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OPINION PIECE:RIGHT OF REPLY

THE OTHER SIDE OF WORLD BANK REPORT: COUNTY GOVERNMENTS ARE EFFECTIVE

The World Bank report 2013/2014: *Spending More or Spending Smart?* released on Wednesday February 6, 2015 highlighted some areas of concern to the Council of Governors. It should be noted that comprehensive and objective interpretation of the report reveals that the county governments are effective.

To begin with, the report acknowledges that counties performing fourteen devolved functions received a paltry 20% of total expenditure which is an uphill task but the counties have risen to the occasion. At the same time, the World Bank reports that the cost of rolling devolution is high coupled by a hefty public wage bill. The report notes that devolution is 'work in progress' for years (even for decades). In addition, it points out that it takes years for counties to develop the capacity to undertake services, fine-tune functional assignment across tiers, and hence fine-tune the grant arrangements to finance these functions.

On another note, the report indicates that only 63% of budget was executed and not 100%. The World Bank therefore is not cognizant of the fact that low budget execution resulted from delay in transfer and budget ceiling effected by IFMIS system programmed to lock after a specified period.

On revenue projections, the report indicates that "forecasts are ambitious with limited revenue raising efforts", where counties only managed 43 percent of their target. What is left out, apart from effects of putting in place frameworks for revenue collections, the report is oblivious of double taxation resulting from national government overlap thereby minimizing counties revenue base. Still on revenue, **an outstanding success story is overlooked: the**

counties collected more revenue within their first year of operation than former local authorities.

While the county governments are vilified for high recurrent expenditure resulting from inherited high wage bill by overstaffed former local authorities, the national government has spent Ksh 175 billion out of 290.6 billion of education budget to pay salaries for teachers. A staggering 60 percent! The counties, according to the report, spent 50 percent on salaries, wages and administration.

In another twist, out of paucity of information, the methodology or ranking counties performance by development-recurrent expenditure gap is biased. A comparative analysis reveals that counties reported to be performing poorly (Mombasa, Kisumu, Nakuru, Nairobi) inherited higher wage bill from local authorities whereas the better performing ones (Wajir, Turkana, Bomet) experience low wage bill. Credible evidence based report could have controlled for wage bill as well as population disparity and assess county government effectiveness as a governance indicator (WGI).

In conclusion, the World Bank Country Director, Dr Diaretu Gaye, said that the report will make a useful contribution towards the government of Kenya in implementing policy programs through better allocation and utilization of financial resources. In retrospect, better allocation implies financial allocation should commensurate transferred functions. For instance, sub-national expenditure in Ethiopia accounts for 46 percent of total expenditure, which echoes *Pesa Mashinani* calls by the governors. Nigeria, Brazil and Ethiopia sub-national levels get more than double the allocation for counties in Kenya. The counties are on track.

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