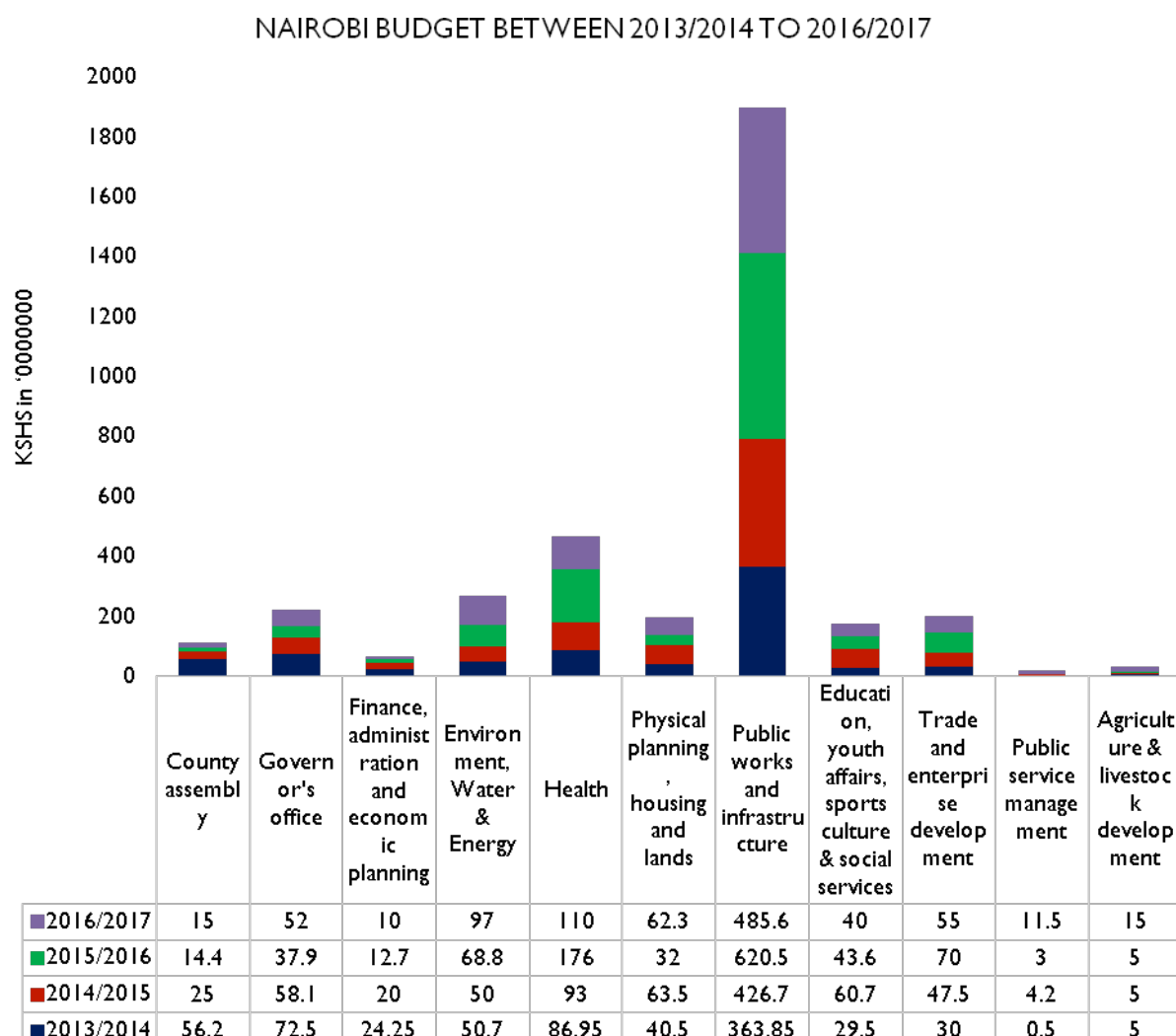


Figure 5: Nairobi County Development Budget Allocation to various Sectors from FY 2013/14- FY2016/17

Turkana

In Turkana County, development budgetary allocation to various sectors has been oscillating as depicted in Figure 6 below. Some sectors such as health, water services, irrigation and agriculture have been on the rise. The health and sanitation ministry in Turkana County has seen its development budget rise in each subsequent year since devolution came into place except in the FY 2015/2016 where it was allocated KES. 1.01 billion shillings. In the FY 2013/2014, the ministry received KES. 610 million; this was further increased to KES. 1.245 billion in the FY 2014/15. In the FY 2016/17, the sector was allocated KES. 1.763 billion shillings. The water services, irrigation and agricultural sector in Turkana County was allocated KES 420 million in the FY 2013/14 which was then increased to KES. 969 million in the financial year 2014/15; however, in the FY 2015/16, the

budget allocation was reduced to KES 786 million, but the following FY the budget was increased to KES. 1.623 billion. The Turkana County budget allocations are in line with the people's priorities according to our analysis as the budget addresses what was mentioned by the surveyed respondents as key areas the county should focus on when making the budget.

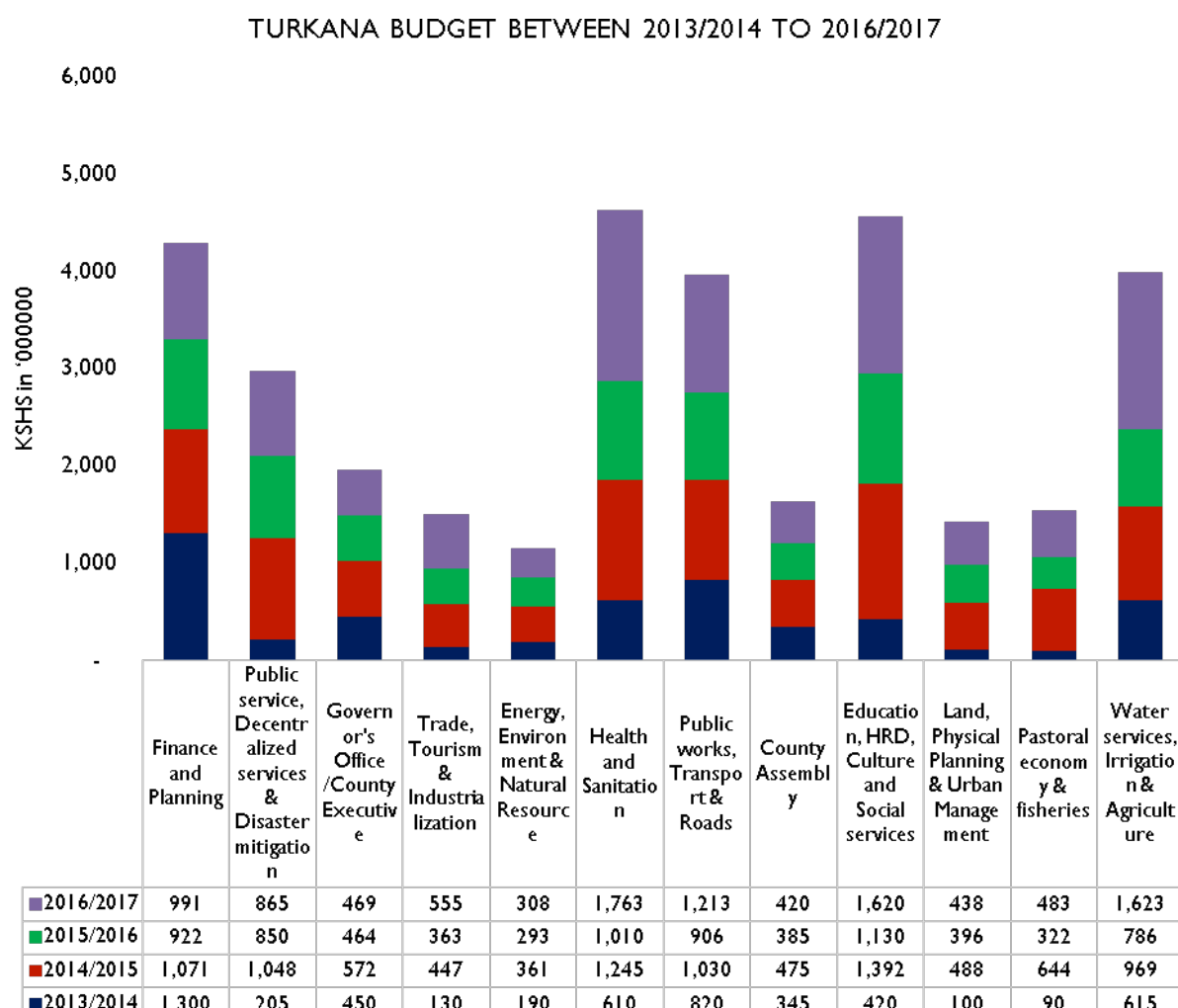


Figure 6: Turkana County Development Budget Allocation to various Sectors from FY 2013/14- FY2016/17

Wajir

In Wajir County, the development budgetary allocation has also been on the increase in some sectors such as agriculture, livestock and livestock development, water, education, youth and gender, and public works and road as depicted in figure 7 below. In the FY 2013/14, the education, youth and gender ministry was allocated KES 49 million, which was increased to KES 140 million in the FY 2014/15, and KES 260 million in the FY 2015/16. The ministry also got an increased budgetary

allocation in the following year to KES 299 million. In the water ministry, the allocation for the FY 2013/14 was KES 586 million; which was increased to KES 968 million in the FY 2014/15. However, in the FY 2015/16, the budgetary allocation reduced to KES. 818 million, but later increased to KES 930 million in the FY 2016/17. The public health ministry development budget for the FY 2013/14 was KES 240 million, which increased to KES 680 million in the following FY of 2014/15. However, it reduced to KES. 460 million in the FY 2015/16 and further reduced to KES 439 in the FY 2016/17. Wajir County has prioritised public works, water, energy, environment and natural resources and public health.. Thus, the county should put more effort in prioritizing public health and water as they are top of the wishes of the citizens of Wajir County.

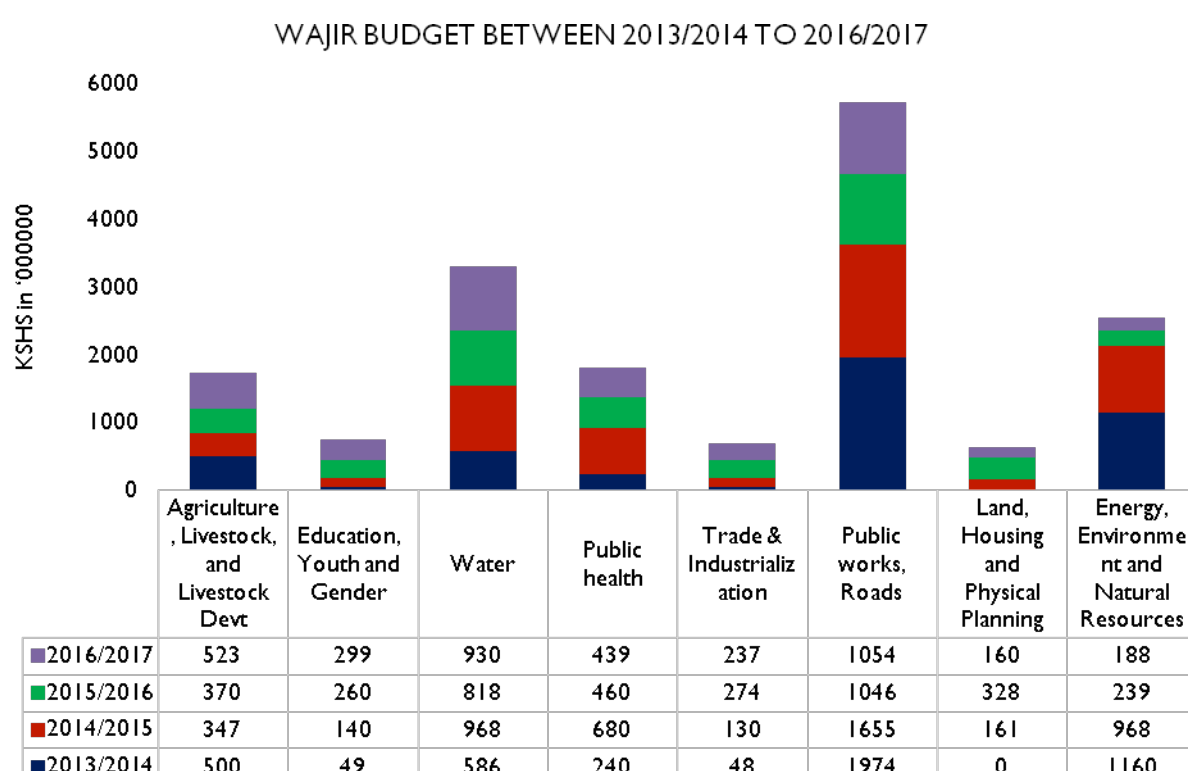


Figure 7: Wajir County Development Budget Allocation to various Sectors from FY 2013/14- FY2016/17

The level of satisfaction with the county budget allocation and expenditure in relation to the surveyed respondents needs and priorities in the various was 45.1% in Nairobi County, 41.8% in Turkana County and 47.6% in Turkana County as illustrated in Table 21 below.

Table 21: Satisfaction with the county budget allocation and expenditure in relation to needs and priorities

	County			Total
	Nairobi	Turkana	Wajir	
How satisfied or dissatisfied are you with the county budget allocation and expenditure in relation to your needs and priorities?	45.1%	41.8%	47.6%	44.7%

The survey also gave the respondents 10 hypothetical beans which they were asked to allocate to various sectors depending on the importance of the sector. Table 22 below illustrates how the surveyed respondents would allocate the beans to various sectors in the 3 target counties. In Nairobi County, the highest allocation according to the surveyed respondents would be in health projects, salaries and administration, water projects and agriculture respectively. In Turkana County, the highest allocation would go to early childhood education, agriculture, health projects, water projects and salaries and administration respectively. In Wajir County, the highest allocation would go to salaries and administration, health projects, agricultural projects and water projects respectively.

Table 22: Respondent's Allocation to various Sectors by County

	County:														
	Nairobi					Turkana					Wajir				
	Mean	Mode	Median	Max	Min	Mean	Mode	Median	Max	Min	Mean	Mode	Median	Max	Min
Salaries and Administration	2	1	1	6	0	1	1	1	5	0	1	1	1	6	0
Health projects	2	2	2	10	0	2	1	1	5	0	2	2	2	5	1
Agriculture projects	1	1	1	5	0	1	1	1	6	0	1	1	1	5	0
water projects	1	1	1	5	0	1	1	1	5	0	2	2	2	5	0
roads and bridges projects	1	1	1	4	0	1	1	1	3	0	1	2	1	3	0
electrification projects	1	1	1	2	0	1	1	1	4	0	1	1	1	3	0

Early Childhood Education	1	1	1	3	0	1	1	1	7	0	1	1	1	3	0
Environment	1	1	1	3	0	1	1	1	4	0		0	0	2	0
Trade and Investments	1	0	0	3	0	1	0	0	3	0		0	0	2	0

4.4 Taxation and perceptions on tax

4.4.1. Public perceptions on taxation in Kenya

A majority of the surveyed respondents in all the three counties are aware that it is their duty to pay taxes; 92.9% in Nairobi County, 75.5% in Turkana County and 60.2% of those in Wajir County as indicated in table 23 below

Table 23: Awareness of responsibility to pay taxes by county

	County		
	Nairobi	Turkana	Wajir
Yes	92.9%	75.5%	60.2%
No	7.1%	24.5%	39.8%
Total	100.0%	100.0%	100.0%

A majority of the surveyed respondents in all the 3 target counties indicated that Kenya's tax system is not fair: 75.5% of the surveyed respondents in Nairobi County, 59.8% in Turkana County, and 60.4% in Wajir County mentioned that Kenya tax system is not fair. Table 24 below illustrates the surveyed respondents' opinion on the fairness of Kenya's tax system, according to their county.

Table 24: Fairness of Kenya's tax system by County

	County		
	Nairobi	Turkana	Wajir
Yes	22.0%	17.3%	11.2%
No	75.5%	59.8%	60.4%
Don't Know	2.4%	22.9%	28.4%
Total	100%	100%	100%

A majority (57.2%) of the surveyed respondents in Nairobi County opine that they would refuse to pay a tax or a fee to the government if they had a chance of not being caught while 40.7% of the respondents in the same county would pay the tax or fee to the government. In Turkana County and Wajir County, a majority (59.2% and 62.6% respectively) would not refuse to pay a tax or a fee to the government while 23.1% and 9.2% of the surveyed respondents in Turkana and Wajir counties respectively would refuse to pay a tax or a fee to the government if they had a chance of not being caught as illustrated in table 25 below. More males as compared to females would refuse to pay a tax to the government if they had a chance of not being caught as opined by 32.7% of the surveyed males compared to 27.5% of the surveyed female respondents.

Table 25: Respondent's response on tax evasion

	County			Gender	
	Nairobi	Turkana	Wajir	Male	Female
Yes	57.2%	23.1%	9.2%	32.7%	27.5%
No	40.7%	59.2%	62.6%	52.0%	55.8%
Don't Know	2.2%	17.7%	28.3%	15.2%	16.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

A majority of the surveyed respondents in Nairobi County (81.1%), Turkana County (63.6%) and Wajir County (67.3%) opined that they do not receive good quality services from the taxes that they pay as illustrated in Table 26 below.

Table 26: Perception on provision of good quality services vis-a-vis taxes paid

	County		
	Nairobi	Turkana	Wajir
Yes	14.0%	13.6%	8.7%
No	81.1%	63.6%	67.3%
Don't Know	4.9%	22.8%	24.0%
Total	100.0%	100.0%	100.0%

4.4.2. Analyse existing legislation in the three counties on taxation, public participation, resource mobilization, allocation and expenditure.

The survey sought to find out the existing legislations in the three counties of interest that addressed taxation, public participation, resource mobilization, allocation and expenditure. This section does not go into the in-depth analysis of the legislations as it was not the scope of the study. We recommend that Oxfam should further research on the same during the implementation of the project. Below are the findings from the desk review conducted during the survey.

Several legislations exist at national and county levels that dictate the manner in which relations between government (both national and county) and citizens operate in matters relating to taxation, public participation and resource mobilization and allocation (budgeting). These range from the Constitution of Kenya 2010 to supplementary legislation indicated below at County levels (drawn by the County Assemblies).

Foremost, Article 196 on Public participation and county assembly powers, privileges and immunities legislated at the national level provides that:

A county assembly shall (a) Conduct its business in an open manner, and hold its sittings and those of its committees, in public; and (b) Facilitate public participation and involvement in the legislative and other business of the assembly and its committees. It also provides in (2) that a county assembly may not exclude the public, or any media, from any sitting unless in exceptional circumstances the speaker has determined that there are justifiable reasons for doing so. Further, Article 195 on County assembly power to summon witness provides that: 1) a county assembly or any of its committees has power to summon any person to appear before it for the purpose of giving evidence or providing information. (2) For the purposes of clause (1), an assembly has the same powers as the High Court to- (a) enforce the attendance of witnesses and examining them on oath, affirmation or otherwise; (b) compel the production of documents; and (c) issue a commission or request to examine witnesses abroad.

These form substantive basis for the mandate and power from which the County Assemblies, meant to act on behalf of citizens, draw their authority on matters relating to budgets and taxation.

The Box below provides a summary of some of the key legislation that shape the conduct of engagements between the public and government on taxation, public participation, resource mobilization, allocation and expenditure passed by the national government.

Box: Legislation relevant to public participation in budget making in Kenya

- Fourth Schedule Part 2(14) of the Constitution of Kenya, 2010 states the functions and powers of the county are to coordinate and ensure the participation of communities in governance. Counties are also to assist communities to develop the administrative capacity to enhance their exercise of power and participation in governance at the local level.
- Article 1(2) of the Constitution of Kenya, 2010 all sovereign power belongs to the people of Kenya. The people may exercise their sovereignty directly or through their elected representatives.
- Article 10 (2) a, b and c of the Constitution of Kenya, 2010 states the national values and principles of governance include; democracy and participation of the people; inclusiveness; good governance, integrity, transparency and accountability.
- Article 27 of the Constitution of Kenya, 2010 guarantees equality and non-discrimination. Hence, public participation should ensure equality and non-discrimination.
- Article 33 of the Constitution of Kenya, 2010 Public participation should respect the freedom of expression of all participants.
- Article 35 of the Constitution of Kenya, 2010 guarantees the right to access information by citizens
- Article 174(c) of the Constitution of Kenya, 2010 states the objects of devolution as; to give powers of self-governance to the people and enhance their participation in the exercise of such powers in decision making.
- Article 174(d) of the Constitution of Kenya, 2010 - Communities have the right to manage their own affairs and to further their development.
- The Public Finance Management Act Section 207 - County Governments are to establish structures, mechanisms and guidelines for citizen participation.
- County Government Act Section 91- The county government shall facilitate the establishment of modalities, and platforms for citizen participation.
- The County Government Act Sections 94, 95, 96 - Counties are to establish mechanisms to facilitate public communication and access to information using media with the widest public outreach. Every county shall designate an office for ensuring access to information
- County Government Act Sections 100 and 101- County governments should create an institutional framework for civic education.
- Urban areas Act Sections 21 and 22 - overarching theme is participation by the residents in the governance of urban areas and cities. The Second Schedule of the Act provides for the rights of, and participation by residents in affairs of their city or urban areas.
- Public Procurement and Disposal Act 2015 Section 68(3), 125(5), 138, and 179 - Emphasis on transparency of the procurement process including requirements for procuring entities to publicly avail procurement records after closure of proceedings, publicise notice of intention to enter into contract on websites and public notice boards and publish and publicise all contract awards.

However, despite existence of such an elaborate legislative framework establishing the foundations for public participation in budget making, the conduct of public participation in Kenya at both national and county levels remains wanting. The modalities for engagement, access to information as well as substantive regard for inputs of citizens remain a challenge. There is evidence of overly unrealistic modalities for engagement especially in terms of modes of invitation, prior notice and manner in which engagement meetings are conducted.

Most of the county governments employ such media channels as radio, television and newspapers to invite people to participate. Some meetings have also been reportedly without sufficient time for engagement. Very few chances are thus allowed for participants input which seldom reflect the aspirations or views of everyone that participates.

Regarding access to information, there is evidence of lack of sufficient information to assist the public to meaningfully participate in the budget process. Whereas budget information is reportedly availed on the day of engagement meetings, the fact that they are not availed prior to such meetings makes it difficult to engage substantively. Also there are many instances where budget information and other budget policy information are either actively concealed or the process of obtaining them made tedious and disorienting. As such citizens find it difficult for example to consider current budget proposals with previous budget proposals including budget performance. This is usually a very important ingredient for effective participation.

The other issue that presents challenges to effective participation despite the elaborate framework for participation is capacity to engage. Meaningful public participation in the budget process depends on the significant capacity to engage stakeholders. Capacity in this case ranges from knowledge of existing policies and legislation driving or guiding budgeting; the budget process to ability to access and interrogate information on budget. One of the greatest impediments to effective citizen participation in the budget process remains limitations in capacity amongst government officers, Members of the County Assembly (MCAs) civil society as well as the general public. Besides general challenges in understanding the budget process, when and where to engage, how to influence change; there have also been documented challenges in terms of capacity challenges in budget drafting amongst county government officers mandated to formulate budget.

Perhaps the biggest gap remains in incorporation of citizen input into subsequent budget making processes (stages). It has also been documented that the utilization of public input from engagement forums into the drafting of the budget is a problem. The chances that public opinion shared in engagement forums would eventually affect the eventual budget (allocations and priorities) are reportedly fairly slim.

The following are the laws that have been passed in the 3 counties;

Nairobi County

- The Nairobi City County Tax Waivers Administration Bill, 2013 relating to taxation;
- The Nairobi City County Provisional Collection Of Revenue Bill, 2013 relating to revenue collection;
- The Nairobi City County Betting , Lotteries and Gaming Act , 2014 relating to resource mobilization;
- The Nairobi City County Supplementary Appropriation Act , 2014 relating to budget allocation and expenditure;
- The Nairobi City County Wards Development Fund(Amendment) Act, 2014 relating to budget allocation and expenditure;
- The Nairobi City County Appropriation Act , 2014 relating to resource mobilization, budget allocation and expenditure;
- The Nairobi City County Regularization of Developments Act, 2015 relating to budget allocation and expenditure;
- The Nairobi City County Supplementary Appropriation Act, 2015 relating to budget allocation and expenditure;
- The Nairobi City County Finance bill, 2015 relating to resource mobilization, budget allocation and expenditure;
- The Nairobi City County public participation, 2015 relating to public participation;
- Nairobi City County Ward Development Bill (Amendment) 2016 relating to resource allocation.
- The Nairobi City County Supplementary, Appropriation bill, 2016 relating to resource mobilization, budget allocation and expenditure.

Turkana County;

- Turkana County Public Participation Bill, 2014 relating to public participation;
- Turkana County Provincial collection of Revenue Collection Act relating to resource mobilization and revenue collection;
- Turkana County Finance Bill – 2013, 2014, 2015, 2016, all relating to resource mobilization, budget allocation and expenditure;
- Turkana County Education and Skills Development Bill, 2013 relating to resource allocation and development;
- Turkana County Appropriation Bill – 2013, 2014, 2015, 2016 relating to resource mobilization, budget allocation and expenditure;
- Turkana County Youth Enterprise Development Bill, 2014 relating to resource allocation and development.

- The Revenue Finance Bill of 2016 relating to resource mobilization.

Wajir County

- Wajir County Finance Bill 2013/2014 relating to resource mobilization, budget allocation and expenditure;
- Wajir county supplementary appropriation bill 2013/14, 2014/15, 2015/2016 all relating to resource mobilization, budget allocation and expenditure;
- County finance Bill 2014/15, 2015/16 relating to resource mobilization, budget allocation and expenditure;
- The inventory bill 2014 relating to resource mobilization;
- Wajir county revolving fund bill 2014 relating to resource allocation and development;
- Wajir county bursary fund bill relating to resource allocation and development;
- Wajir public participation bill that was passed in 2014 relating to public participation;
- Wajir climate change fund bill passed in 2015 relating to resource allocation and development;
- Wajir county ward development bill (Not assented to) relating to resource allocation and development;
- Wajir County water resource management bill 2015 (pending) relating to resource allocation and development.

4.4.3. Analyse the progressiveness/repressiveness of the tax regime in Kenya and recommend the required changes to make Kenya's tax regime more progressive;

Finally, the survey sought stakeholders' opinion on the progressiveness/repressiveness of the tax regime in Kenya and their recommendations on the required changes to make Kenya's tax regime more progressive. The findings herein may not offer an in-depth analysis and more research would need to be done by Oxfam during the course of the project implementation, but it provides a synopsis of the perceptions and opinions of tax experts on the tax regime.

Surveyed key informants were of the view that there are aspects of Kenya's tax regime that are progressive and some that are repressive. The repressive aspects of the tax regime in Kenya as opined by tax experts are majorly; The VAT tax which is applicable to everyone notwithstanding their financial ability; people are highly taxed but once they have been taxed from their income i.e. PAYE

they are taxed again on VAT; Tax breaks given to multi-national corporations; there is plenty of tax evasion by multinationals and it is unethical but it is legal

Tax experts also opined that Kenya's tax regime is not equitable and all-inclusive. A lot of the tax burden is shared by the poor so that the rich are really not giving their fair share of tax. In lieu of this, there have been very many discussions about capital gains tax, how that works and the impact it can have. KRA has also left out of its tax net, a lot of citizens belonging to the informal sector who do not pay taxes thus KRA always ends up not meeting its revenue target. Taxes especially on income are quite high, which means there is a very small group of people that are bearing the tax burden.

In a report released by the auditor general in 2015, it was estimated that revenue collection by county governments had reduced by 40% despite many counties having introduced new forms of levies and having digitized their revenue collection. This was attributed to county government executives allegedly detaining millions of revenue collected within counties and only declaring a portion of what is collected. For example, Nairobi County collected 1.6 billion shillings from parking fees alone from July 2013-June 2014, but the audit revealed that 72 million shillings could not be accounted for. The same report further details that although the counties generated 5.5 billion shillings in revenue, only 5.2 billion shillings was banked, clearly indicating a discrepancy existed. Below are some of their comments on the same:

'...when you look at certain aspects of the tax regime in Kenya for instance if you look at the VAT it is basically a regressive tax because ideally you pay taxes according to your ability but for this case of VAT you paid across. and in most cases this is one key source of government revenue and the other one of course is on income tax and those who are in formal employment and now they get to submit their PAYE so Kenyans taxation regime is regressive'...; – CSO Representative

'...To specific issues there are some taxes that do not make sense to me, taxes on education like books some things like that, taxes on some medical equipment so when we do not produce medical equipment locally so there are those scattered examples that I think are completely immoral...' – Budget Expert

On the other hand, tax experts agreed that some aspects of Kenya's tax regime are progressive such as PAYE – which has enabled the country to finance a majority of its budget. However, one big advantage of the tax regime in Kenya is that it makes Kenya self-reliant which in terms of our spending and our expenditure culture makes our tax regime progressive as it is able to mobilize resources. Kenya's tax regime also gives some advantages to new local businesses, in form of tax

breaks for the purpose of job creation by expanding the manufacturing sector, which would spur economic growth. There was also the introduction of capital gains tax. This was indeed introduced in 2014 but due to private sector pressure was again scraped in 2015. Interviewed experts had the following to say about the progressiveness of Kenya's tax regime:

'...one big advantage of the tax regime in Kenya it makes can you self-reliant so in terms of our spending and our expenditure culture there is something progressive...' – **Tax Expert**

'...I like the fact that we are not dependent on the US and whoever else that we are able to generate most of our revenue but at the same time the fact that very few people are generating gets you thinking of how sustainable that can be...' – **Budget Expert**

6.0 SURVEY CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

The budget remains one of the most important economic policy instruments for government and as such effort should be made to ensure it reflects a nation's priorities. All public policies eventually have to confront the need for financial resources. Citizens therefore rightfully expect of their governments, efficient, fair, equitable and transparent delivery of public services and goods. However in most countries, public budgeting still remains the preserve of the executive though the value of opening budget processes is increasingly appreciated in many settings across the developing world.

In summary it emerges that:

- **In relation to the levels of engagement and modalities of inclusion**, respondents indicated that they did not feel sufficiently included in the budget process. A majority of respondents had not participated in public engagement forums to discuss county budget issues. Also a very small proportion of respondents indicated that they had prior experience participating in civic education programmes on taxation and budget making. This was further complicated by the fact that a very small proportion of respondents indicated prior participation in civic education programmes. The frequency of invitation to forums where issues around taxation and budgeting are discussed or decided on was very low with most of the respondents indicating that they had been invited on average 1 – 2 times in a year. These points to the need to re-look at or further interrogate how counties conduct public participation and how this can be improved.
- **On the role Civil Society and other third-party intermediaries should play in the budget process and on conversations on taxation**, it emerged that a lot of the engagement forums were convened by politicians (MP/MCA/Senator). However civil society played a significant role in mobilising for participation and convening public engagement forums on budget making processes. This underscored the critical role played by CSOs in facilitating and shaping public engagement in issues around budgeting. Most of the participants were of the opinion that CSOs functioned to organise community members to participate in the budget forums. They also helped in conducting civic education around taxation and budget making and also in relaying information to the public. There is therefore, an opportunity for the Government, Legislature and CSOs to collaborate in improving public engagement on taxation, planning and budgeting.

- **Regarding access to information and levels of knowledge on taxation and budgeting**, radio remains the main source of information on budgets. It was also one of the most trusted on budget information. However, there was an indication that in spite of existing sources of information on budgeting, a vast proportion of the population were unaware of proportions of the budget that were allocated to different levels of governments as well as to different sectors. It appeared as though accessing information on the budget and the budget making process was significantly challenging.
- **On the knowledge, attitudes and satisfaction levels of citizen's especially poor and marginalized women and youth of the County Integrated Development Plans (CIDP) and County budgets**, it emerged that the county governments considered in the survey appeared not to favour sufficient diversity in the budget forums but also within the government itself. This was evidenced by about half (48%) of the surveyed respondents who indicated that devolution is very important to them, while 31% of the surveyed respondents opined that devolution is somewhat important. Meanwhile, a majority of the surveyed respondents across the 3 counties are dissatisfied with the performance of the national government since March 2013 on budget allocation and expenditure and taxation as opined by 59.6% and 68.7% of the surveyed respondents respectively.
- **Regarding existing legislation in the three counties in Kenya (Turkana, Nairobi and Wajir) on taxation, public participation, resource mobilization, allocation and expenditure**, there appeared to be sufficient legislation to anchor participation. However, the implementation and establishment of key provisions of such legislation in order to achieve meaningful participation was still a work in progress. As such, whilst it did not stifle participation per se, the lack of full enforcement of legislation appeared not to effectively facilitate public participation.
- Finally, **In terms of progressiveness/repressiveness of the tax regime it emerged that a** majority of respondents appeared to think that most of their taxes did not go into delivery of quality services. Many also indicated that the existing tax system was not fair to everyone. Many respondents felt that those at the bottom of society, the poor, were overly taxed yet the returns on their tax was not commensurate in terms of public services and poverty reduction programmes. There was an overall feeling that whilst tax revenues went up and taxes increased; both in breadth and in rates, this was not translating into desirable outcomes such as improved access to quality services and goods as well as provision of quality public services and goods.

6.2 Recommendations

Drawing from these conclusions, we recommend that:

Oxfam and partners (CSOs):

- i. Increase advocacy for more public participation in decisions around taxation and tax fairness in Kenya at both county and national levels;
- ii. Advocate and work towards establishing a CSO framework for increasing capacity to access, interrogate and apply information for more meaningful engagement in the budget process;
- iii. Advocate for a policy framework or at least guidelines on the conduct of public participation especially regarding the modalities for inclusion.
- iv. Advocate for increased access to information on budgeting processes (across all the stages from formulation to review) through expanded channels for delivery to improve quality of citizen participation, and;
- v. Oxfam and its partners in the counties should also interrogate how effective public participation is being done by county governments, and whether the outcome of engaging the public is reflective of its aspirations/priorities. The findings can be shared with the county government and can be used to help the county in knowing what sectors they should focus on in terms of budgetary allocations.
- vi. Oxfam and its partner CSOs should lobby the government to allocate more resources to pro-poor sectors based on their analysis. Oxfam in collaboration with other like-minded CSOs should come up with position papers that will be used to influence policy towards allocation of more resources to pro-poor sectors in the annual national budget.
- vii. Oxfam and its partner CSOs should come up with programs that will advocate for the county governments to ensure that there is diversification of people who participate in public forums to discuss county matters. Specifically, the advocacy efforts should be geared to ensuring women, youth, physically disabled, and the marginalised have ways of and the space to participate in giving their views to the county governments on matters of importance to them.
- viii. Oxfam and its partners/stakeholders should start building the capacity of communities to understand the process of coming up with a CIDP ahead of the next process after 2018. Oxfam and its partners should also lobby the county governments to ensure that they involve the public in giving their views towards the next CIDPs. Further, Oxfam and its partners should collaborate with the county governments in identifying the most pressing needs of the people in each county, so that they can be included in the CIDPs.

Government (both County and National)

- i. Increase avenues for sharing of public information on budgeting, taxation and other public finance matters including planning as required by law;
- ii. Increase the opportunities for the public to participate meaningfully in matters of planning and the budget making process by ensuring citizen's are invited on time, meetings are held as communicated and the information to be discussed is also provided in advance.
- iii. The National and County Governments should ensure that citizen's views are incorporated as much as possible in the taxation, planning and budgeting policies and documents and subsequently feedback given to the public on what was considered, what wasn't and why.
- iv. Work to agree on a policy framework or at least guidelines on the conduct of public participation especially regarding the modalities for inclusion of the public in public engagement forums, and;
- v. Increase forums and opportunities for dialogue with the public on taxation and other domestic resource mobilisation matters at County levels.
- vi. National and County governments should collaborate with CSOs to simplify public finance and budgeting policies and documents for its citizens to understand, this should be through simplifying complex concepts, translating into different languages and using different mediums/approaches to communicate the issues.
- vii. The national government needs to increase awareness on how it has allocated it's resources to various counties as well as sectors while on the other hand, the citizens should be taking part in tracking the expenditure to ensure the resources allocated are accounted for; this pro-activeness from both sides is a way to enhance the social contract between the Government and the public which they enter into, once the government is elected into office.

Development Partners

- i. Continue engagements to broker dialogue between County and national government, Civil Society and citizens on budgeting and taxation,
- ii. Support research and analysis on domestic resource mobilisation at county levels to inform tax policy and budget allocation, and
- iii. Support capacity development for county governments and CSOs engaging in advocacy and policy making on domestic resource mobilisation and public participation at county levels.

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