EGERTON UNIVERSITY

TEGEMEO INSTITUTE OF AGRICULTURAL POLICY AND DEVELOPMENT

WPS 72/2023

Agriculture Public Expenditure Review at the County Level

Timothy Njagi, Nancy Laibuni, Ladisy Chengula and Miltone Ayieko

Agriculture Public Expenditure Review at the County Level

By

Timothy Njagi[1], Nancy Laibuni[2], Ladisy Chengula[3] and Miltone Ayieko[4]

WPS 72/2023

Tegemeo Institute, Egerton University

Kindaruma Lane, Off Ngong Rd

P.O. Box 20498-00200, NAIROBI Phone: +254 20 3504316;+254-720 895 454

Website http://www.tegemeo.org

Email: egerton@tegemeo.org

Timothy Njagi is a Research Fellow at Tegemeo Institute of Agricultural Policy and Development, Egerton University; Nancy Laibuni is an Associate Member, Council of Economic Advisors in the Office of the President, Kenya; Ladisy Chengula is the Lead Agricultural Economist at the World Bank;and Miltone Ayieko is an Agricultural, Food and Resource Economist.

Tegemeo Institute

Tegemeo Institute of Agricultural Policy and Development is a Policy Research Institute under Egerton University with a mandate to undertake empirical research and analysis on contemporary economic and agricultural policy issues in Kenya. The Institute is widely recognised as a centre of excellence in policy analysis on topical agricultural and food security issues of the day and in its wide dissemination of findings to government and other key stakeholders to influence policy direction and the decision-making processes. Tegemeo's empirically-based analytical work and its objective stance in reporting and dissemination of findings have over the past won it the acceptance of government, the private sector, civil society, academia, and others interested in the performance of Kenya's agricultural sector.

Published April 2023

Tegemeo Institute, Egerton University
Kindaruma Lane, Off Ngong Rd
P.O. Box 20498-00200, NAIROBI Phone: + 254 20 3504316; +254-720 895 454
Website http://www.tegemeo.org
Email: egerton@tegemeo.org

Acknowledgements
This report was produced as part of the Public Sector Expenditure Review study by the World Bank. The report greatly benefited from insights by Allen Curtis K. Dennis (Sr. Economist), Alban Mas Aparisi, and Sarah Lowder. The data for the analysis came from the BOOST database and the Controller of Budget. Agnes Yvonne Masaka (Team Assistant) provided administrative and logistical support. The authors would also like to thank the National Treasury; Ministry of Agriculture and Livestock Development, and the County Governments for excellent collaboration and provision of the information and inputs requested. Specifically, we extend our gratitude to Mr Joseph Katumo, Mr Zephania Onyiego, Mr Joseph Komu, and Ms Margaret Githinji. Finally, the team would like to thank all the contacts in the various public ministries, departments, agencies, non-governmental agencies, and donor organizations who have contributed to and otherwise supported the development of this review.

Table of contents

List of tables

List of Figures

Acronyms and Abbreviations

ADP	Annual Development Plan
AEZ	Agro-ecological zone
AFA	Agriculture and Food Authority
AgSER	Agricultural Sector Public Expenditure Review
ARUD	Agriculture, Rural, and Urban Development
ASALs	Arid and semi-arid lands
ASDS	Agricultural Sector Development Strategy
ASDSP	Agricultural Sector Development Support Program
ASTGS	Agricultural Sector Transformation and Growth Strategy
AU	African Union
AUGN	African Union Guidance Note
BPS	Budget Policy Statement
BROP	Budget Review and Outlook Paper
CBEF	County Budget Economic Forum
CBROP	County Budget Review and Outlook Paper
CEC	County Executive Committee
CECM	County Executive Committee Member [Caucus]
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
COB	Office of the Controller of Budget
COFOG	Classification of the Functions of Government
CRA	Commission on Revenue Allocation
DFRD	District Focus for Rural Development
EAAPP	East African Agriculture Productivity Project
EAC	East African Community
EU	European Union
GDP	Gross domestic product
GIS	Geographical information system
GoK	Government of Kenya
ICT	Information and communication technology
IFMIS	Integrated Financial Management System
IFPRI	International Food Policy Research Institute
IMF	International Monetary Fund
JASCCM	Joint Agricultural Sector Consultation and Cooperation Mechanism
KALRO	Kenya Agriculture and Livestock Research Organization

KAPAP	Kenya Agricultural Productivity and Agribusiness Project (KAPAP)
KBDS	Kenya Business Development Services Program
KCDP	Kenya Coastal Development Project
KENAFF	Kenya National Farmers' Federation
KESFF	Kenya Small Scale Farmers Forum
KSh	Kenyan shilling
MoALF	Ministry of Agriculture, Livestock, and Fisheries
MoALFI	Ministry of Agriculture, Livestock, Fisheries, and Irrigation
MDAs	Ministries, Departments, and Agencies
MTBF	Medium-Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTIP	Medium-Term Investment Plan
MTSPA	Medium Term Sector Plan for Agriculture
NAAIAP	National Accelerated Agricultural Inputs Access Program
OECD	Organization for Economic Co-operation and Development
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFMR	Public Financial Management Reform
PPP	Public-Private Partnership
R&D	Research and Development
RPLRP	Regional Pastoral Livelihood Resilience Project
SAGA	Semi-autonomous government agency
SFA	Stochastic frontier analysis
SFR	Strategic Food Reserve
SoF	Source of funding
TFP	Total factor productivity
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WEF	World Economic Forum

Currency Equivalent

Exchange rate effective as of March 31, 2019

Currency unit	(KSh)
US$1.00	= KSh100.85

Executive Summary

An analysis of the Agricultural Sector Expenditures (AgSER) at County level was carried for the period between 2014/15 -2016/17. The analysis focusses on three broad areas (i) budget allocation, and composition in the agricultural sector, (ii)constraints and opportunities for agricultural expenditure, and (iii) enhancing private sector investments and the role played by the public sector in catalysing these investments. The aim was to understand the nature of constraints experienced by the County governments that may explain the funding gaps or underspending of public funds, and then identify actions that the government could undertake to strengthen public policy-expenditure linkages for greater sectoral impact, in addition to how to reorient policy towards the attainment of food security, which is one of the 'Big Four' development objectives that the National government has prioritised.

The following are the key highlights expounded in the report;

Budgets and Expenditures: Agricultural expenditures levels at the have averaged at 6.5 per cent for the last three years. County governments oversee their budgetary allocations and therefore, the budgetary allocations suggests the prioritisation of the sector by county governments. **We recommend the increase in funds for the sector at the county level; this could be through the provision of conditional grants to the county governments to ensure that their utilisation is in the agricultural sector.**

The budget-making process: The process is usually a negotiation between the county executive and legislature, with the latter offering weak oversight due to capacity issues. Besides, county government undertakes the participatory process; the participatory process that adheres to the laid out guidelines according to the PFM Act. **We recommend capacity building, especially for the county legislature to effectively discharge the oversight role. Further, lessons on participatory mechanisms, that can help improve the participatory budget process.**

Absorption of funds, especially for development budget is low for counties. This is affected by funds flow from the exchequer to counties and the procurement process at the county level. The government accounting system, IFMIS, was cited in many interviews as a challenge for county governments, with many still having the manual systems in place. **We recommend that the domestication of the IFMIS system should be prioritised. County governments**

should decentralise the procurement process from the county treasuries while tightening budget implementation controls to ensure proper utilisation of funds.

Planning and budget effectiveness: County governments developed the CIDPs to guide the implementation of programs. Each year as part of the budget cycle, county governments prepare the annual development plans. However, analysis of these plans shows a variance from the CIDPs. Further, the budget after approval undergoes a number of iterations through the supplementary budgets, some of which are done post-expenditures. **We recommend strengthening of the oversight function of county assemblies to ensure that variance of budget and expenditures from the plan are within acceptable levels.**

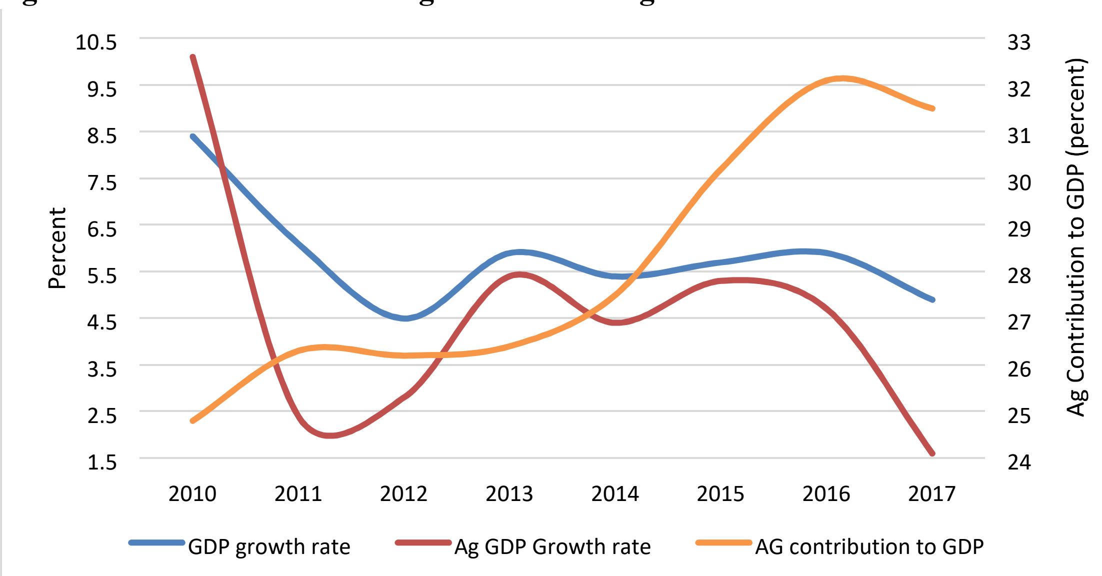
Governance: The M&E function for the agricultural sector departments is lacking. Staffing continues to be a key constraint for the sector, especially for departments of livestock, fisheries, and veterinary. **Capacity building of county government to establish M&E frameworks and institute reporting mechanisms is recommended. Further, it is critical to undertake a needs assessment for the sector to establish the staffing levels and skills available to county governments as a basis for developing a plan on how to bridge the gaps.**

Partnerships with national government and development partners: We found good practices on how county government can provide incentives for private sector investments in the sector. In this instance, county government signed agreements with the private sector and development partners detailing the roles and responsibilities of each partner and how they contribute to shared objectives and goals. However, a key challenge to this remains the low availability of public goods and self-interests among actors at the county level. **Proper planning and targeting of programs contribute greatly to developing partnerships with the private sector and development partners. This allows each partner to undertake roles where they are most effective.**

1. Introduction

The importance of the agricultural sector in the country cannot be overemphasised. The sector has, for the last four decades, been the most significant sector contributor to the country's Gross Domestic Product (GDP). Figure 1 shows that the agricultural sector contribution to GDP has been increasing for the past seven years except for 2017 when it dipped slightly. However, the sector's contribution was above 30 per cent of GDP despite the declining in the growth rate. The sector has continued to register a sluggish growth rate for the last five years, against a targeted growth rate of 6 per cent annually (KNBS, 2018). Despite this slower growth, the sector accounts for approximately 60 per cent of export earnings and is a source of 18 per cent of the country's formal employment, an estimated 60 per cent of the informal employment, and accounts for 66 per cent of the total household's income in the country (CRA 2013; MOALF, 2015).

Figure 1: Trends in GDP and agriculture GDP growth rates



Source: Economic Surveys, KNBS

The Kenya constitution (2010), established a two-tier governance system which transferred some administrative functions and mandates from the National government to County governments. These functions were previously carried out by Ministries, Departments and Agencies (MDAs) that were decentralised to the lower levels, i.e. province, districts, division and locations. Under the devolved system, County governments have now been allocated significant responsibilities in agriculture, health, trade, roads, and county planning, among other functions (See Annex 1).

In theory, the devolved system is suited for sectors such as agriculture, since the needs in the sector are diverse and location/geography-specific. Therefore, it is the County Governments can develop programs and priorities that address the local needs. Local needs had been previously overlooked in the centralised system as the MDAs developed broader programs that were implemented across the country. However, there are key concerns in several areas namely; (i) allocation and composition of public expenditure in the agricultural sector; (ii) policy coherence between the two levels of government; (iii) matching budget allocations and public expenditures with the devolution objectives, as well as targets outlined the County Integrated Development Plans (CIDPs); (iv) budget absorption rate, and accountability mechanisms; and (v) the participation of private sector, in providing services such as market facilitation, extension, and financial services in the agricultural sector.

1.1. Purpose of the study

This study examines the public spending by the county governments in agriculture through analysis of the Agricultural Sector Expenditures (AgSER). The analysis focusses on three broad areas (i) budget allocation, and composition in the agricultural sector, (ii) constraints and opportunities for agricultural expenditure, and (iii) enhancing private sector investments and the role played by the public sector in catalysing these investments. Of importance, the study seeks to understand the nature of constraints experienced by the County governments that may explain the funding gaps or underspending of public funds; and then identify actions that the government could undertake to strengthen public policy-expenditure linkages for greater sectoral impact. The study will first establish the expenditure patterns in relation to the functions of the County government to achieve this objective. Secondly, provide suggestions on how to improve efficiency and effectiveness of expenditure in the sector and overcome constraints (institutional, technological, capacity) that affect spending in the sector. Thirdly, the AgSER will also provide feedback for the County government on how to enhance private sector-led investments in the country, and how to reorient policy towards the attainment of food security, which is one of the 'Big Four' development objectives that the National government has prioritised.

1.2. Methodology

The agricultural expenditure review will be undertaken at the county levels. Six counties were selected for the AgSER. A detailed checklist was developed and administered to officials in the Agriculture sector departments and the country treasury in selected counties in May and

June 2018. The data collected was based on the following themes: County government revenues and budgeting, County and agricultural sector planning, budget execution, the functionality of agriculture sector budgets, and overall effectiveness of the budget.

The period under review for the AgSER was from 2013/14 to 2017/18 financial years. It is important to note that for the initial years under review, county governments were still getting organised and establishing functional departments, and this influenced the data available for this study. The data collected was supplemented by reports from the county treasury, departments in the agriculture sector and data from Controller of Budget and the National Treasury.

The county selection criteria are explained below.

1.2.1. County Selection

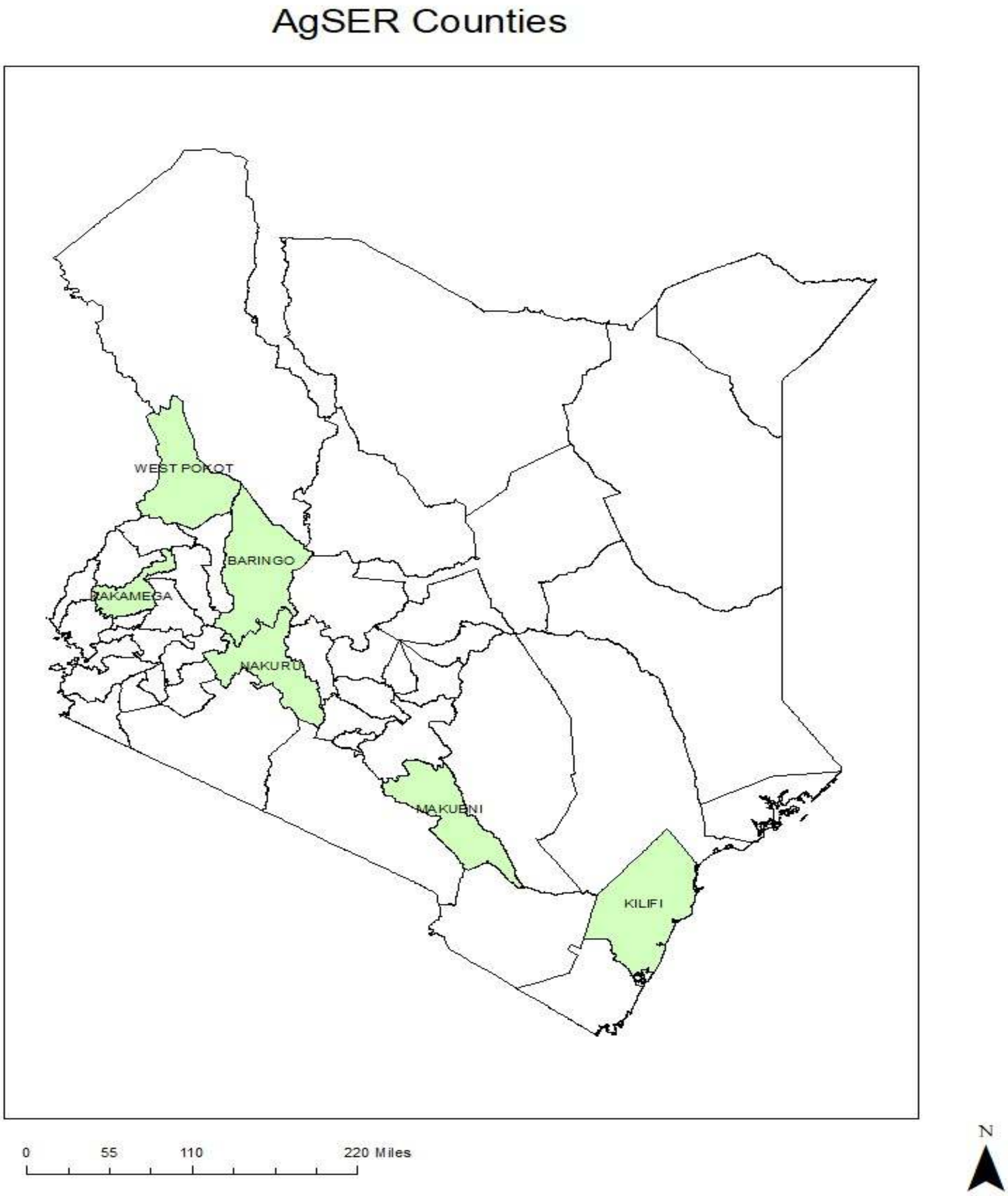
The counties selected for this study are meant to give a snapshot of what is going on at the county level. A criterion was developed for the selection of the counties to visit based on the following:

1. Availability of data: Detailed data on agricultural expenditure was available where detailed studies had been undertaken, e.g. Public Expenditure and Financial Analysis (PEFA) studies.
2. Contribution to Ag GDP: Although agricultural GDP is yet to be measured at the county level, the contribution of agriculture in household income in counties has been established through household surveys. We intended that the contribution of agriculture to household income be high in the counties we intended to visit.
3. Agroecological zone representation: Kenya has eight major agricultural, ecological zones. We intended the counties selected to cut across these major AEZs. Further, the AEZs also represents the potential of agriculture in these regions and can be classified as high, medium, low agricultural potential areas. In addition, AEZs represent production diversity. The counties selected were intended to show experiences where the major agricultural production was for the cash crops, food crops, livestock, and fisheries/aquaculture.
4. Agricultural potential: The selected counties were also intended to show the potential for agricultural growth both in production and activities of the value chains. Therefore, the potential for irrigation, crop diversification, value addition, agro-processing in selected counties was also considered.

5. Agricultural Investments: County governments independently decide the level of funding for agriculture. The budget allocation patterns, in comparison with other counties, were also factored to provide an understanding of how the decisions on agriculture spending are made.
6. Poverty levels: The poverty levels from the recently released KIHBS report was included. Agriculture holds the highest potential to lift households out of poverty. Therefore, the comparison between counties which have different levels of poverty will provide an understanding of the expenditure decisions and target outcomes.
7. The counties were also selected to have a broad geographical spread based on the established regions within the country. The regions include the central Kenya production areas, lower eastern, western, coast, and semi-arid regions.

Based on these criteria, six counties were selected and are shown in Figure 2.

Figure 2 Counties visited in the study



1.2.2. Profiles for Selected Counties

I. Baringo County

The County is mostly semi-arid with few pockets suitable for intensive agriculture. Mixed farming is mainly found in the highland areas, whereas pastoralism is majorly practised in the semi-arid regions. Crops grown in the County are maize, finger millet, sorghum, beans, cowpeas, green grams, garden peas, Irish potatoes, sweet potatoes. Beans and maize cover the most substantial acreage in the County while Irish potatoes and garden peas cover the lowest acreage. Maize and beans are mainly grown in the highlands while finger millet and sorghum are grown in the lowlands.

The primary livestock in the County includes the East African Zebu Cattle in the lowlands and exotic cattle in the highlands. Other activities include beekeeping and honey production, hides and skins. Fishing is mainly carried out in Lake Baringo with over 400 fishing households in Lake Baringo and 700 fish farmers with fishponds in the County. The main urban centres in the County include *Kabarnet* and *Eldama Ravine*. *Marigat, Maji Mazuri, Mogotio, Timboroa* and *Kabartonjo* are upcoming urban centres.

II. West Pokot County

The predominant agricultural economic activity in the County is pastoralism. It is also the primary source of livelihood for residents. Crop production is undertaken in the arable zones in the County. The key crops produced include maize, finger millet, potatoes, beans, onions sweet potatoes, green grams, peas, mangoes, oranges, bananas, coffee and pyrethrum.

The traditional zebu is the leading breed in Pokot Central and North Sub-Counties for meat production while West Pokot and Pokot South Sub-Counties keep improved dairy cows. The livestock subsector has enormous potential for generating household income and revenue for the County. Poor infrastructure impedes development, as there are no access roads to most market centres. The rough/ rugged terrain makes it also challenging to construct roads.

III. Kakamega County

The County is predominantly a crop growing area with the main crops cultivated being sugarcane, maize, beans, cassava, finger millet, sweet potatoes, bananas, tomatoes, tea and sorghum. Maize and sugarcane are generally grown by large-scale producers, while beans, millets and sorghum are grown, small-scale producers. Tea and sugarcane are the main cash crops grown. The livestock bred in the County includes cattle, sheep, goats and pigs. Chicken rearing is pre-dominant with 92 per cent of the households keeping them.

Aquaculture is practised through fish ponds, and the main fish species cultured are tilapia and catfish. It has mainly been carried out at a subsistence level with a few commercial fish farm enterprises. The aquaculture subsector in the County has enormous potential. The County has 35 trading centres and seven established urban centres. Under the Economic Stimulus Programme (ESP), each constituency has a fresh produce market and one Constituency Development Centre (Jua Kali Shades) to boost the marketing of its products.

IV. Kilifi County

The main food crops grown are maize, cowpeas, green grams and cassava, while coconut, cashew nuts, pineapples, sisal, and mangoes are the principal cash crops. Livestock is a significant economic activity in the County providing income and food to the residents in the hinterlands of *Ganze, Langobaya* and *Magarini*. The main types of livestock in the County include cattle, sheep, goats and poultry.

Marine fishing is a significant economic activity that employs the communities along the coastline and at the creeks with over 5,000 families depending on fishing for survival. Mariculture is not fully developed as fishers use traditional equipment in shallow waters to fish. Lack of better fishing gear is the dominant factor for the low production of fish. The County has not exploited the available market fully as an outlet for locally produced goods. Large quantities of fish are lost as a result of lack of proper storage and handling. There are a total of 78 trading Centres in the County; the major ones are; *Kilifi, Mtwapa, Malindi, Mariakani* and *Watamu.*

V. Makueni County

Most of the land is used for agricultural purposes since most people depend on agriculture and livestock for their livelihood. The County has potential in horticulture and dairy farming especially the hilly parts of *Kilungu* and *Mbooni* West sub-counties. The lowlands are used for livestock keeping, cotton and fruit production. Fruits grown are mainly mangoes, pawpaw and oranges. The main crops produced in the County are Maize, Green grams, pigeon peas and sorghum. Mangoes, pawpaw and oranges are also produced.

The main types of livestock reared in the County include dairy cattle, beef cattle, sheep, goats and donkeys, Poultry farming, pig farming, apiculture and aquaculture. Aquaculture was introduced in the County through the Economic Stimulus Programme, where fish ponds were established and stocked with Tilapia fish. Despite the effort, water shortage and high temperatures are the significant challenges facing aquaculture.

The County has one major town namely; *Wote*. Other major urban centres include; *Mtito Andei, Sultan Hamud, Emali, Machinery* and *Kibwezi*. Development of other market centres is limited by low economic activities due to overreliance on agriculture, which performs poorly due to recurring droughts.

VI. Nakuru county

The main food crops produced in the County include maize, beans, Irish potatoes, wheat, fruits and vegetables grown in *Bahati, Njoro, Molo, Rongai, Olenguruone,* Nakuru Municipality*, Gilgil* and *Mbogoini* sub-counties.

Cash crops grown include tea, flowers, wheat, barley and pyrethrum. One of the fastest growing and most economically viable activity is the horticulture value chain, especially flower farming. The main livestock kept, in order of economic significance, including dairy cattle, poultry, sheep, goats, beekeeping and rabbits. Among them, dairy production is a significant livestock income earner. Other includes the emerging livestock species such as Pigeon and Ostrich.

Fishing activities in Nakuru county include fishing in lakes, dams and rearing in ponds. Many of the fish ponds were introduced through the ESP in 2009. Urban Centres include *Nakuru Town, Naivasha, Mai Mahiu, Molo, Mau Narok, Olenguruoni, Njoro, Rongai, Salgaa, Dundori, Bahati, Subukia,* and *Gilgil*.

2. Governance Structures and Agriculture Spending

2.1. District Focus for Rural Development (DFRD)

Before 2010, the most significant change in the governance structure was in 1986, when the country adopted the District Focus for Rural Development (DFRD) strategy. This strategy was aimed at strengthening de-centralisation and making the focus of development to be the District level. As such, Districts were empowered to carry out planning and budgeting at that level. The strategy also introduced a multi-sector approach that was integrated from the bottom up.

Several systems co-existed side by side to make the strategy work. For example, the main committees, District Development Committees and District Executive Committee were reinforced with sector-level committees. In the agricultural sector, this was the District Agricultural Committee. In addition to these systems, there was the local government systems under the local authorities, the civil societies which worked closely with sector committees. The constituency system was introduced in 2003 to address funding, which was a key challenge for the DFRD strategy.

The DFRD strategy strengthened planning at the district level, although its implementation still suffered several shortcomings. First, there was elite capture, where the citizens, in this case, farmers, were not adequately represented in important decision-making committees such as the District Agricultural Committee. This made decisions feel as if made in a top-down approach. Further, the increasing disconnects between budget and planning reinforced the top-down hypothesis, as budgets mainly reflected important priorities at the national level. These challenges influenced the effectiveness of public expenditure even as studies (Kauffman et al., 1999: Kamau et al., 2010) showed that governance, which included the ability to influence decisions' voice', accountability, government effectiveness were necessary for development outcomes.

These shortcomings played a crucial role in the constitutional change in 2010 that led to the formation of county governments in 2013. A key objective for the devolved governance structure was to improve the overall effectiveness of public service delivery by taking services closer to the people and improving mechanisms for citizens participation in decision making and holding the government accountable. The first generation of county governments was formed following the general elections in March 2013. In July 2013, the majority of the functions contained in the second schedule, include those in the agricultural sector, were devolved to county governments in a move mainly seen as a political settlement to stop the agitation between the two levels of government.

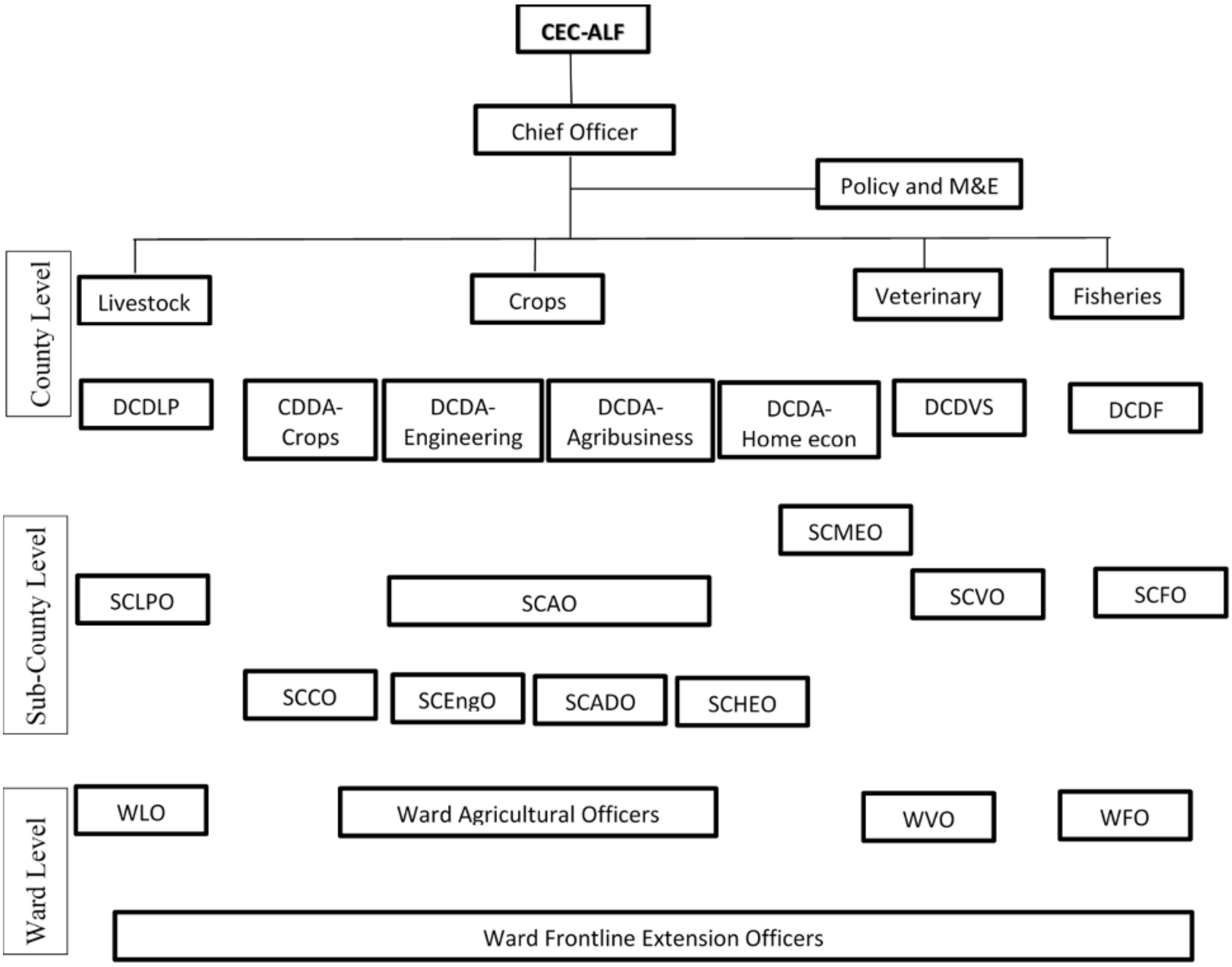
2.2. The organisation of the agriculture sector

County governments have established the agriculture sector departments to mirror the national government. However, from the counties we visited, the composition of departments varied from one County to the next. For example, all counties visited had crops, livestock, veterinary and fisheries departments under the agriculture. In addition, departments such as irrigation were part of the sector in West Pokot County, while Kakamega County had cooperatives under the agriculture sector departments.

At the county level, the County Executive Committee Member (CECM) oversees running the sector ministry; each CECM had a chief officer. Each department is headed by a director who reports to the chief officer. Figure 3 shows the origination of departments in the agriculture sector at the county government level.

It is important to note for the counties visited, this structure varies from County to County mainly because of staff establishment. Majority of the counties reported substantial staff shortages especially in livestock, veterinary and fisheries departments, especially at sub-county level. For instance, there are cases where an officer served in both sub-county and ward levels.

Figure 3: Organisation of departments at the county governments



Source: Njagi et al., 2015

Abbreviations: CEC-ALF – County Executive Committee member for Agriculture, Livestock and Fisheries: DCDLP – Deputy County Director for Livestock Production: DCDA - Deputy County Director for Agriculture: DCDVS - Deputy County Director for Veterinary Services: DCDF - Deputy County Director for Fisheries: SCLPO – Sub County Livestock Production Officer: SCAO – Sub County Agricultural Officer: SCMEO – Sub County Monitoring and Evaluation Officer: SCVO – Sub County Veterinary Officer: SCFO – Sub County Fisheries Officer: SCCO – Sub County Crops Officer: SCEngO – Sub County Engineering Officer: SCADO – Sub County Agribusiness Development Officer: SCHEO – Sub County Home Economics Officer: WLO- Ward Livestock Officers: WVO – Ward Veterinary Officers: WFO – Ward Fisheries Officer

2.3. Program planning and budgeting

2.3.1. Sector Planning at the County Level

County governments prepared CIDPs, which outlined their development agenda for the period 2013-2017. During the CIDP preparation, each County held consultative meetings with their communities, mainly at the ward level, to collect the views and aspirations of the communities. These were then drafted into the CIDP document with a team led by the Planning Department and officers from technical departments. The CIDP was the tabled to the CEC and once approved, it was forwarded to the County Assembly for debate and approval.

Each year, the County develops the Annual Development Plan (ADP). The ADP, which is based on the CIDP, primarily contains the priority programs for the County for all sectors for the financial year. Annual budgets for the County are then prepared based on the ADP. In a functional system, the annual budgets and ADP will implement the CIDP. Table 1 shows the comparison between budget allocation and planned budget in the CIDP for the agricultural sector for the period 2013-2017 for each of the counties visited.

Table 1: Agriculture budget against planned budget for the period 2013-2017 by County

	CIDP Budget (Billion Ksh)	Budget Estimates (Billion Ksh)	Revised Budget (Billion Ksh)	% deviation (Revised estimates from CIDP)
Baringo	13.871	1.08278	0.82428	-94.1%
Kakamega	8.5131	2.00786	1.579	-81.5%
Kilifi	5.495	2.17574	1.79375	-67.4%
Nakuru	18.775	2.06904	1.7419	-90.7%
Makueni	6.918	4.82304	3.18509	-54.0%
West Pokot	3.273	1.2408	1.16825	-64.3%

Source: Authors compilation from CIDP and COB Data

For the selected counties, huge variances (an average deviation of 75%) are found between planned budgets and actual budget allocations for the agricultural sector. Makueni County had the least deviation from CIDP in terms of budget allocation. This implies that Makueni County performed better compared to the other counties in terms of aligning their budget to their priorities as captured in their CIDP. The budget allocation that is closer to planned estimates also depicts adequacy of the budget allocated for planned activities. This performance also suggests that the County could have been more successful in implementing its CIPD for the agricultural sector.

County governments made revisions to their budget each year through supplementary budgets. During the period under review, the counties adjusted their budget for the sector downwards by an average of 20%. Makueni County had the most substantial proportionate change (34%) with West Pokot County with the least variation (6%).

2.3.2. Agricultural Programs implemented

The County governments developed specific programs and inherited a number of programs from the national government. Several counties implement national government programs, thus are structured and implemented in a similar manner, for instance, the Agriculture Sector Development Support Programme (ASDSP) which was implemented in all the 47 counties.

However, there were programs conceptualised by county governments that were similar, although they differed in how they were designed and implemented in each County. This comparison provides a useful lesson on improving targeting of programs to maximise expected benefits.

Table 2 shows an example of critical programs implemented across the counties visited. Similarities among programs and projects provide a basis for counties to learn and share best practices. Some of the programs are implemented in partnerships with the national government, development partners and civil society organisations.

Table 2: Example of key programs implemented by county Governments between 2013-2017

Sub-sector	Kilifi	Makueni	Nakuru	Baringo	Kakamega	West Pokot
Crops	• Farm inputs support program • Mechanisation program	• Makueni fruit processing plant • Agricultural Mechanization • Agricultural productivity • Water harvesting	• Farm inputs support program • Pyrethrum scheme • Sweet potato promotion: supplied improved sweet potato vines to the farmers • Coffee and avocado tree provision • Tissue culture bananas from JKUAT	• Affruitation Project • Coffee improvement project • Food Security Intervention • Farm mechanisation at AMS • Agricultural Training Centre (ATC)	• Fertiliser and seed subsidy program • Mechanisation program • Tea development • Coffee development	• Water harvesting, establishing an AMS station, soil management • Promote technology development and transfer • Promote the adoption of new crop varieties, emerging and THVC crops
Livestock	• Construction of livestock sale yards • Apiculture promotion • Dairy cattle program • Dairy goat program	• Kikima mini-dairy and installation of cooling • Poultry promotion	• Dairy-provision of milk coolers • Poultry-provision of incubators	• Sale yard construction • Kimalel goat auction • Apiculture development • Livestock Improvement Centres	• Dairy : One cow program	
Fisheries	• Promotion of aquaculture • Promotion of mariculture	• Promotion of aquaculture	• Promotion of aquaculture	• Inland Fisheries • Promotion of aquaculture		

Veterinary	• Disease control • Promotion of AI services •		• Cattle dips rehabilitation and construction • Construction of slaughterhouses • Distribution of AI kits	• Cattle Dips • Construction of Slaughter Houses		
Irrigation	• Promotion of water harvesting • Construction of water pans	• Construction of irrigation schemes				• Construction of irrigation schemes

While there were critical similarities in programs pursued by county governments and their objectives, the overall design and implementation of these programs differed by County, for example, all counties we visited had a mechanisation program where the county governments purchased mechanised equipment and subsidised their use by farmers. These programs were under the mechanisation services inherited from the national government. Despite their similarities, there were critical differences in their implementation plans and outcomes. For example, the mechanisation program in Baringo was aimed at price stability for similar services provided by the private sector actors. Other counties had similar objectives for the same program, thus provided a subsidy for the use of their tractor services. However, the subsidy did not have any impact on the price of similar services offered by the private sector neither did it increase the demand for the service by the farmers.

Most of the counties implemented parallel input subsidy programs, similar to the one implemented by the National Government. The existence of parallel programs in these counties potentially raised the possibility that farmers could potentially benefit from a double subsidy by receiving inputs from both programs. Nonetheless, there was no indication on which subsidy program was more effective since they faced similar challenges. For example, in Kakamega County, inefficiencies in the procurement processes led to delays in delivery of subsidised fertilisers to farmers, a common challenge with the fertiliser subsidy program implemented by the National Government. In many cases, this led to dependence, yet some of these farmers having the potential to purchase fertiliser from private-sector retail markets.

Box 1: Targeting of programs, a case study on agricultural mechanisation

County governments inherited the agricultural mechanisation services from the national government. In all the counties visited, the county governments have invested in the purchase of tractors. For instance, Kilifi County had purchased the highest number of tractors (38), while Baringo County had purchased the least (6). However, it is only in Baringo County that the mechanisation program had the most significant impact based on its objectives.

In other counties, the tractors had not led to meaningful use in mechanisation services or affected the supply of farm machinery services. For example, we found that County governments were subsiding up to 50 per cent of the cost (Ksh2,000 per acre) of renting a tractor. This was besides the cost of maintaining the tractors and the salary of the plant operator. However, Baringo County, we found that once the tractors were available for hire, the rental market price had fallen and stabilised at Ksh2,500 per acre from 4000ksh/acre. The County had further developed a policy and was in discussion with the national treasury on the development of a mechanisation revolving fund to expand the program.

In the other counties, it is not clear if the demand for mechanisation services was large enough to warrant the development of the program. Therefore, a viable option for these counties would *have been to partner with the private sector, and upscale extension services, to benefit from the established service providers and at the same time create demand for mechanisation.*

From 2015, programs in a number of counties were divided into two tiers: ward level projects and county projects. The push from this delineation arose from the introduction of ward development funds. The ward development fund was a kitty that was established by the county government to be managed by the MCAs. Proponents for this kitty argue that the kitty supports projects agreed at the ward level in consultation meetings. However, this kitty has been formally rejected by the COB and the National Treasury as it amounts to duplication of functions with those of the county government (executive), although there is still political pressure by MCAs to have it reinstated. A key challenge of ward level projects was spreading the funds too thin, programs targeting and linkages with those of the County and national governments could be a challenge, and there is no oversight in the utilisation of funds as MCAs are charged with the oversight function for the executive and not the implementation of projects.

2.3.3. Linkages with national development agenda

Planning of projects and programs at the county level is expected to have convergence to programmatic objectives of the national level. This linkage is provided through linking CIDPs with the Medium-Term Plans. However, the most common linkages of County programs with National Government programs were mainly through national programs being implemented at the County level.

Fourth Schedule of the Constitution spells the role of the National Government as agricultural policy and assisting the county governments on agricultural matters. Part 2 of the schedule requires the county government to be responsible for agricultural matters within areas of jurisdiction. In regards, to the agricultural policy, it was envisioned that the County governments would domesticate the National Government policies thus by extension implement the Medium-Term Plans and contribute to the achieving of the Kenya Vision 2030.

A fundamental weakness of the first generation CIDPs was that the governors' manifesto mainly informed them as opposed to the structure for consultations with the public to identify local priorities. During the development of the CIDPs, there was no clear linkage with programs implemented at the national level. The National Government has to some extent failed in providing policy direction to the County Governments, for instance, the MTP III is not yet launched yet the County governments are almost completing their second-generation

CIDPs, the 'Big Four Agenda' initiative is still largely viewed as a National Agenda and is yet to gain ownership at the County level.

Specifically, in the sector, the Agricultural Policy and the Veterinary Policy still in draft form, yet these are the critical documents identified in the Constitution (2010) that are expected to provide policy direction for the sector. Nonetheless, other National policies do exist such as the National cereal Policy; National Agricultural Insurance Policy; Agriculture Mechanization Policy to mention a few. At the County level, some counties have developed policies for commodities and issues that are economic importance, for instance; Nakuru County has developed the Potato Packaging Policy, Animal Welfare and Plant protection. Baringo County passed an Agriculture policy 2016 and Livestock Marketing Policy 2016

Program Implementation at the National level has been guided by the Agriculture Sector Development Strategy (ASDS) 2010-2020. This strategy identified several interventions that could create a vibrant and productive sector that included several actors along the value chain who had clearly outlined roles. In the spirit of the devolution, The Agriculture Growth and Transformation Strategy (AGTS) (2018 – 2028) is in the process of finalisation, the focus here is to ensure sustainable agricultural transformation and food security. In the same breath, some counties developed their sector strategies, for instance, Baringo County Agricultural, Rural and Urban Development Sector plan 2013-2023.

Going forward, a review of the county level sector strategies would be prudent; the aim would be that the counties focus on their strategic and comparative advantage in the production of specific commodities and value chains. Moreover, ensuring that there is coherence with the national development goals which are already aligned to continental and global goals.

3. Agriculture Sector Budgets

The agriculture sector budgets for the selected counties for the period under review are discussed in this section. The budgets are evaluated for their processes, adequacy and stability. During the period under review, county governments improved their budget process through successive years. By the end of the review period, the budget cycle for the county governments has been aligned with that for the national government. In addition, guidelines on budget preparation by the controller of budget indicate that counties are expected to adopt program based budgets—the approval of the budgets in subject to compliance with the set guidelines and timelines.

3.1. Budget Making Process (as per guidelines)

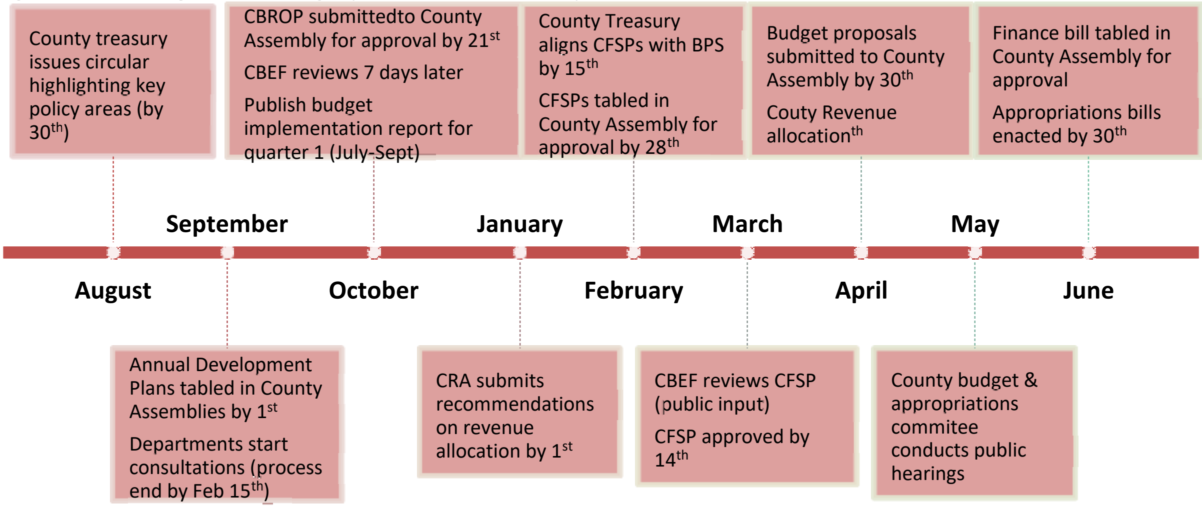
The budget-making process is informed by the Public Finance Management Act, 2012, which established a budget calendar implemented by the county treasuries. Figure 4 shows the budget calendar with the expected milestones as set out in the PFMA, 2012.

The budget cycle begins with a county treasury circular to departments. The circular, which must be issued by August 30, details the policy areas, issues and priorities to be considered during the budget preparations by the departments. The circular also contains important milestones for the budget calendar, indicating the timelines for specific milestones.

The ADP is to be tabled in the county assembly by September 1. Essentially, the ADP operationalises the CIDP. As such, the ADP contains strategic priorities to be implemented in the financial year showing details of how the programs will be delivered, their costs and financing mechanisms.

County governments then embark on the public consultation process. The public and stakeholders within sectors can respond to specific issues raised in the ADP and well as the treasury budget circular, which in most cases also sets out budget ceilings. As the consultations are being held, the county treasury is expected to public two key documents with regards to budget implementation. First, the County Treasury publishes the County Budget and Revenue Outlook Paper (CBROP). The CBROP details actual financial performance for the previous financial year, and updates forecast information for the next financial year. It also contains proposed sector ceilings. These ceilings are necessary during public engagement and debate on the budget. Second, the county treasury publishes quarterly budget implementation reports. The first one is usually expected in the same month as the CBROP. The budget implementation reports capture details on revenue targets and attainment, budget execution and trends on key economic indicators such as inflation and debt[1]. As such, these reports are essential as any challenges in budget execution can be identified and dealt with, but also inform the current budget discussions.

Figure 4: Budget-making cycle at the county level



The County Budget Economic Forum (CBEF) is established for consultations between the county government, the public, professionals, and other stakeholders on planning and budgeting. The CBEF reviews the ADPs, CBROP, CFSP approved by the County's executive. The county governments are expected to undertake public consultations from the lowest level possible, then conclude these consultations at the county level. After public input for the BROP, the county governments start developing their CFSPs.

By January 1, the Commission on Revenue Allocation (CRA) provides recommendations for revenue sharing between the national and County governments. These recommendations are important because most county governments rely on exchequer releases for their revenue. Therefore, the recommendations can provide possible indications on the budget deficit the county government is likely to face.

The National Treasury releases the Budget Policy Statement (BPS) in January. County governments have a small window to align their CFSPs with the BPS. The CFSPs are important in communicating the county governments financial projections, sector priorities and budget ceilings for the next financial year. By the end of February, the CFSPs should be tabled in the county assemblies for approval. It is expected that public input into the CFSPs should start

[1] County governments can only enter debt financing with the approval of the National Treasury.

seven days after they are tabled in the county assemblies. The CBEF is expected to review the CFSPs and approval of CFSPs should be done by mid-March.

The county governments then prepare budget proposals (estimates) which are submitted by the end of April to the county assemblies for debate and approval. The budget proposals contain revenue and expenditure estimates and spending plans by the county government. The county assembly through the budget and appropriations committee conducts public hearings in May. Details of how the county government will raise revenue are presented separately in a Finance Bill. An Appropriation Bill, the passing into law the budget (after input from the public and legislature) to be implemented in the next financial year, is also prepared and tabled in the county assembly. Both the finance bill and appropriation bill are to be enacted by the end of June.

It is important to note that in implementing the budget, the county government can prepare a supplementary budget. Usually, this is done midway through the financial year, around January/February. The supplementary budget is provided to make changes to the approved budget to correct for gaps in planning or provide for emerging issues during budget implementation. The supplementary budget is limited to ten per cent of the approved budget. In exceptional circumstances, when the supplementary budget is above ten per cent, then the county assembly must approve such budgets.

3.2. Budget Making Process (Experience from selected counties)

County government have tried to follow the budget calendar presented earlier. However, they are faced by a number of challenges that prevent strict adherence to the calendar. In the counties visited, we found that the county treasury circular is released as expected and sets the ceilings for sector departments.

Most counties held one public consultation on the ADPs. However, the quality of public participation differed across the counties. The quality of public input is poor and is affected by the volume of information available and the ability of citizens to engage with the information provided. The best practice for public participation among counties visited was in Makueni County. Box 2 explains the model on public participation used in Makueni County. The ADPs are supposed to be aligned to CIDPs. However, given the level of variation observed in Table 1, the oversight function is weak and not able to check the proposals by the executive. In addition, some counties had a shorter version of documents such as CIDPs and ADP, which contain less technical details on the programs proposed. Also, as a best practice, a review of what happened in the previous financial year is required before making fresh proposals to ensure that projects are completed before embarking on new ones.

Box 2: Makueni County public engagement model

Makueni County established a department for public participation and adopted a model centred on informing the public, consulting, involving, collaborating, and empowering the public (Makueni County Government, 2018). The model is structured and institutionalised to the village level. There are 3,455 village peoples' fora, 315 village cluster for a, 60 ward fora, 11 subcounty fora, a diaspora forum and the county forum at the pinnacle of the structure. At each level, projects are prioritised based on debate and consensus. As a result of the model used by the county government, there is ownership from the citizens, who participate from the identification of programs, budgeting, implementation and monitoring the progress made in the project (World Bank, 2017). This level of community engagement ensures that programs being implemented address the most pertinent needs of communities. For each project at the community level, a project monitoring committee is established to monitor the implementation progress. From the 2016/17 financial years, the approach was used to develop the county budget in a participatory budgeting model. The interest and stake held by communities are critical in reinforcing budget discipline.

We also found that county governments could adequately prepare the required documents, ADPs, CBROPs, CFSPs, from 2015 after establishing the required capacities and skills. However, the ceilings are provisional and are usually based on allocations and expenditure patterns in the previous financial year. The CBROP is prepared to review the previous years' performance detailing how county governments were able to absorb expenditure and the key gaps. However, during the period under review, there was no data on the macroeconomic indicators at the county level. The CFSPs are also subjected to public participation. The CFSPs set the ceilings that county departments will abide by. In the revision of the CFSPs, the public input and input from the county assembly is taken on board. Key considerations are made on the Operations and Maintenance (O&M) budget and the wage bill.

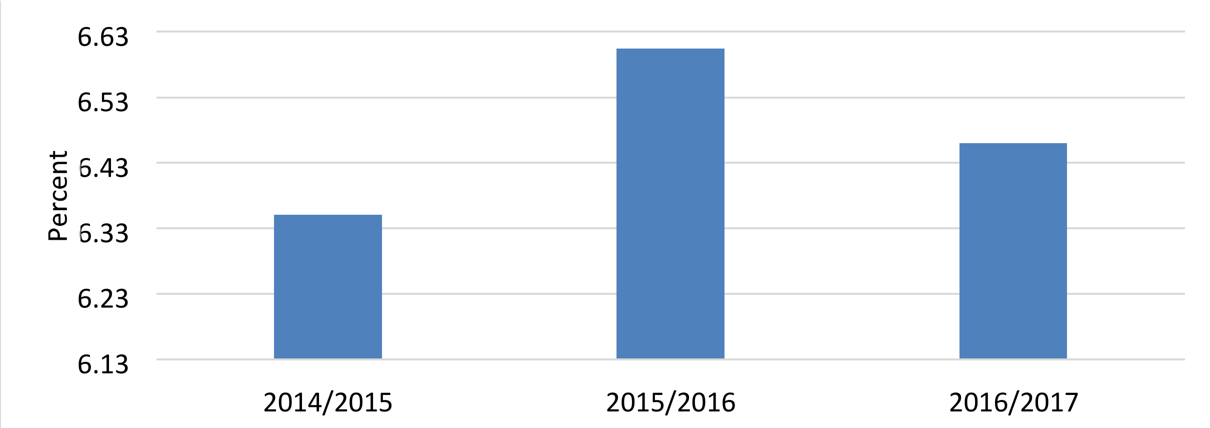
From 2015, county governments were allowed to acquire debt financing, mainly due to delays in exchequer releases. The debt management strategy is also prepared in line with the PFMA, 2012, where county governments have acquired loans. However, based on our interactions with County treasuries in the counties visited, there is need to build the capacity of counties to plan and manage loans, such that there is a clear strategy on the objectives to be achieved through such financing mechanisms, strategies for repayments and ensuring that the County does not owe more than it can handle.

The budget estimates are tabled to the county assembly for debate and approval. The finance bill is usually passed with a deadline of 90 days after approval of the budget estimates. This has created a problem for county governments, especially creating a budget deficit before implementation begins. This scenario happens when the finance bill, which legalises how the county government will raise its revenue besides the exchequer releases, is revised after the budget estimates have been approved. Once plans for local taxes are scrapped, the budget estimates can only be revised through a supplementary budget. In an ideal situation, the finance bill and budget estimates should be discussed and approved together so that if plans for raising own revenue are scaled-down, then the budget is reduced by similar proportions.

4. Agriculture Sector Expenditures

The expenditure patterns for the agriculture sector are affected by a number of factors, key among them the process to realise expenditure and availability of funds. Figure 5 shows the share of agriculture expenditures in total county expenditure for all counties between 2014 and 2017. During the period under review, agriculture accounted for about 6.5% of the total county expenditure on average.

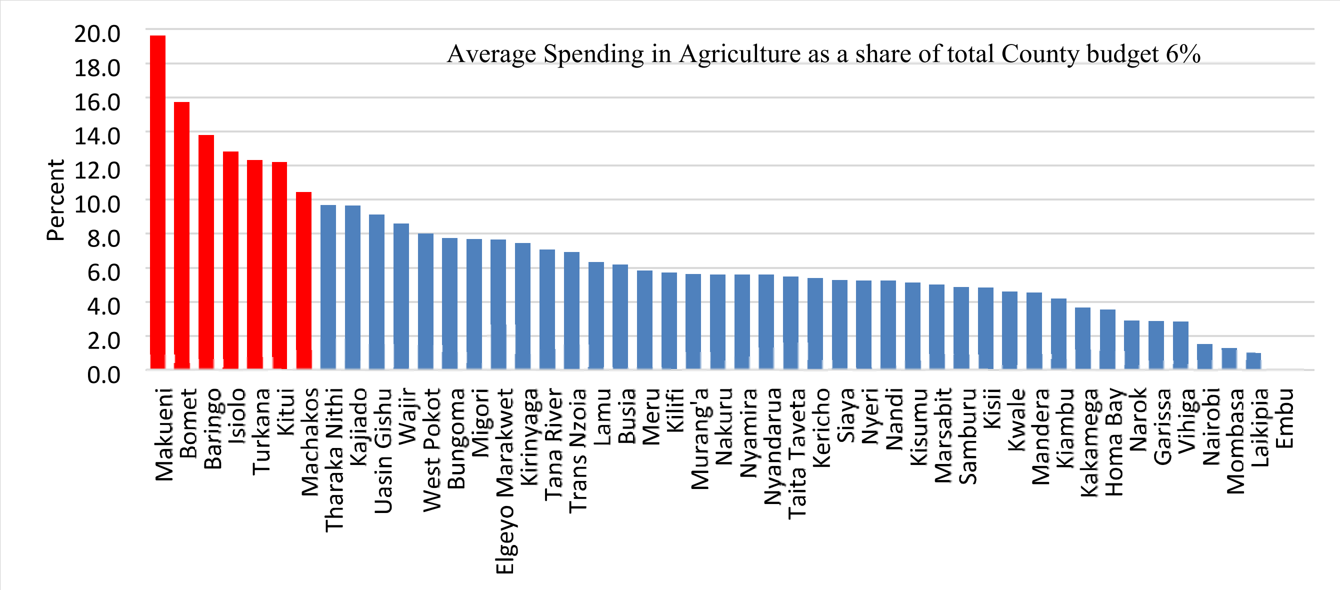
Figure 5: Share of agricultural expenditure in total county expenditure for all counties between 2014 and 2017



Source: Controller of Budget (2018)

A closer look at the expenditure by County reveals that the majority of the counties are way below the 10% target that was established under the Malabo declaration. Figure 6 shows agriculture expenditure as a percentage of total county expenditure for 2016/17 financial years. Only seven out of forty-seven counties had recorded shares of agriculture expenditure in total expenditure higher than 10%. Although the national average was 6% for the same year, about half of the counties had shares below the average with the lowest county recording 1%.

Figure 6 Agriculture and rural development in total county government expenditures (2016/2017)



Source: Controller of Budget (2018)

4.1. Recurrent vs Development Expenditures

Table 3 shows the budgetary allocations and expenditure for the period 2014/15 – 2016/17 for the agriculture sector categorised into development and recurrent expenditures. The balance between recurrent and development expenditures is consistent with proper planning, minimises risks of inefficient expenditures and budget leakages. In line with this, the PFM sets a floor of 30% for development expenditures. The PFM guidelines were not adhered to among the counties visited. Two counties had the development expenditures below the floor during the period under review.

On the other hand, two counties had very high expenditures on development, suggesting a high appetite for capital projects at the expense of routine operations and maintenance. This poses a risk as the recurrent expenditure not only includes salaries but routine activities, which include supervision of capital projects. Interviews with agriculture sector departments staff confirmed that the largest proportion of the recurrent budget was used to pay salary and wages.

In comparison to the period before devolution, the O&M budget, which principally is used for running operations within the departments, was reduced after devolution. This adversely affected vital programs such as the provision of extension services. In addition, sector departments call out the inadequacy in facilitation for routine activities due to this decline in the budget.

The high development expenditure, however, does not imply that county governments allocated more resources for development in general. We find that counties that have irrigation department under the agricultural sector (Makueni, West Pokot and Baringo) had significantly higher budgets than those that had irrigation under the department of water (Nakuru, Kilifi and Kakamega).

With the exception of Nakuru, all the counties visited reported to have been understaffed. The most affected departments were the departments of livestock, fisheries and veterinary. The current trend for the agricultural sector departments is that the majority of the experienced staff have retired or have a few years left before retirement. Therefore, the low recurrent expenditures, especially for counties such as Kakamega, whose recurrent allocation was less than 10% for the period under review, call into question how programs are implemented, and the model used to implement their programs. Potentially, this could also be a case of misclassification of expenditures, implying the need to continue strengthening the capacity of county governments.

Table 3 Budgetary allocations and expenditures 2014/15 – 2016/17

Financial Year		2014/2015						2015/2016						2016/2017					
County	**Specific Ministry Composition**	**Annual Budget Allocation (Kshs. Million)**		**Annual FY 2014/15 Exchequer Issues (Kshs. Million)**		**Annual FY 2014/15 Expenditure (Kshs. Million)**		**Annual Budget Allocation (Kshs. Million)**		**Annual FY 2015/16 Exchequer Issues (Kshs. Million)**		**Annual FY 2015/16 Expenditure (Kshs. Million)**		**Annual Budget Allocation (Kshs. Million)**		**Annual FY 2016/17 Exchequer Issues (Kshs. Million)**		**Annual FY 2016/17 Expenditure (Kshs. Million)**	
		Rec	**Dev**	**Rec**	**Dev**	**Rec**	**Dev**	**Rec**	**Dev**	**Rec**	**Dev**	**Rec**	**Dev**	**Rec**	**Dev**	**Rec**	**Dev**	**Rec**	**Dev**
Baringo	Agriculture, Livestock, Fisheries & Marketing, Water & Irrigation	192.03	163.1	196.28	83.88	196.42	62.75	133.07	241.96	133.07	176.53	102.65	137.45	101.59	251.03	98.79	135.73	87.1	162.55
Kakamega	Agriculture, Livestock, Fisheries & Co-operatives	57.6	750	44.75	534.12	37.98	393.63	89.79	529.26	87.1	513.11	53.7	394.67	66.25	514.96	65.91	334.01	28.81	366.47
Kilifi	Agriculture, Livestock and Fisheries	215.06	389.93	215.06	317.35	186.16	240.93	283.48	508.18	283.48	371.85	269.19	297.36	300.27	478.82	281.87	324.14	281.93	300.28
Nakuru	Agriculture livestock & Fisheries	363.28	130.32	370.95	73.11	364.63	75.89	534.28	237.09	498.55	62.72	462.16	147.57	540.52	263.55	540.96	195.61	506.62	91.37
Makueni	Agriculture, Water & Irrigation, Livestock and Fisheries	197.72	302.85	201.61	142.15	169.61	81.97	406.44	1,624.04	370.64	487.33	344.23	503.62	356.74	1935.25	352.09	1631.27	401.1	1349.49
West Pokot	Agriculture and Irrigation, Livestock, Fisheries and Veterinary Services	66.44	250.89	65.54	239	48.07	170.75	199.71	322.02	198.6	285	196.08	257.92	190.14	211.6	183.01	197.1	187.86	196.62

Source: Controller of budget (2018)

4.2. Absorption rates

Table 4 shows the absorption rates between 2014 and 2017 for the counties visited. As expected, counties recorded higher burn rates for recurrent expenditure compared to that of development expenditure. Part of the reason for this is that a huge proportion of the recurrent expenditures comprised of wages and remuneration. Two counties recorded above 100% for recurrent expenditure, while the highest absorption rate for development expenditure was 93% by West Pokot in 2016/17.

Table 4: Annual Absorption rate in per cent

County	**Specific Ministry Composition**	**Annual FY 2014/15 Absorption rate (%)**		**Annual FY 2015/16 Absorption rate (%)**		**Annual FY 2016/17 Absorption rate (%)**	
		Rec	**Dev**	**Rec**	**Dev**	**Rec**	**Dev**
Baringo	Agriculture, Livestock, Fisheries & Marketing, Water & Irrigation	102.2	38.4	77.1	56.8	85.7	64.7
Kakamega	Agriculture, Livestock, Fisheries & Cooperatives	65.9	52.5	59.8	74.6	43.5	71.2
Kilifi	Agriculture, Livestock and Fisheries	86.6	61.8	95	58.5	93.9	62.7
Nakuru	Agriculture livestock & Fisheries	100.4	58.2	86.5	62.2	93.7	34.7
Makueni	Agriculture, Water & Irrigation, Livestock and Fisheries	85.1	31.7	112.4	69.7	94.8	73.4
West Pokot	Agriculture and Irrigation, Livestock, Fisheries and Veterinary Services	72.3	68.1	98.2	80.0	98.8	92.9

Source: Controller of budget (2018)

5. Budget implementation and controls

County government instituted budgetary and financial control to minimise risks during spending. These controls differed by County. Makueni County had set a ceiling of Ksh.500,000 for approval by respective departments. Expenditures above this ceiling had to get express approval from the governor's office. Kakamega County had a three-tier system, where the departments approved expenditures less than Ksh.400,000, expenditures above Ksh400,000 but less than Ksh2 million were approved by the county secretary and expenditures above 2 million by the cabinet.

In all counties, we established that all expenditures must be in the ADP. However, in the case of Makueni County, originators of the expenditure beyond Ksh500,000 were required to show linkages with the CIDP, Makueni Vision 2025. A common theme in all the counties visited was the centralisation of the procurement processes at the county treasury.

A fundamental weakness pointed out in all the counties on the budget controls was the Integrated Financial Management and Information System (IFMIS). There were fundamental weaknesses in the system, such as system failure, which led to the operation of a manual system parallel to the IFMIS system.

Another key weakness was the classification and identification of expenditure. In some counties, expenditure was broken down in sub votes that made up the main vote head. In other cases, the main vote head was captured without disaggregation. In such cases, and where the manual system was mainly used, it means that those counties could spend with no regard to sub votes as long as they did not surpass the ceilings in the main vote head. The existence of parallel (manual and IFMIS) systems also meant that the supplementary budget could be made to shift expenditure without regard to the safeguard in the PFMA, 2012 and would be challenging to establish the case for violation.

5.1 Other factors affecting spending in the agricultural sector

I. **Funds flow:** Counties relied heavily on the exchequer releases to finance their activities. As was the case before devolution, the exchequer releases come in late. We found that for the counties visited; the highest expenditure period was in the third and fourth quarters of the financial year. Table 5 shows the percentage of exchequer releases as a proportion of total exchequer released to the County by quarter for the 2016/17 financial year. For all the counties, most of the funds were released later in the financial year. However, the late disbursement of funds is a challenge faced by both the National Government and County Governments. For example, in 2017/18 financial years, the National Treasury was unable to release first-quarter releases in the first quarter due to a mismatch in numbers in the County Revenue Allocation Act and the disbursement schedule approved by Senate. In other cases of delay in accessing funds are as a result of slow revenue generation by the National Government.

Table 5: Exchequer releases as a percentage of total expenditure by quarter for 2016/17 Financial year

	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
Baringo	14	0.6	**8.4**	27	15	**22**	25	15	**21**	31	25	**29**
Kakamega	25	7.6	**16**	20	13	**16**	18	20	**19**	31	43	**37**
Kilifi	24	13	**18**	18	12	**14**	23	11	**17**	23	31	**27**
Makueni	,19	5.1	**12**	26	17	**21**	26	25	**25**	24	26	**25**
Nakuru	16	4.2	**11**	26	13	**21**	23	8.7	**17**	29	9	**21**
West Pokot	18	11	**16**	15	19	**16**	27	16	**23**	35	40	**36**

Source: Data from COB

Conversely, county governments are expected to submit returns each quarter to trigger the release of the next quarter's allocation. However, when departments are slow in spending their budgets, it implies that county governments are still holding funds. Table six shows expenditure absorption rates for the selected counties by quarter for the 2016/17 financial year. The pattern also suggests that county government have massive expenditure in the last two quarters of the financial year compared to the first two.

Table 6: Absorption rates for the agricultural sector by quarter for 2016/17 Financial year

	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
Baringo	20%	13%	**18%**	28%	26%	**28%**	21%	28%	**23%**	31%	34%	**32%**
Kakamega	25%	21%	**23%**	21%	14%	**18%**	25%	24%	**25%**	29%	41%	**34%**
Kilifi	19%	9%	**15%**	24%	30%	**27%**	28%	22%	**26%**	28%	39%	**32%**
Makueni	32%	21%	**27%**	16%	21%	**18%**	30%	36%	**33%**	21%	22%	**22%**

Nakuru	24%	35%	**27%**	23%	15%	**21%**	19%	17%	**18%**	34%	33%	**34%**
West Pokot	21%	16%	**19%**	19%	19%	**19%**	32%	36%	**34%**	28%	30%	**28%**

Source: Data from COB

II. **Procurement processes:** For counties, visited, the procurement process was centralised at the county treasury. The departments highlighted that the process was slow and inefficient. This affected the rate at which they could carry out activities and utilise the budget allocated. Further, there were cases where the county treasuries prioritised which expenditure to process, based on, among other reasons, political pressure. This implied that expenditures that were considered not to be urgent were kept on hold. The slow processes for agriculture sector pose a significant disadvantage due to the nature of activities. In the counties that had input subsidy programs, late delivery of the subsidised inputs was a key challenge. This, in effect, affected farmers decisions. For example, in Kakamega County, farmers delayed planting because they were waiting for the seed and fertiliser to be delivered. In turn, this affects their yields.

III. **Pending bill:** As an effect of the fund's flow problem and slow procurement processes, there were committed funds that were not paid out by the end of the financial year, generating 'pending bills'. The pending bills had an effect of reducing the following years budget by similar amounts since they were paid out of the subsequent years budget. Some counties had stopped entirely accruing pending bills on recurrent expenditures, e.g. West Pokot and Makueni. Unpaid bills affect small and micro enterprises that trade with the government the most. If unpaid for extended periods, these businesses run a risk of penalties from their suppliers as well. In most cases, this ends up affecting the entire supply chain, especially where credit facilities are advance from one business to another.

IV. **Weak budget systems**: For most of the counties visited, the revisions to the budget through supplementary budgets was done an average of three times in a financial year. In most cases, the supplementary budget moved funds from the agricultural sector to other sectors. This meant that while at the beginning of the financial year, the sector appeared to be well resourced, the situation could change during the financial year that affected the implementation of activities within the sector. In addition, the budget oversight by county assemblies was weak. This, in part, could be explained by the fact that county assemblies did not hire technical staff for advice on the budget. As a result, MCAs mainly made budget cuts mainly for political reasons.

Box 3: Financing Challenges experienced by County Governments

County governments have consistently identified late exchequer disbursements as a key challenge to help them execute their functions. On average, exchequer releases comprise over 85% of county government revenues. Although the achievement in revenue collection improved against set targets improved, total revenue collected by the county governments declined amid fears of leakages in revenue collection.

Between the period under review, a blame game between the National Treasury and county governments persisted. In the initial period, key challenges related to the setting up of infrastructure and systems by county governments and compliance to regulations. For example, the National Treasury blames county governments non-utilisation of the IFMIS system, whereas the county governments blamed malfunctions in the IFMIS system. More recently, challenges in the processes have been experienced, e.g. when there were differences in the numbers in the CARA and disbursement schedule. County governments have also been blamed for low burn rates and slow requests for funds. Further, the National Treasury has also faced liquidity challenges, where revenue collection by the national government has not been fast enough to allow timely disbarment to county governments.

However, another key problem for county government has been the accumulation of pending bills. The funds that are not spent by the end of the financial year are transferred to the County Revenue Fund (CRF) account, resulting in counties accumulating funds in the CRF account, a concern raised by the National Treasury.

Coordination between the two levels of government is now expected to be ironed out with the establishment of intergovernmental coordination offices. In this case, the Intergovernmental Budget and Economic Council is expected to provide a way forward in resolving this challenge.

Table 7 shows the deviation from printed and approved budget estimates for the visited counties for the period 2013/14 – 2016/17 for the agriculture sector. This analysis was done to check the counties budget process at the county level after getting approval from the COB. A positive number indicates a reduction in the budget for the sector, while negative indicates an increase in the budget.

Table 7: Percent change between printed estimates and approved estimates

County	2013-14	2014-15	2015-16	2016-17
Baringo	30.8	-35.1	-96.1	11.5
Kakamega	0	22.4	34.1	7.4
Kilifi	37.9	24.7	1.9	0.1
Makueni	16.1	9.4	-63.8	-23.7
Nakuru	-28.4	22.3	-7.3	1.2
West Pokot	-46.3	13.8	-10.1	-4.2

Source: World Bank Boost (2018)

5.2 Off-budget expenditures

County government operations outside financial reports

According to the PEFA assessment carried out in 2017, **Baringo County** had two of extra budgetary expenditures (i) Agricultural Mechanization Services (AMS): This entity was inherited from the national government and offers farmers agricultural services, e.g. harrowing at a subsidised rate of Kshs 2,500 from the commercial rate of Kshs 3,500 per acre. The revenue generated is part of the annual budget under the department of agriculture covering operations such as salaries, fuel, and repairs. (ii) Agricultural Training Center (ATC) based in *Eldama Ravine*: The Centre was also inherited from the national government and provides agricultural services including training and conference facilities. It also owns demonstration farms complete with breeding animals and crops. It is domiciled under the county department of agriculture. All the related revenues and expenditures are budgeted for and reported in the County's annual financial statements. This is, therefore, not an extra-budgetary item.

Kakamega County, no extra-budgetary expenditure for the sector, **while in Kilifi county** no records were available. **Makueni County** reported that expenditure outside government financial report was less than 5% of the total County budget, but no evidence was provided. **Nakuru County** reported expenditure for the Farmers Training Centre. The institution received development funding. However, the fees collected from the users are not reported back to the County. **Kakamega County** no extra-budgetary expenditure for the sector

6. Donor funding

The agriculture sector has benefitted from continuous support over the years, from a variety of donors. Table 8 shows thematic areas that are funded between 2009-2025. It is evident that even among individual donors, the priority thematic area is **Climate Smart Agriculture, which receives the most significant share followed by enterprise development/on the farm. Almost all donors allocate money to the youth, implying that the need to change the composition of Kenyan farmers is well recognised**.

As the country moves towards transforming agriculture, building resilience against climate change and variability is critical. Therefore, it is crucial that the Counties align some of their programs in line with the strategic focus of the development partners so that they can benefit from these financial resources and technical assistance. In addition, ensuring that there is inclusive growth such that minority groups such as women and the youth also enjoy the benefits of transformation is emphasised in the donor funding priority. The public sector should invest more in the supply of public goods in this case research, development of infrastructure and policy development and the private sector can invest in enterprise development to attain synergies.

Table 8: Percentage Share of projected allocations by thematic priority areas

Donor	Agricultural Policy	Capacity Building /Government Coordination	Climate-Smart Agriculture	Enterprise Development/ On Farm	Infrastructure	Research	Youth
AFD	12.55	19.31		**52.12**		12.55	3.47
AfDB	14.88		15.54	4.62	**62.86**		2.09
ASTF			33.33	33.33			33.33
Donor	**Agricultural Policy**	**Capacity Building /Government Coordination**	**Climate-Smart Agriculture**	**Enterprise Development/ On Farm**	**Infrastructure**	**Research**	**Youth**
Belgium				**80.00**			20.00
DFID	5.26	21.05	**36.84**	21.05		5.26	10.53
ECHO		**44.44**	**44.44**				11.11
EU	27.45	4.83	8.03	41.60	11.55		6.54
FAO		24.18	33.70	33.70			8.42
GEF (Global Environment Fund)		11.11	44.44	33.33			11.11

GIZ	3.44	22.91	29.85	29.87	0.75	0.10	13.09
Government of Italy				**100.00**			
Government of Kenya			28.57	**57.14**			14.29
IFAD		8.96	6.72	**50.75**	11.19	3.73	18.66
JICA	0.14	1.88	45.68	0.14	**48.59**	2.19	1.38
KFW			45.57	0.46	**53.98**		
Netherlands Embassy	0.06	2.53	0.88	3.42	0.14	**47.80**	45.16
SIDA	18.30		21.57	47.06			13.07
Switzerland	0.00		**44.44**	**44.44**			11.11
UNDP	2.17	6.52	**34.78**	13.04	21.74		21.74
UNOCHA				**80.00**			20.00
USAID	5.66	23.91	**36.68**	15.08	2.36	1.87	14.44
World Bank	1.71	11.91	**37.65**	20.71	19.21	5.85	2.96
World Food Programme	1.00	1.00		**79.00**	17.00	2.00	

Source: ARD dashboard, June 2018

7. Private-Public Partnerships in Agriculture

Based on the counties that were visited, the successful agri-business enterprises that involved smallholder participation had some form of initial investments made by development partners, either in form of funds and/or technical assistance. These enterprises have also benefited a lot from continues support of both the National Government extension service before devolution and the County extension service after devolution. Two examples are expounded below;

7.1 African Birds Eye Chilies (ABEC)

African red bird eye chillies have a total to 7,000 smallholders in the Eastern, Coastal Western and Nyanza regions, under contract farming with a privately-owned food company. The average size of land for these farmers is a quarter of an acre, which produce an average of 105 tons per year, against the market demand of close to 400 tons (ITC, 2014).

The collaboration is with the private company Mace Foods in the western region and Equator Kenya in the Coastal region. Mace Foods provided extension support and supplied the farmers with driers so that the farmers can harvest and the dry the produce. The chillies are dried, stored, sorted, weighed and packaged for export to countries such as Germany, Italy, UK, France and Spain (ITC, 2014; André and Hans 2009). The farmers achieved an average of 2 kg of produce per farmer per week, from 2,000 farmers that were supplying the fresh ABEC of which a total of 4 tons of dried exportable produce would be achieved per week

Multi-agencies have gotten together to improves the seed of the African bird eye chili with positive results this initiative was established in 2015 constitution of Mace Foods and Magpenear Investments, in conjunction with department of seed, crops and Horticultural Sciences, University of Eldoret and KEPHIS funded by the USAID KHCP (Kenya Horticulture Development Program)

Equator Kenya, a private company, partnered together with Micro Enterprise Support Program trust (MESPT) in 2010 to fund they are in partnership with Kenya Association of Manufacturer's energy audit and their certification for ISO2200. This company provides extension support service, grading, sorting, and transportation from the collection centre for farmers in Kilifi county. The company uses technology and has developed an application called eprod, to capture and manage their activities with farmers in their inventory. In addition, SMS are used to provide weather and production tips to the farmers. Company buy the produce at Ksh 70 per Kilo once the farmer can supply 200 kgs per week.

7.2 Sorghum Value Chain

It is estimated that there are close to 240,000 small-scale sorghum farmers with farm sizes that are less than two acres. Majority of the sorghum farmers are found in marginal and semi-arid areas characterised by low rainfall and high temperatures. These areas are largely the Western, Lower Eastern and Coastal regions of the country, where the altitude ranges between 500 meters and 1700 meters above sea level with seasonal rainfall of 300mm. These farmers produce sorghum under the mixed farming system; intercropping it with other crops such as maize, cowpea, beans and pigeon peas. They also grow it for domestic utilisation as opposed to growing for the market.

Trends in sorghum productivity have stagnated for over a decade since early 2000. However, between 2011 and 2016, yields started to increase, an occurrence that is credited to the increased utilisation of sorghum for industrial purposes. The increased demand was as a result of the emergence of sorghum beer.

The East Africa Breweries Limited (EABL) is the leader in sorghum beer production in Kenya. It's entry into the sorghum market led to the adoption of contract farming among sorghum farmers. The contracts are such that farmers are supplied with essential inputs such as improved seed and fertiliser. Ordinarily, these farmers were constrained in access to these critical inputs due to lack of information, poor distribution of inputs especially improved seed and cost of inputs. Secondly, the contract provides farmers with a ready market. Therefore, farmers can concentrate on improving yields to maximise profits.

The government through the Ministry of Agriculture has also supported sorghum production on a commercial scale through Public-Private-Partnership (PPP) arrangements. This support is part of the broader strategy which aims to transform smallholder agriculture from subsistence to modern, innovative and commercially oriented economic activity. Key initiatives include policy support and partnerships in research and development.

EABL currently leads the drive for sorghum commercialisation in Kenya as a malting company and supports farmers to produce efficiently through contractual arrangements. EABL also provides a ready market for farm output at competitive prices. EABL's requirement of an estimated 60,000 MT annually, expected to rise with a projected increase in sorghum beer production and consumption, presents a tremendous market opportunity to farmers and other value chain actors such as input dealers, traders, processors, retailers.

Further up the value chain, a network of traders, dealers, bulk grain handlers, and transporters has been established. Traders and dealers are usually located at the county level in the main sorghum production areas. A significant role played by these intermediaries and small traders is aggregating sorghum from smallholder farmers. Once they have purchased sorghum from farmers, usually during the harvesting season, they sell on to wholesalers are usually located in major towns. Wholesalers perform a similar function to small traders and dealers, but on a larger scale. They handle relatively large quantities of grain and most have storage facilities. They then bulk and sell to retailers, grain millers and processors.

Beyond processing of sorghum beer, a network of wholesalers and retailers exists to take the final product to consumers. This network also involves transporters and marketing agents. Overall, its estimated that the beer value chains supports about 80,000 enterprises. These include farmers, wholesalers, input stockists, beer distributors and retailers. The sorghum beer accounts for about 40 per cent of Kenya's regulated beer market.

The East Africa Breweries Limited (EABL) is building a US$148.2 million factory with a capacity to produce 100 million litres of sorghum beer annually. The plant is scheduled for completion in mid-2019. The completion of this plant is expected to raise the demand for sorghum significantly.

8. Summary and Recommendations

8.1. Summary

This study sought to establish the level of funding for the agricultural sector by county governments, evaluate the public expenditure on agriculture, identify enablers, constraints and challenges for public expenditure in the sector, assess the effectiveness and efficiency of public expenditure in the agricultural sector. The study also contributes to the agricultural public expenditure review for Kenya between the period 2013 and 2017.

Kenya underwent significant changes in 2013 with the devolution of the majority of the functions in the agricultural sector to county governments. This study, therefore, sought to review agricultural expenditures at the county level and draw lessons to improve effectiveness of public expenditure in the agricultural sector. Six counties were selected for this review. The counties were selected based on a criterion based on geographic location, agricultural, ecological zones, the potential for agricultural production and value addition, investments in the agriculture and contribution to agricultural GDP, and availability of data.

The level of expenditure for the agricultural sector is below the agreements that the country is a signatory to such as the Malabo Declaration. On average, agriculture accounts for about 6.5% of total expenditure. The Health, county administration and infrastructure sectors, were the key sectors that county governments allocated the lion's share of their budgets. The share of recurrent budget kept declining from 38% in 2015 to 34% in 2017. However, the decline in the recurrent expenditure was mainly because county governments did not pay attention to the O&M budget, which declined following devolution. As a result, key functions of the sector such as the provision of extension services were adversely affected.

County governments tried to adhere to laid down policies on budget preparations, although there were several challenges. The quality of public participation was weak, and this affected the effectiveness of public engagement in the budget process. The process itself also posed a challenge for county governments, especially the approval of the finance bill after budget estimates have been approved. Counties prepared the documentation required for such as the ADPs, CBROPs, and CFSPs. However, the alignment with CIDPs, especially for the ADPs was weak. As such, there were huge variations between the planned budget in the CIDPs and the budgets approved for the same period.

The absorption rates for expenditures in the agriculture sector departments was higher for the recurrent expenditures. A number of constraints, top being inadequate financing and funds flows explained the lower absorption rates, especially for development expenditures. Other factors included bureaucratic procurement process, pending bills and weak budget implementation and oversight systems. High budget variations were also observed among the counties during the period under review.

8.2. Recommendations

Agricultural expenditures levels between the national and County governments give us a feel of the shift of resources from the national to county governments following the devolution of functions to county governments. This shift in resources, however, may not be optimal given the functions that county governments are expected to undertake in the sector. On the other hand, county governments oversee their budgetary allocations and therefore, the budgetary allocations to the suggests the prioritisation of the sector by county governments. **We recommend the increase in funds for the sector at the county level; this could be through the provision of conditional grants to the county governments to ensure that their utilisation is in the agricultural sector.**

The budget-making process is in place in counties. However, the process is usually a negotiation between the county executive and legislature, with the latter offering weak oversight due to capacity issues. In addition, county government undertakes the participatory process; the participatory process is mainly to adhere to the legal guidelines. **We recommend capacity building especially for the county legislature to effectively discharge the oversight role. Further, lessons on participatory mechanisms, what makes them work and sharing of experiences between county governments can help improve the participatory budget process.**

Absorption of funds especially for development budget is low for counties. This is affected by funds flow from the exchequer to counties and the procurement process at the county level. The government accounting system, IFMIS, was cited in many interviews as a challenge for county governments, with many still having the manual systems in place. **We recommend that the accounting system should be improved and customised for county governments. County governments should decentralise the procurement process from the county**

treasuries while tightening budget implementation controls to ensure proper utilisation of funds.

County governments developed the CIDPs to guide implementation of programs. Each year as part of the budget cycle, county governments prepare the annual development plans. However, analysis of these plans shows a variance from the CIDPs. Further, the budget after approval undergoes a number of iterations through the supplementary budgets, some of which are done post-expenditures. **We recommend strengthening of the oversight function of county assemblies to ensure that variance of budget and expenditures from the plan are within acceptable levels.**

Governance issues affect the budget. In most counties visited, two key issues arose. First, there was minimal reporting. Before devolution, the sector departments prepared annual reports which were shared with the ministry headquarters. After devolution, counties did away with the M&E function for the agricultural sector departments. Second, there is no succession planning, and this greatly affected the transition to county government and where there was a change in administration after the 2017 elections. Third, staffing continues to be a key constraint for the sector, especially for departments of livestock, fisheries, and veterinary. **Capacity building of county government to establish M&E frameworks and institute reporting mechanisms is recommended. Further, there is need to undertake a needs assessment for the sector to establish the staffing levels and skills available to county governments as a basis for developing a plan on how to bridge the gaps.**

We found good practices on how county government can provide incentives for private sector investments in the sector. In this instance, the county government signed agreements with the private sector and development partners detailing the roles and responsibilities of each partner and how they contribute to shared objectives and goals. However, a key challenge to this remains the low availability of public goods and self-interests among actors at the county level. **Proper planning and targeting of programs contribute greatly to developing partnerships with the private sector and development partners. This allows each partner to undertake roles where they are most effective.**

Key programs have been affected because of a combination of factors. For example, the provision of extension services has been affected by staff numbers and poor budgetary allocation for that function. Funding for operations and maintenance have reduced after low budgetary allocation by county governments. This affects critical functions, such as reporting. For the development process, the inadequate budget allocation has led to programs taking more time to complete and at a higher cost due to cost variations. During the period under review, a number of shocks were experienced, such as disease and pest outbreaks and drought. County governments, as first responders, tried to address these issues but were affected by lack of information, poor preparations to deal with emergencies and poor coordination with national governments.

References

Agriculture and Rural Development (ARD) dashboard, June 2018

Controller of Budget (2018): Country Annual expenditure report. GoK

Commission for Revenue Allocation (CRA)2013

Ministry of Agriculture Livestock and Fisheries (MoALF) 2015. Economic review of Agriculture

Kaufmann Daniel, Kraay Aart, Zoido-Lobaton Pablo, Kaufmann, (1999), Governance Matters Policy Research Working Paper Number 2196 World Bank

Kamau Mercy, Raphael Gitau, Moses Matui (2010) Community's Voice/Presence in Governance of Food Security Related Initiatives: The Case of Kirinyaga West and Mbeere South Districts in Central Kenya. Tegemeo Working Paper Number 50

Annex

1: Fourth Schedule (Constitution of Kenya, 2010)

Distribution of Functions Between the National Government and The County Governments

Part 1—National Government

1. Foreign affairs, foreign policy and international trade.
2. The use of international waters and water resources.
3. Immigration and citizenship.
4. The relationship between religion and state.
5. Language policy and the promotion of official and local languages.
6. National defence and the use of the national defence services.
7. Police services, including—

    (a) the setting of standards of recruitment, training of police and use of police services;
    (b) criminal law; and (c) correctional services.
8. Courts.
9. National economic policy and planning.
10. Monetary policy, currency, banking (including central banking), the incorporation and regulation of banking, insurance and financial corporations.
11. National statistics and data on population, the economy and society generally.
12. Intellectual property rights.
13. Labour standards.
14. Consumer protection, including standards for social security and professional pension plans.
15. Education policy, standards, curricula, examinations and the granting of university charters. 16. Universities, tertiary educational institutions and other institutions of research and higher learning and primary schools, special education, secondary schools and special education institutions.
17. Promotion of sports and sports education.
18. Transport and communications, including, in particular--
    (a) road traffic;
    (b) the construction and operation of national trunk roads;
    (c) standards for the construction and maintenance of other roads by counties;
    (d) railways;
    (e) pipelines;
    (f) marine navigation;
    (g) civil aviation;
    (h) space travel;
    (i) postal services;
    (j) telecommunications; and (k) radio and television broadcasting.
19. National public works.
20. Housing policy.
21. General principles of land planning and the co-ordination of planning by the counties.

22. Protection of the environment and natural resources with a view to establishing a durable and sustainable system of development, including, in particular--
    (a) fishing, hunting and gathering;
    (b) protection of animals and wildlife;
    (c) water protection, securing sufficient residual water, hydraulic engineering and the safety of dams; and
    (d) energy policy.
23. National referral health facilities.
24. Disaster management.
25. Ancient and historical monuments of national importance.
26. National elections.
28. Health policy.
29. Agricultural policy.
30. Veterinary policy.
31. Energy policy, including electricity and gas reticulation and energy regulation.
32. Capacity building and technical assistance to the counties.
33. Public investment.
34. National betting, casinos and other forms of gambling.
35. Tourism policy and development.

Part 2—County Governments

The functions and powers of the County are--

1. Agriculture, including— (a) crop and animal husbandry;
    (b) livestock sale yards;
    (c) county abattoirs;
    (d) plant and animal disease control; and (e) fisheries.
2. County health services, including, in particular—
    (a) county health facilities and pharmacies;
    (b) ambulance services;
    (c) promotion of primary health care;
    (d) licensing and control of undertakings that sell food to the public;
    (e) veterinary services (excluding regulation of the profession); (f) cemeteries, funeral parlours and crematoria; and
    (g) refuse removal, refuse dumps and solid waste disposal.
3. Control of air pollution, noise pollution, other public nuisances and outdoor advertising.
4. Cultural activities, public entertainment and public amenities, including--
    (a) betting, casinos and other forms of gambling;
    (b) racing;
    (c) liquor licensing;
    (d) cinemas;
    (e) video shows and hiring;
    (f) libraries;

(g) museums;
(h) sports and cultural activities and facilities; and (i) County parks, beaches and recreation facilities.

5. County transport, including-- (a) County roads;
(b) street lighting;
(c) traffic and parking;
(d) public road transport; and
(e) Ferries and harbours, excluding the regulation of international and national shipping and matters related thereto.

6. Animal control and welfare, including--
(a) Licensing of dogs; and
(b) Facilities for the accommodation, care and burial of animals.

7. Trade development and regulation, including--
(a) Markets;
(b) trade licenses (excluding regulation of professions);
(c) fair trading practices;
(d) local tourism; and (e) Cooperative societies.

8. County planning and development, including—
(a) Statistics;
(b) land survey and mapping;
(c) boundaries and fencing;
(d) housing; and
(e) Electricity and gas reticulation and energy regulation.

9. Pre-primary education, village polytechnics, home craft centres and childcare facilities. 10. Implementation of specific national government policies on natural resources and environmental conservation, including-- (a) soil and water conservation; and (b) Forestry.

11. County public works and services, including--
(a) Stormwater management systems in built-up areas; and (b) Water and sanitation services.

12. Firefighting services and disaster management.

13. Control of drugs and pornography.

14. Ensuring and coordinating the participation of communities and locations in governance at the local level and assisting communities and locations to develop the administrative capacity for the effective exercise of the functions and powers and participation in governance at the local level.