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## COMMISSION ON REVENUE ALLOCATION

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**From:** Commission Chairman

**To:** Governors

**REF: GUIDELINES ON THE COUNTY BUDGET AND  
ECONOMIC FORUM**

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The Commission on Revenue Allocation has released these guidelines to facilitate and coordinate public consultations for the upcoming budget process.

This is part of the CRA's mandate under Article 216(2) on matters concerning the financing of, and financial management by, county governments, as required by the Constitution and national legislation (PFM).

Attached herewith, please find the County Budget Economic Forum guidelines.

Yours Sincerely

Micah Cheserem  
**COMMISSION CHAIRMAN**

**Cc:** The Clerk to the County Assembly  
Finance  
Planning



## **COMMISSION ON REVENUE ALLOCATION**

### **GUIDELINES ON FORMATION OF THE COUNTY BUDGET AND ECONOMIC FORUM**

#### **A INTRODUCTION**

These guidelines have been produced to provide county governments, citizens and other stakeholder's basic information on public participation during the budget process according to the Public Finance Management Act 2013. The County Budget and Economic Forum (CBEF) is set-up to coordinate and collect views from the public during the budgeting process and function as a think-tank for the County government in terms of financial and economic management. The CBEF assists the county to analyse and identify its priorities as they budget for programs, improve coordination between the citizens and government and improve harmonization of project implementation and funding.

The guidelines are structured to clarify the establishment of the CBEF, and then provide administrative guidance for the CBEF and how its members are nominated. It then proceeds to breakdown the functions of CBEF and how to operationalize the forum.

You are encouraged to read it together with the Public Finance Management Act 2012 section 137 which is the basis of developing these guidelines. In the event that there is a conflict, the PFM Act shall preside.

We hope that these guidelines will contribute to create awareness in the country and improve transparency, coordination and public participation in the management of public finance in Kenya.

This document was developed through a unique collaboration between the Commission on Revenue Allocation, the International Budget Partnership Kenya, The Institute for Social Accountability, and CBEF members in both Busia and Taita Taveta Counties. The team combined legal knowledge with expertise on public participation and experience from the ground. The document lays out basic guidance for counties as they attempt to comply with the Public Finance Management Act 2012, Section 137

## **B. ESTABLISHMENT**

*Establishment of county budget and economic forum for county budget consultation process: (The Public Finance Management Act 2012)*

Section 137. (1) As soon as practicable after the commencement of this Act, a county government shall establish a forum to be known as the (Name of the County) County Budget and Economic Forum.

(2) The County Budget and Economic Forum shall consist of—

- (a) The Governor of the county who shall be the chairperson;
- (b) Other members of the county executive committee;
- (c) A number of representatives, not being county public officers, equal to the number of executive committee members appointed by the Governor from persons nominated by organisations representing professionals, business, labour issues, women, persons with disabilities, the elderly and faith based groups at the county level.

(3) The purpose of the Forum is to provide a means for consultation by the county government on—

(a) Preparation of county plans, the County Fiscal Strategy Paper and the Budget Review and Outlook Paper for the county; and

(b) Matters relating to budgeting, the economy and financial management at the county level.

(4) In addition to the above, consultations shall be in accordance with the consultation process provided in the law relating to county governments.

### **C. COMPOSITION**

1. The County Budget and Economic Forum (CBEF, or “The Forum”) shall be chaired by the Governor of the county.
2. The other government members shall consist of all County Executive Committee (CEC) members, including the Deputy Governor, for a maximum of 11 members.
3. An equal number of non-state members shall be drawn from organizations including those representing professionals, business, labour issues, women, persons with disabilities, the elderly and faith based groups at the county level.
4. All members, state and non-state alike, are equal members of CBEF and shall have equal votes and equal access to information.
5. Members shall generally sit on CBEF until a new Forum is appointed by an incoming governor.
6. The Secretary to the CBEF shall be elected from among the non-state actors.

#### **D. NOMINATION**

1. Upon taking office, and within 30 days after the appointment of the county executive members, the Governor shall release a call for nominations to the CBEF. The call shall clarify the type of information that must be submitted with each name, such as information about the degree to which the nominee represents a broad constituency in the county.
2. The call shall provide nominating organizations 21 days to submit their nominees in writing to the Governor.
3. Once the Governor has received the nominations, he shall have 30 days to make the final appointments.
4. Once the appointments have been made, the Governor shall have 7 days to publish and publicize the names of the appointments along with a basic description of the roles of the CBEF and its members, as well as the date of the Forum's first meeting. This information shall be published using print media, radio, public notices in religious institutions and markets and other available means.
5. Nominees and final appointees shall have at least a diploma and basic knowledge of budget and economic affairs.

#### **E. FUNCTIONS**

1. The Forum shall facilitate public engagement with the broader budget process from formulation through implementation. including engagement on the following dates with the following documents:

### *Requirements of Budget Formulation*

- a. September 1-Discuss county priorities to inform major plans. In discussing the Annual Development Plan, due on this date, reference shall be made to the County Integrated Development Plans, sector plans and other plans as required by the County Governments Act. Those plans that are longer-term in nature shall also be discussed by the Forum as needed beyond the annual discussion in September.
- b. February 28-Discuss overall estimates of revenue, spending, deficit, and the ceilings for each sector (e.g., health). These ceilings must be set when developing the County Fiscal Strategy Paper.
- c. April 30-Discuss within sector priorities to be tabled in the county's budget estimates (the executive's budget proposal submitted to the Assembly).
- d. June 15-Discuss debt, cash flow, and other documents tabled as part of the budget proposal that relate to how the county's finances are being managed.

### *Requirements of Budget Implementation*

- a. 30 days after the end of each quarter- Review quarterly budget implementation reports and discuss emerging challenges in implementation.
- b. November -Discuss annual review of budget contained in the County Budget Review and Outlook Paper, as well as

provisional ceilings for sectors to begin undertaking sector hearings.

c. Discuss annual report on public participation by governor as required by CGA Section 92 (no date).

2. The Forum shall use sector-based consultations that lead into the budget. Sector dialogue should be in advance of the Fiscal Strategy Paper, sometime between September and January, with exact dates fixed by the County Treasury Circular that is released by August 30.
3. The Forum shall discuss and facilitate discussion on issues around the broader county economy and overall financial management, as per the requirements of the law (Section 137:3b). The Forum can engage additional professionals and technical expertise in the area of economic development to support their deliberations.
4. Committees of the Forum and sector committees shall consist of both state and non-state members with opportunities for both to chair/co-chair alternately.
5. CBEF shall ensure that the county's official plan and budget documents are produced in simplified and friendly versions for use by the Forum and the public. Where appropriate, these should also be produced in Swahili or local languages. The Forum should ensure that these documents are widely available to the public.
6. In organizing public consultations, the Forum shall cooperate with the County Assembly as far as possible to avoid unnecessary conflict.
7. The resolutions of the CBEF shall be documented and made available to the public within 7 days of any meeting or activity.

8. The Office of the Governor shall provide secretarial services to the CBEF, which shall, under the guidance of the CBEF Secretary, implement the decisions of the Forum and facilitate its functioning.

## **F. CONSULTATION PROCESS**

1. In organizing public consultations throughout the budget cycle, the Forum shall work through organized citizen groups in the county, including the constituent groups within the Forum: women, business, youth, professionals, labour, people with disabilities, elderly, religious groups, and so on.
2. The non-state members of the Forum have a responsibility to regularly engage with their constituents, both through sharing information from the Forum with constituencies, and representing the interests of constituencies within the Forum. This is a primary mechanism to facilitate ongoing engagement with county planning and budgeting.
3. Beyond regular communication between the members of the Forum and their constituents, there should also be other public fora held, at village, ward and sub-county level. These fora should follow the budget calendar and relate to the issues discussed above (under point 2 of “Functioning”).
4. While coordinating with such fora, the CBEF shall follow basic principles of public participation contained in the County Governments Act (Section 87), as well as the 10 key principles described below:

**1. Public consultations should be open to the widest spectrum of citizens and taxpayers, without discrimination.**

The “public” refers to citizens, residents and taxpayers who are not government officials.

**2. Safeguards should be established to prevent consultative forums from being dominated by any one political group, organized interest, or politician.** These safeguards should include open and transparent proceedings and competitively selected technical staff empowered to manage procedures. Where appropriate, there may be a need for vetting of participants.

**3. Public consultations must have clear and specific purposes, and these purposes should generally be to seek feedback on government plans, budgets and budget implementation, to seek specific preferences over a defined set of priorities, such as prioritizing a list of capital investments, and to present and seek feedback on audit reports and queries raised by auditors.** The purpose of the consultation should be made known in advance to the public, along with relevant documentation, so that members of the public can prepare.

**4. The timeline and venues for public consultations should be made known at least two weeks in advance of the consultation to ensure that people can prepare themselves to participate.** The venue for consultations should be consistent, wherever possible, so people know where they need to be in advance. The venue selection should take into consideration citizen preferences

for where they feel most comfortable expressing their views. A calendar of events must be released at the start of every financial year.

**5. Public consultations must set aside dedicated time for public feedback and questions.** A meeting at which officials simply present to the public without receiving any feedback or questions does not constitute public participation.

**6. Public consultation in the planning and budget process should occur at all stages in this process, including formulation, enactment, implementation, and oversight/evaluation.** This means that there must be consultations on at least a quarterly basis for any ongoing financial management processes.

**7. The public must have access to all relevant plan and budget documents in a timely fashion, meaning at least two weeks before any decisions are taken about draft plans or budgets.** Relevant documents include all strategic plans, budget proposals, enacted budgets, quarterly or monthly implementation reports, audit reports, supplementary budgets, project plans and implementation reports, and contract and tender documents.

**8. All plan and budget documents should contain an executive summary and a narrative explanation of tables and figures.** All of these documents should be written in a user-friendly, simple format, or should be accompanied by simplified versions that are readily accessible.

**9. Citizens should be able to provide input into public consultations through direct participation, through representatives, and through written comments.** It is not

possible for every citizen to participate in every forum, and there must be other ways to provide input.

**10. Where the public is asked for input, there should be a feedback mechanism so that citizens know whether or not their inputs were received, and whether and why they were or were not incorporated into the relevant plans or budgets.**

This mechanism should take the form of a written document and, where possible a, public forum. The feedback must also be made available in a timely fashion so that citizens know before decisions are taken whether they have been heard or not.

5. In addition to regular consultations with constituencies and public fora, the CBEF shall consider additional mechanisms of engagement with the public, including but not limited to: encouraging written submissions, setting up delegate structures from the village to county level to represent citizens at county meetings, undertaking targeted site visits in the county to complement information in official documents, and so on.
6. Mobilization of citizens for meetings should be done as far as possible in cooperation with non-state actors and should in no case be done exclusively through any single mechanism, such as exclusive reliance on MCAs, or exclusive reliance on chiefs.

**DATED:** 3<sup>rd</sup> March, 2015