



# NATIONAL ANTI-CORRUPTION CAMPAIGN STEERING COMMITTEE

A Corruption-free Kenya

Factsheet on

## Participatory budgeting as a tool to fight corruption

### What is a Budget?

A budget is a financial plan that includes an explanation of the services, activities, programs and projects to be provided by the government to the citizens.



### What is Public Participation in Budget Process?

Public participation is the process through which citizens participate directly in the different stages of the budget (formulation, decision making, and monitoring of budget execution). It is a process in which stakeholders influence and share control over development initiatives, decisions and resources affecting them. Successful public participation is a continuous process.



### Is Public Participation in the Budget allowed by the Law?

The Constitution of Kenya, 2010, provides for public participation in the budget making process. Article 201 (a) states that "There shall be openness and accountability, including public participation in financial matters".

### The Budget Cycle

The budget cycle includes Budget formulation, budget approval, budget execution or implementation and budget oversight.



Figure 1: Budget Cycle

## What are some of the benefits of Participating in the Budget Process?

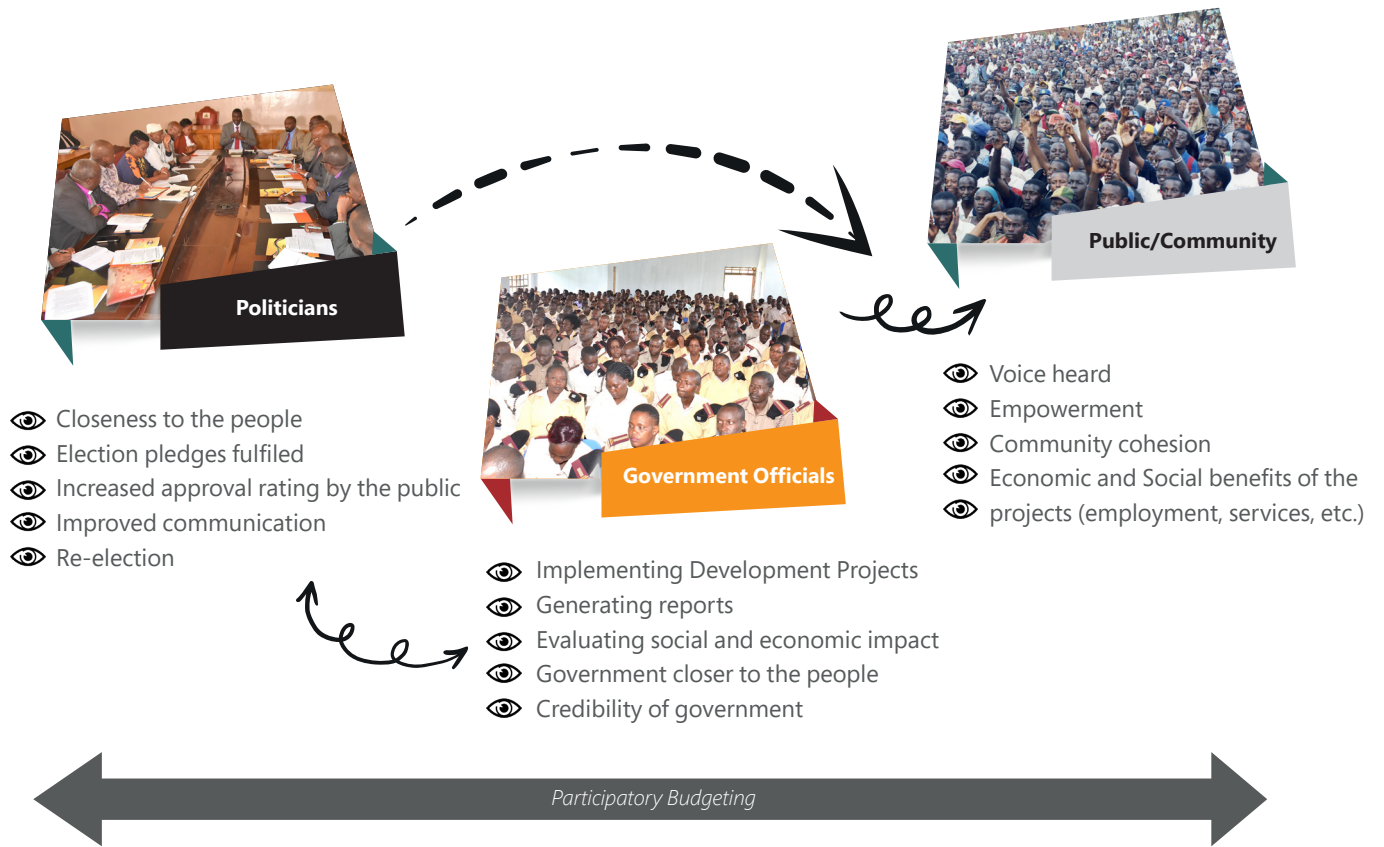


Figure 2: Budget Process

# 1

## What is Budget Formulation?

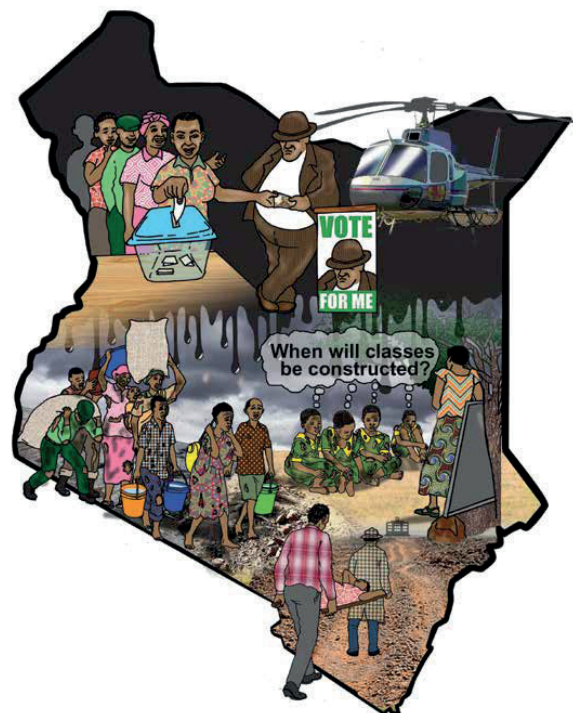
Table 1: How can citizen participate in Budget Formulation?

Timelines	Activities	How citizens can participate
August 30th	County treasury develops and issues the Call circular to all departments signaling the start of the budgeting process County Treasury sets the guidelines and schedule for preparation of budgets by the county departments	On behalf of the public, the Civil society can participate through the Department Working Groups (DWGs) Citizen can participate through the County Budget & Economic Forum Citizen can participate at forums organized by the administrators at the Sub County, Ward <u>and Village</u> levels
September 1st	Preparation of annual development plan to the County Assembly for approval This plan must be made public within 7 days of approval	Citizens can participate in the preparation of the plan through the County Budget and Economic Forum Citizens can participate through the Members of County Assembly
September 30th	Preparation of the County Budget Review and Outlook Paper (CBROP). CBROP captures updated economic and financial forecasts with sufficient information that will inform the budget proposal It also reviews previous year's budget and updates outlook for the forthcoming budget year.	Through Public Consultations during formulation of CBROP. Through CBEF.
April 30th	Submission of county budget estimates together with supporting documents by the CEC member, Finance to the county assembly	Citizen can participate through the Sector Working Groups (SWGs) Citizen can participate through CBEF and through the MCAs

## What are the Risks of Corruption during Budget Formulation?

Corruption risks during budget formulation can take the following forms:

- 👁 Budgetary Padding. This is a practice that some officers use when submitting a budget for approval by artificially inflating the proposed budget in order to give the project room to expand or to cover unexpected costs. It may also deliberately underestimate revenues
- 👁 Poorly organized public forums - bias in information sharing, poor mobilization leading to etc.
- 👁 Un-supportive administration not facilitating public participation forums.



🗨 Choices have consequences.

## 2

### What is Budget Approval?

Budget approval involves debating and approving budgets estimates. Budget approval is done by Parliament and the County Assembly.

### How may Corruption take place in Budget Approval Stage?

- 👁 Corruption may be introduced by influencing public policy so that more resources are provided to politicians (MCAs and MPs) welfare or in areas they have personal interest in, to the detriment of other needy and priority areas.
- 👁 Political interference.
- 👁 Bias in allocation of project site.
- 👁 Conflict of interest by stakeholders.
- 👁 Unsupportive administration.

Table 2: How can citizens participate in Budget Approval?

Timelines	Activities	How citizens can participate
May-June	The Budget and Appropriation Committee of the County Assembly conducts public hearings on the budget estimates	Citizen can participate through public hearings conducted by the Budget and Appropriation Committee
April 30th to June 30th	The County Assembly discusses amends and/ or approves the budget estimates. The County Assembly scrutinizes the budget in adherence to fiscal responsibility and public finance principles. The scrutiny and approval <u>has</u> to be done between April 30th and June 30th	Through the MCAs
June	Submission of the County Appropriation Bill to the County Assembly	Through the MCAs, through public hearings conducted by the Budget and Appropriation Committee
June 30th	This is the deadline for the enactment of the County Appropriation Bill <u>in order to</u> authorize spending for the new financial year	Citizen can participate through public hearings conducted by the Budget and Appropriation Committee
June to September	The Finance Bill is introduced to the county Assembly, <u>debated</u> and approved.	Citizen can participate through public hearings conducted by the Finance Committee of the County Assembly

# 3

## What is Budget Execution?

Budget execution is the implementation of financial indicators approved for the budgetary year.

<b>October 30th</b>	County Treasury submits to the county assembly a report on both financial and non-financial performance of all its departments one month at the end of every quarter	The public can review and provide inputs on quarterly implementation reports produced by the office of Controller of Budget and the counties with the CBEF
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## Risks of Corruption during Budget Implementation Stage

- 👁️ The budget estimates that were inflated at formulation and adoption stages, are now approved, and resources flow to fund the budget. The practice is that officers tend to use the extra funds for personal use
- 👁️ Conflict of interest
- 👁️ Over-quotation of tenders
- 👁️ Uncooperative officers due to lack of kickbacks.

## Types of Corruption at Implementation Stage



# 4

## What is Budget Oversight?

Budget oversight includes ongoing processes aimed at ensuring that resources and expenditures are occurring in general conformity with the budget plan.

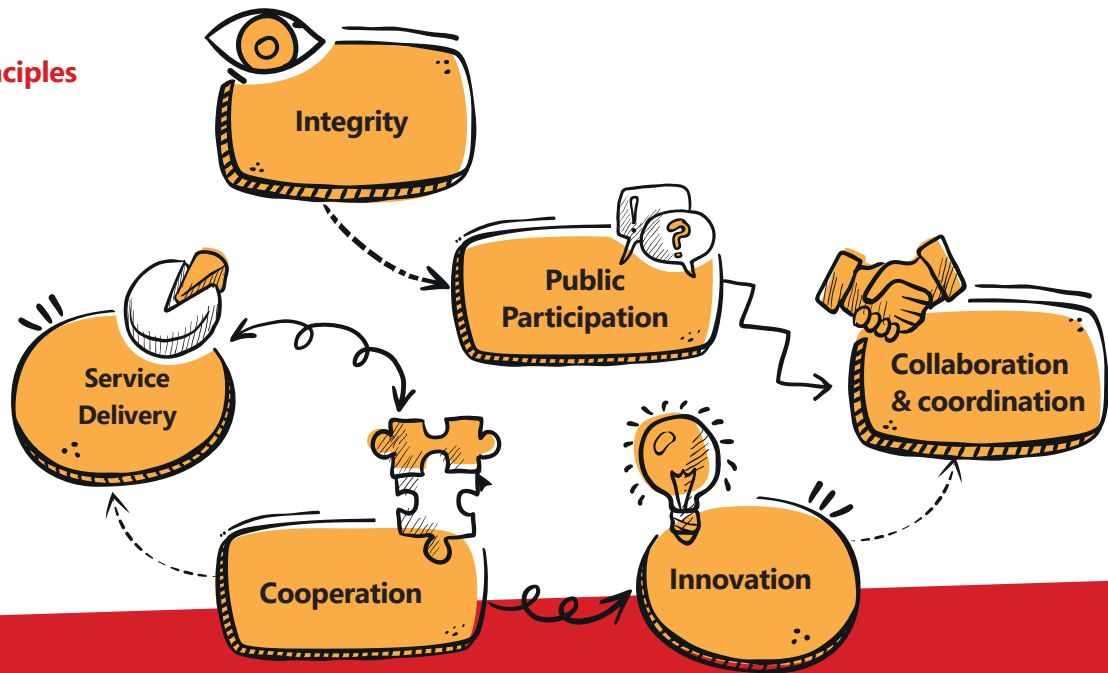
Table 4: How can Citizens Participate in Budget Oversight?

Timelines	Activities	How citizens can participate
<b>December 31st</b>	The Auditor-General should audit and report on the previous financial year within 6 months after the end of each financial year.	Application of social accountability tools and mechanism (Citizen and CSOs and organized citizen groups)

## How may Corruption Manifest in the Budget Oversight Stage?

- 👁️ Absence of contractors during social audits
- 👁️ Uncooperative Project Management Committees
- 👁️ Lack of accountability boards on public projects
- 👁️ Demand for bribes by PMCs from the contractors
- 👁️ Compromise of the audit function, internal and external audit (Office of the Auditor General/officials)
- 👁️ Compromise of the Parliament Committees i.e. Public Accounts Committees and the Public Investment Committees and the National and County level.

### Guiding Principles at all stages



## About NACCSC

The National Anti-Corruption Campaign Steering Committee (NACCSC) is established vide Kenya Gazette Notice No. 6707 of 2014 and mandated to undertake a nationwide public education, sensitization and awareness creation campaign aimed at effecting fundamental change in the attitudes, behavior, practices and culture of Kenyans towards corruption. The campaign is targeted at the members of the public to fully empower them fight and prevent corruption.

To facilitate the implementation of campaign activities at the grassroots, NACCSC has established County Anti-Corruption Civilian Oversight Committees (CACCOCs). NACCSC has partnered with the GIZ Kenya Strengthening Good Governance Programme in the implementation of an awareness campaign to fully empower citizens on budget making and implementation process. The programme will be implemented by the CACCOCs in all counties.



### NATIONAL ANTI-CORRUPTION CAMPAIGN STEERING COMMITTEE

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