



COUNCIL OF GOVERNORS

STATE OF DEVOLUTION ADDRESS BY H.E GOVERNOR JOSPHAT NANOK, CHAIRMAN OF THE COUNCIL OF GOVERNORS

4TH JUNE 2018

INTRODUCTION

Excellency Governors,

Fellow Citizens,

On behalf of the Council of Governors and all the 47 County governments, I am delighted to share with you all, highlights of the State of Devolution 2018. This is the Fifth State of Devolution Address since establishment of County Governments in 2013. It is however the very first address since the beginning of the second generation of County Governments following the General Elections of August 2017.

Let me take this early opportunity to emphasize that while taking oath of Office, the County Governors in their inaugural speeches made a Commitment on their dedication to implementation of devolution.

Firstly, it is worth noting that the County Governments have already made commendable strides in constituting the requisite Human Resource structures and completed their County Integrated Development Plans (CIDPs).

However, in spite of the gains made so far, there have been challenges in constituting some County Executive Committees as a result of delayed approval by the County Assemblies. We urge our brothers and sisters in County Assemblies to fast-track the vetting and approval process to ensure effective functioning of all the County Governments.

Secondly, we acknowledge the new direction that H.E President Uhuru Kenyatta has provided in the Big 4 Agenda, and would like to confirm that with the on-going cordial collaboration between both levels of government, County governments are the biggest ally of the President in realizing tangible progress in Universal Health Care, Food Security, Accessible and Affordable Housing and job creation through trade and manufacturing over the next 5 years

Further as COG, we take this opportunity to applaud the political truce between our two leaders H. E President Uhuru Kenyatta and Rt. Hon. Raila Odinga which has heralded a new phase of harmonious working across the political divide. We do recall that the Council of Governors was at the fore front of creating a special committee to spearhead peace efforts in the context of our mantra of being a non-partisan organisation and we are happy that the resultant handshake and continued dialogue has led to calming of the political temperatures and created a conducive environment for socio-economic growth.

Thirdly, we do admit that inception of the second cycle of devolution has not been without impediments including those arising from a prolonged election cycle and also the ongoing protracted court cases stemming from election petitions.

In addition, the devastating impact of climate change as experienced during a prolonged drought spell which paved way for devastating floods, and as well as pervious invasion of fall army worms are also some of the unexpected challenges Counties have had to grapple with.

We continue to pledge our solidarity with those who were affected by these and other unfortunate realities, and fully applaud the efforts of the National Governments, development partners, civil society organisations and other stakeholders in supporting the County governments deal with the unfortunate loss of lives, property and associated trauma.

Fourthly, the increasing public concern over corruptions poses a critical challenge to implementing devolution, a factor that calls for both levels of government to collaborate and address very firmly as a precondition for restoring public confidence.

Fellow citizens, I would now like to enumerate key achievements and challenges in various sectors with regard to implementing devolution.

1. AGRICULTURE SECTOR

In the Agriculture Sector, the aim of County governments is to achieve overall food and nutrition security. In this regard, County Governments have played a catalytic role in achieving sector transformation through engendering and implementing transformative agriculture plans articulated in their County Integrated Development Plans (CIDPs). The main areas of focus have been largely on enhancing Total Factor Productivity, reducing the cost of food and creating an enabling environment for Private Sector and other Non-State Actors to engage in agriculture. It is worth noting that these plans have been developed consistent with the Big 4 Agenda and other National and International Development blueprints that guide sector growth.

The Agriculture Sector in our country has moved a notch higher in entrenching the spirit of consultation and cooperation between the County Governments and the line ministry. The establishment of the Joint Agriculture Sector Consultation and Cooperation Mechanism (JASSCM) is one classic example of the commitment by the two levels of Government to jointly pursue development of the sector. Numerous strides have been made through this mechanism. The major highlights includes;

1. The JASSCM mechanism has been able to fast-track the development and implementation of the Agriculture Sector Growth and Transformation strategy.
2. The JASSCM mechanism has also been able to develop strategic interventions to curb the spread of Armyworms. This has led to the development of a sh.2 Billion Cabinet Memo to fundraise for the integrated actions against Fall Armyworms.

Since the advent of Devolution, remarkable success has been witnessed across the agriculture landscape. As recorded in the KNBS Economic Survey Report 2018, the Agriculture, Livestock and Fisheries production have significantly increased five years down the road with the current Gross Real Value Added in agriculture standing at 893.3 Billion in 2017. In order to achieve the sector growth, County Governments have played pivotal roles in enhancing the enabling

environment for agriculture renaissance. This has been actualized through increased investment in the agriculture transformation, broadly categorized into the following main areas:

- 1) improved public expenditure in agriculture;
- 2) improved farm mechanization and irrigation;
- 3) enhanced inputs provision;
- 4) increased public expenditure in agriculture;
- 5) creation of markets and Value Addition Centers; and
- 6) improvement of rural agriculture infrastructure

Ladies and gentlemen,

Let me highlight briefly how the six components have influenced the sector.

On improved public expenditure in agriculture: Since commencement of devolution, County Governments have allocated an average of 6.6% of their total budgetary allocations to agriculture with the current public expenditure in agriculture standing at Ksh.23.8 Billion for the financial year 2015/16.

On Improved Farm Mechanization and Irrigation: Sustainable agriculture mechanization plays an increasingly important role in reducing farming drudgery and Total Factor Productivity. Since 2013, County Governments have purchased over 350 tractors, constructed 292 Milk Coolers and fully equipped 9 Agriculture Mechanization Stations which offer affordable and accessible mechanization services to farmers. To improve the uptake of irrigated agriculture, County Governments have distributed over 2,300 irrigation kits and as a result, an estimated 117,000 hectares of land is now covered under the irrigation projects initiated by Counties. The adoption of irrigation and application of machineries, diverse equipment and implements in daily farm operations has greatly improved marginal output in food production, with a positive effect on poverty reduction.

On Enhanced Inputs provision: County Governments have been keen to improve smallholders' access to inputs through the subsidy programs aimed at reducing cost of production. Some of the initiatives include seed distribution (Maize and Beans) in which Counties have procured and distributed over 12,000 tonnes of seeds and an estimated 2 Million 50 Kgs bags of subsidized fertilizer to farmers. County Governments have also purchased and distributed 275,000 Tissue Culture seedlings, 2.3 Million fingerlings and 11,000 litres of semen distributed at subsidized costs to farmers. Further, County Governments have facilitated over 1.1 Million farmers to access the subsidized Artificial Insemination (AI) Services which have greatly increased livestock productivity. In addition, livestock vaccination programmes within counties, across borders between neighboring counties as well as across borders with neighboring countries including with South Sudan and Uganda has also improved livestock health and productivity.

With regard to Creation of Markets and Value Addition Centers: County Governments have so far initiated 86 Value Addition Projects which have greatly increased the profitability and competitiveness of the sector. In the year 2016-2017 for example, County Governments constructed 10 new markets and established 32 Market linkages which have greatly enhanced market-driven agriculture production.

And on Improvement in rural agriculture infrastructure: We do concede that productivity increase in agriculture depends on good rural infrastructure, well-functioning domestic markets, appropriate institutions, and access to appropriate technology. County Governments have implemented several initiatives aimed at achieving this. County Governments have constructed 28 hay and silo stores in order to manage food contamination and other forms of post-harvest losses. Additionally, County Governments have constructed and rehabilitated over 50 cattle dips and 10 Agriculture Training Centers as part of their efforts to improve rural agriculture infrastructure.

Creating opportunities for youth and women employment through agribusiness innovations: Two of the most important factors that will transform the agriculture sector are the youth on the one hand and agribusiness innovations on the other. As a Council, we can confirm that County governments fully support the National Youth in Agribusiness Strategy. To this end,

Counties are aggressively establishing value addition agribusiness enterprises to fetch a better market for their produce, minimize spoilage and create employment for women and youth.

I would like to confirm that early this year in March, as part of our commitment to harnessing the youth dividend, the Council in partnership with Africa Agribusiness Incubation Network (AAIN) started an initiative that aims at supporting counties to establish agribusiness incubation centres in order to promote market-driven innovative solutions, develop agriculture value chains and create employment for youth and women.

2. HEALTH SECTOR

Fellow citizens,

Apart from being a key pillar of the Big 4 Agenda, we do concur with the conviction that the health of a nation is as good as the health of its people. The importance of the health sector cannot be overemphasized, and given the recent experiences, I would like to take a few minutes to outline key milestones, issues, initiatives and recommendations that are informed by lessons from the realities of our health sector.

Budgetary allocation for health sector: Despite many competing priorities, County Governments have sustained an annual allocation of above 25% recurrent budget, with some allocating as high as 30%. Counties are not only investing in health facilities and equipment, but also directing monies to primary health care, both the preventive and promotive aspects so that we can reduce the high costs incurred in providing curative care and increasing deaths resulting from non-communicable diseases (NCDs).

Responsive health services: Whereas in the past Kenya has invested heavily in curative and rehabilitative health care services, counties are now increasing their investment in preventive and promotive health services in order to prevent ill health, detect illnesses early and reduce the growing burden of disease at community and primary health care level. This includes the growing burden of Non-Communicable Diseases (NCDs) whose cost of treatment when not diagnosed early, is a huge burden to households and the country. In this regard, several counties have begun to strengthen community health volunteers program, while some have

even legislated through the County Assemblies, for the recognition of these critical members of the health system.

Several Counties have set up Intensive Care Units (ICUs), High Dependency Units (HDUs) and some counties are now able to perform bypass heart surgeries and complicated operations which were not possible before devolution.

Immunization: We note that Pneumonia, Malaria and Cancer continue to be the leading causes of registered death. Despite the recent impact of the health workers strike on critical services with a decline from 69% to 63% in 34 out of 47 counties in 2016/17 among fully immunized children below one year, county governments have witnessed a significant improvement in immunization coverage with a rise to as much as 70% fully immunized children.

I am delighted to confirm that this has been achieved due to financial support from the Transforming Health Systems for Universal Care (THS-UC) Project. This means that the county governments are effectively and efficiently utilizing the financial resources made available under this World Bank funded project and working towards sustainable quality health care under devolved structures.

Clearly, County Governments are continually working towards reversing the negative health indicators and therefore sustainability of these interventions. As such, County government investment will therefore no doubt result in attainment of the planned targets. Let me assure the entire country that Counties are ready to work with the national government and receive support to strengthen devolved structures for quality and sustainable service delivery. This will definitely give impetus to the steps towards the realization of Universal Health Coverage. In this regard, therefore, the CoG is in consultation with the Ministry of Health and other stakeholders in defining the execution of the UHC agenda including in coming up with a clear definition of the benefits package.

Health Workforce: Counties have progressively bridged health workforce gaps in the past 6 years through recruitment of health workers, strengthening management of health workers, and instigating responsive actions to address emerging challenges such as industrial unrest. At this point, I would like to confirm that sustained dialogue between Counties and health workers unions has brought stability in the health sector due to improved employer-employee relations.

In terms of numbers of the health workers, according to the data collected under **Human Resources Information System** by the **Human Resources for Health Project** that is **supported by the USAID**, the County Governments have recruited new health workers and increased the health workforce by 29% over the last four years, out of whom 883 were employed in 2017.

Out of the total number of health workers, there are 5,000 clinical officers and about 26,000 nurses. Whereas last year we had 4,080 doctors serving in county health facilities, we have since observed that there is need to examine whether these numbers have remained constant, or whether we should find mechanisms to ascertain the actual number of doctors still in the public service in the counties. Our provisional estimation reveals that we actually have a decline in the number of doctors in the counties. Being policy makers, this should indeed concern us and attract the interest of researchers and academic institutions, since it has a bearing on quality, coverage and sustainability of health service delivery.

Our health worker proportion is therefore still below the ideal minimum health worker to population ratio of 23 doctors, nurses and midwives per 10,000 population recommended by WHO as necessary to deliver maternal and child health services.

County Governments will benefit from lessons of other countries with functional universal health coverage programs and have finalised arrangements to receive 100 Cuban Medical Specialists to complement, work with and synergise the great work of our Kenyan doctors.

In addition, the Counties have released a total of 838 Medical Officers who are currently undertaking post-graduate specialised training in Kenyan and international universities, while retaining them on payroll. Out of these, 11 medical practitioners are undertaking specialised training in India while a new set of 47 doctors have been identified for post-graduate training on Family Medicine in Cuba.

We fully acknowledge that the Health care workers' 100-day strike adversely affected health services provision in counties, hence the mixed performance in the sector. COG engaged with Kenya Medical Practitioners and Dentists Union (KMPDU), Kenya National Union of Nurses (KNUN) to finalize their recognition agreements and their CBAs. This led to the signing of CBA with the doctors and currently, we are finalizing the CBA with the Kenya Union of clinical Officers (KUCO).

Besides the health workers unrest, one other health systems challenge is the heavy debts owed to KEMSA and the Mission for Essential Drugs Supply (MEDS) by counties mainly due to frequent delays in the flow of funds from the National Treasury to County governments.

Innovations in Health Care service delivery: We continue to adopt modern technology and innovation to improve health service delivery, **supply** chain for health products, commodities, equipment and other supplies to facilities for quality care. Counties are currently using the Logistics Management Information System (LMIS) to place orders for drugs and commodities and are able to track on-line as these orders are processed through the Kenya Medical Supplies Authority and other providers.

Furthermore several counties have introduced innovative digital health care interventions including radiological examinations and electronic sharing of images for diagnostic opinion and prompt medical attention, thereby increasing access by citizens to specialized services. We have also started electronic medical records management systems in a number of counties, sustained the operations and use of the Managed Equipment Services while pursuing more specialists to operationalise more.

Counties have also successfully piloted a number of innovations that aim at improving maternal health care. Examples that should be scaled up aggressively include:

- 1) Uterine Balloon Tamponade (UBT) for reducing post-partum haemorrhage in Garissa, Turkana, Bungoma and Kakamega.
- 2) Various models of Maternity Waiting Homes (MWH), also called Maternal have been established in Samburu, Turkana and Kajiado, for promoting delivery by skilled birth attendants, while Makueni County has also proposed Mother and Child Shelters.
- 3) M-Afya is mobile-based solution that allows mothers to save small amounts of money over the period of pregnancy to allow for safe delivery. It complements existing options and is being piloted in Nairobi County, with very positive results so far.
- 4) The Country-wide *Linda Mama Programme* is also being adopted across all Counties.

Affordable Health Insurance: County Governments are also taking initiatives to provide health insurance coverage through innovative County-led models like Makueni, Laikipia, Kakamega and Kitui, as well as collaboration with the National Hospital Insurance Fund (NHIF), whose membership grew by 11.1 per cent to 6.8 million in 2016/17 and contributions to NHIF increased from KSh 31,995.7 million to 34,978.2 million.

Commitment to Universal Health coverage: The Universal Health Coverage agenda provides an opportunity for improving coordination between the two levels of government and flow of funds to make health systems function optimally and also for enhanced training, noting that only 36 out of 47 Counties have at least one health training institution, the majority being mid-level. The Council also continues to appreciate the increased funding from development partners particularly DANIDA, World Bank Funded Transforming Universal Health Care Systems (TUHCS), USAID-supported Health Informatics Governance and Data Analytics (HIGDA) and the Human Resources for Health Mechanism, Medical Waste Management initiatives, as well as the Global Fund.

Lastly on the health sector, may I invite all stakeholders to work with us in scaling the tested and working models, innovations and technologies for health service delivery and to explore partnership arrangements that will support county governments in delivering quality health care. In the same vein, we would like to engage with stakeholders in addressing the health sector challenges as well as in implementing the health sector resolutions as contained in the communique of the 5th Annual Devolution Conference of 2018.

Support of County First Ladies Association (CFLA) in promoting health

CFLA signed MOUs with AMREF health in Kenya and Women 4 Cancer. The MOU with AMREF health in Kenya focuses on capacity building of the County First Ladies on social determinants of health and technical support on health priorities for CFLA while the Women 4 Cancer MOU focuses on advocacy and awareness programs on the control and management of cancer and empowering communities through outreach programs spearheaded by the County First Ladies. County health initiatives through the office of the County First Lady have already rolled through medical camps in Bungoma, Taita Taveta and Nakuru counties.

3. PUBLIC FINANCE

Total County equitable Allocations up to 2017/18: It is important to note that up to the 2017/18 financial year, county governments have received cumulative of Ksh 1.25 trillion shillings as equitable share with an expected Ksh 314 billion in the 2018/19 financial year. Additionally, allocations from the national government share of revenue as grants has been pegged at Ksh 66.9 billion with an expected addition of Ksh 17.2 billion in the 2018/19 financial year.

It is evident that a lot has been done by the County governments over the last four years by spending the above mentioned allocations.

County budgetary prioritization: We can categorically say county governments have continued to prioritize on service delivery even though we still experience challenges with high wage bill. The aggregate budget estimates for the 47 County Governments in FY 2017/18 amounted to Kshs.399.73 billion and comprised of Kshs.258.1 billion (64.6 per cent) allocation for recurrent expenditure and Kshs.141.63 billion (35.4 per cent) for development expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of budget must be allocated for development programs.

The allocations towards development has been on a positive trajectory since the onset of devolution. We emphasize that by the time we reach 2022, our aggregate budgetary allocation towards development will be about 40% across all county governments.

Local Revenue Collection

1. As a matter of clarity, we counties have been able improve on our local revenues to augment the intergovernmental transfers from the national shareable revenues. I want to reiterate that this however has not been an easy road as county governments still lack parent legislations on the revenues they intend to collect as well as identifying fully their revenue potential.
2. As I speak today, the Council is consulting with the National Treasury on a newly drafted County Enhancement Revenue Policy which is a policy meant to help County Governments enhance their own local revenues. We want to support counties to be able to collect adequate local revenues.

3. Additionally, there is an exercise ongoing spearheaded by the National Treasury of which the Council of Governors is part of, it is about identifying the revenue potential for each counties to enable county governments be able to make sound revenue forecasts.

Finalization of the verification of assets and liabilities

- a) There are 15 counties that have not completed the exercise of identification and verification of the assets as was required. The due date was 30th June 2017 however due to the electioneering process the 15 counties were unable to complete the exercise.
- b) IBEC subsequently approved for an extension of the exercise until 30th August 2018.
- c) The 15 counties were sensitized on 30th May 2018 at the Kenya School of Government by the Intergovernmental Relations Technical Committee. The actual exercise for verification of the assets by the Counties will begin on 11th June 2018.
- d) **The Counties are;** Mombasa, Taita Taveta, Machakos, Samburu, Narok, Trans Nzoia, Nandi, Kisii, Vihiga, Kisumu, Migori, Homabay, Embu, Meru, Garissa.

Expenditure management: The half year report by the Controller of Budget on the Counties budget implementation for the 2017/18 financial year shows that on aggregate the Counties reported a reduction in expenditure on MCAs sitting allowance by 67 per cent from 1.29 billion in a similar period of FY 2016/17 to Kshs.422.06 million. There was also reduction in travel expenditure by 28.4 per cent from Kshs.5.28 billion in a similar period of FY 2016/17 to Kshs.3.77 billion in the reporting period. This feedback shows that county governments are trying to cut on their recurrent expenditures to focus on developments.

Counties Fiscal controls: The Council notes that counties have made certain progress in addressing some of the challenges they have previously faced such as; capacity building of technical staff, adoption of the Integrated Financial Management Information System (IFMIS) and compliance with budgetary timelines. However we also note there still exist challenges that continue to hamper effective budget execution that together with other key agencies we are trying to mitigate. They include: IFMIS and E-procurement connectivity challenges, under-performance in local revenue collection, high expenditure on personnel emoluments that may affect implementation of development projects and delay in disbursement of funds by the National Treasury.

Pensions: One challenge I cannot forget to mention is that we still do not have a legal framework for pensions for County Public Service. Currently there are three Bills in Parliament on this matter. Therefore we would like these Bills to be consolidated in order to anchor County Pensions in law.

4. ROADS, INFRASTRUCTURE AND ENERGY

a) Roads and infrastructure sector

Ladies and gentlemen,

The role of roads in opening markets and enabling better performance and delivery of services in all other sectors cannot be overemphasized.

County Governments received an extra 31,113 kilometres vide Special Legal Notice 24 of 22nd January 2016, making a total of 121,113 kilometres of roads under the ambit of the County Governments. The maintenance of this roads is catered for by the Road Maintenance Levy Fund (RMLF) of 15% which amounts to Kshs. 7,875,000,000 for the financial year 2017/2018. This allocation is deemed to be menial given that County Governments have 75% of the roads in the Country.

For this reason, the Council of Governors championed for the increased allocation of this RMLF from 15% to 20% during an Intergovernmental Budget and Economic Council (IBEC) meeting chaired by H.E. Deputy President and an agreement to this effect was signed on 15th February, 2018. However, despite this agreement, the Council still awaits this increased allocation to be reflected in the current Roads Bill 2017 before the Senate. Other challenges Counties face is the reclassification of the Class D roads to National Government roads contrary to the signed IBEC agreement and High Court ruling.

Despite these challenges, County Governments have been able to increase the bitumen standard Class D and E roads from 3.3 million in 2016 to 4.9 million in 2017. With the increased allocation of RMLF and costing of Class D roads, the development of county roads will fast-track the achievement of the R2000 Strategy and Roads 10,000 programme.

Impact of climate change on roads and infrastructure: Roads, bridges and related infrastructure continue to bear the weight of climate change across all the 47 Counties. The recent flooding washed away many roads and bridges, thereby increasing the cost of investment in repairs and reconstruction. Moving forward, Counties must institutionalize construction of climate-proof infrastructure in order to reap the full value of the investments and avoid wastage of funds through sub-standard contracts. Counties have mainstreamed climate change in their CIDPs and the Council will work closely with national government to

realize full implementation of the National Climate Change Action Plan (NCCAP) 2018-2022 in the roads and energy sectors.

b) Energy Sector

Energy undeniably stands out as a key enabler of the Big Four and a driver for economic growth in all sectors. There have been several initiatives by Counties in the energy sector with the aim of increasing energy access, electricity reticulation and use of renewable energy.

The Council of Governors together with the Ministry of Energy has developed the County Energy Planning Framework to guide Counties in the development of these plans. Currently, eight (8) Counties have developed these Energy Plans and the rest are in the process of developing and finalizing the plans, which will form part of the Integrated National Energy Plan.

Off-grid access

The Council is also implementing the first intergovernmental energy project named the Kenya Off-Grid Solar Access Project (K-OSAP) worth US\$155 million. This project is funded by the World Bank and is spearheaded together with the Ministry of Energy and Kenya Power to increase access to energy services in 14 underserved Counties in Kenya. These 14 beneficiary Counties include Garissa, Isiolo, Kilifi, Kwale, Lamu, Mandera, Marsabit, Narok, Samburu, Taita Taveta, Tana River, Turkana, Wajir and West Pokot. These Counties collectively represent 72% of the country's total land area but 20% of the total population which is dispersed leading to a total of 1.2 million un-electrified households. At the end of the 5 years, this project will lead to increased energy access through the development and operation of mini-grids, solar systems, clean cooking solutions and electricity distribution networks in these Counties.

Individual County Governments have also commenced energy generating or energy saving initiatives with examples of Nyamira County Waste-to-Energy plant that is set to produce 150 megawatts of power and the proposed Sh3 billion power plant in Kakamega that is set to generate power from municipal waste and contribute 5MW of electricity to the national grid in the first phase. Similarly in Uasin Gishu County, a plan to install a waste-to-energy recycling plant is also underway.

However as we acknowledge the tremendous strides made in the sector, there is still need to support the Counties particularly through the legislative framework governing the sector. I particularly laud H.E the President of Kenya, H.E Hon. Uhuru Kenyatta, for continued support for local communities evidenced in the agreement reached in the allocations for counties and local communities from upstream petroleum share of profits to 5% uncapped. This also occasioned the first trucks transporting 2,000 barrels of crude oil from the Lokichar oil field to the Kenya Petroleum Refinery Limited (KPRL) in Mombasa. We look forward to similar collaborative efforts that will create wealth for the community and the country at large.

5. LAND, PLANNING AND URBAN DEVELOPMENT

Spatial Planning: Counties are mandated by the Constitution of Kenya in the Fourth schedule, the County Governments Act 2012 and the Urban Areas and Cities Act 2012 to prepare and approve three types of Plans; County Integrated Development Plans (CIDPs), Sector Plans and County Spatial Plans.

Within the 1st year of devolution, no county had developed spatial plans. However, progress has been made in development of these key plans. One County Spatial Plan has been completed, approved by the County Assembly and is now under implementation. In this regard, as a Council we congratulate County Government of Lamu for being the first to develop, approve and implement a County Spatial Plan in accordance with the Performance Management Framework for County Governments, and the County Spatial Planning Guidelines.

Overall, 29 counties are at different stages of developing their County Spatial Plans while 18 Counties have not embarked on preparing County Spatial Plans. The Council through support from the United Nations Development (UNDP) and DFID among other stakeholders have developed County Spatial Planning guidelines that were launched during the 5th Annual Devolution Conference 2018. The Council will continue to support Counties to finalize preparation of these important plans.

Development Control: Counties have strived to ensure that time taken to process development applications is minimized so as to attract investors and hasten development in Counties. On average, 12 counties take an average of 1-10 days to process and approve development applications. However, a large number is still in the bracket of taking 21-30 days to complete approvals.

Urban Governance: Well-structured Urban governance is key in ensuring that the common *mwananchi* gets services delivered to them in appropriate time. County Governments are now in the process of implementing the Kenya Urban Support Program (KUSP) whose main objective is to establish and strengthen urban institutions to deliver improved infrastructure and services in participating counties in Kenya. To this end, Counties have already declared 45 County Capitals as municipalities and they are in the process of establishing and appointing the urban boards for efficient management of these urban areas.

Staffing: Majority of the planning units in the counties are understaffed with a few having maximum of 5 county planners. 42 counties employed physical planners while 3 have not. The counties with the highest number of physical planners are Nairobi, Kiambu and Kitui with 34, 12 and 11 respectively. Further, it was found that only Taita Taveta and Kwale counties have achieved their projections of 5 physical planners each while 4 of them were close to achieving their projections.

Housing: Housing is a devolved function and plays an important role in the development of the economy. Being among the big 4 agenda, Counties have embarked on the process of developing long term frameworks to secure affordable houses in order to meet the market demand. For instance, Homa Bay County is at an advanced stage of formalizing a partnership with the State Department for Housing and Public works, for the purpose of supporting the County deliver 2000 housing units in the financial year 2018/2018, with a target of 10,000 units at the end of the five years. On the other hand, Kakamega County has undertaken to construct a target of 1000 units in the financial year 2018/2019. Other Counties including Kiambu, Nyandarua and Laikipia have also signed a Memorandum of Understanding with the National Government to ensure that Citizens within the Counties access decent and affordable housing.

6. TRADE AND INVESTMENTS

H.E The President recently gave his key Development Agenda for the Country with four key focus areas among them being manufacturing. Under the Agenda, the Country is expected to grow its contribution of the Manufacturing share to 15% of the GDP. Some of the enablers identified in the achievement of the Strategy include; improving Ease of Doing Business in the Country, development of Special Economic Zones and supporting growth of the Small and Medium Enterprises (SMEs) among others. The highlighted enablers are critical to County Governments as they influence them positively or negatively.

Statistical data recently published by KNBS in the Economic Survey 2018 reported that the wholesale and retail sector, classified as SMEs, contributed Kshs. 588 billion to the GDP while Manufacturing contributed Kshs. 648 billion in absolute terms at current prices. The Contribution to the GDP as a percentage in 2017 of the two sectors manufacturing and Whole sale & retail sector was 8.4% and 7.6% respectively. The growth was marginal which was attributed to the 2017 general elections, high cost of inputs and competition from cheap imports.

Key achievements under devolution: It is also important to note that the Ease of Doing Business ranking has improved significantly since the advent of devolution from position 129 in 2014 to 80 in 2018 as per the World Bank Ease of Doing Business report. County Governments agree to the fact that more needs to be done on their part in order to improve their control indicators in Ease of doing business, which include standardization of fees, charges and levies across counties, abolishing multiplicity of taxes and reducing the time taken to obtain licences and permits from Counties.

Key challenges: There have been several challenges facing the trade and manufacturing sectors in the Country. These include lack of adequate financing of Micro, Small and Medium Enterprises (MSMEs), Multiplicity of Levies, Charges and taxes to businesses, market access of local products among others. Further, the sector has lacked an integrated and concerted approach between the two levels of Government to support traders to access market for their products, implement joint activities and projects in the sector. The Public Private Partnership model has not been fruitful in County Governments which largely can be attributed to the PPP Act.

Initiatives by County governments to promote trade and development: County Governments have put measures aimed at reducing the process of setting up shop at the counties through; streamlining the process of obtaining permits and licenses at the county level, introducing one payment structure to incorporate all the requirements needed among others while County Assemblies have been instrumental in passing legislations to create an enabling environment.

Regional Economic Blocs: We have established 6 Regional Economic Blocs whose operations will be enhanced to promote regional trade.

National Government support to trade and investments in Counties

In an effort to support Counties improve their ease of doing business, the Council of Governors would like to confirm to the Country that very first resolution to be implemented from the Joint Communique of the just concluded Fifth Annual Devolution Conference that was held in Kakamega County is establishment of County Counters in all the Huduma Centres across the 47 Counties.

On behalf of all Excellency governors and all the 47 Counties, I would like too sincerely thank H.E President Uhuru Kenyatta for extending this support through the Ministry of Public Service,

Youth and Gender. It is this nature of collaboration and synergy that will spur economic growth in our country, with Counties being the hubs for investment and economic activity. This will definitely support the counties improve and speed up services to citizens. Each County is therefore challenged to take up this honourable opportunity and demonstrate the added value of the gesture by National government.

Moving forward, a strong intergovernmental mechanism needs to be developed in the Trade Sector for the better achievement of the Manufacturing Agenda. This can comprise of strengthening of the regional economic blocs, partnering in SMEs promotion, the rejuvenation of the Joint Loans Board to assist traders among others. The National Trade Policy needs to be fully operationalised in order to achieve tremendous growth in the Trade Sector. The National Government should also consider having a dialogue with County Governments on a number of legislations that affect the sector which include the Public Private Partnership Act, the Micro and Small Enterprises Act, SACCO Societies Act, Co-operatives Act among others. Further, the National Government through a consultative framework should finalize development of key policies in the sector being the Kenya Investment Policy and the Co-operative Policy.

7. INTERGOVERNMENTAL RELATIONS

The second generation of County governments opens a new chapter in Intergovernmental relations. Counties will work closely with National government and Intergovernmental Relations Technical Committee (IGRTC) to support full implementation of Summit, IBEC, Sectoral Intergovernmental Forums resolutions. We shall also intensify implementation of existing intergovernmental coordination frameworks for specific sectors.

It is however important that the Summit achieves its statutory threshold of meetings. Moving forward, the Council will continue to ensure better relations with the Senate, and even establish joint committees for addressing specific legislations.

8. LEGAL AND HUMAN RIGHTS

Appreciating the role of the Judiciary: Devolution is facilitated by sound policies, regulations and legal frameworks. The legal jurisdiction has made great strides in promoting devolution. I would like to highlight two critical perspectives; Court judgements that are favourable to devolution and devolution-friendly laws.

In the legal realm the Council of Governors applauds the Judiciary for the continued independence and for its Solomonic wisdom in interpretation of our Constitution. We have received favourable decisions aimed at keeping the promise of devolution alive including *inter alia*, the Court clarification on the powers of County Assemblies and the Senate to oversight Counties.

Examples of Court judgements that are favourable to devolution: The Judgment delivered on 29th June 2017 in the “Oparanya Case” clearly dictated that the separation of powers between the two houses and henceforth matters before County Assemblies are not subject to deliberation and probing by the senate at the same time.

The Court ordered that the Senate has no power to interfere with the legislation processes at the County Level in the petition on the Kiambu County Finance Bill. Article 96 of the Constitution does not confer it with such power. The judgment emphasizes the centrality of devolution and sharing of powers in the legislative oversight regime.

In the matters concerning the appointment of Early Child Education Instructors, the Court ordered Teachers Service Commission (TSC) to be working together with County Governments to regularize the appointment of ECE teachers made by the County Governments prior to the Judgement.

Devolution-friendly laws: On the other hand with regard to devolution-friendly laws, I am proud to report that to date, County Governments have enacted 623 legislations and 103 regulations and policies aimed at enhancing service delivery and accountability.

Moving forward, The Council of Governors calls upon the enactment of the legislation to ensure institutionalization of the intergovernmental relations bodies that support devolution,

particularly the Council of Governors Secretariat, the Intergovernmental Budget and Economic Council (IBEC) Secretariat as well as the County Assemblies Forum (CAF).

9. The Tourism Sector

Tourism sector trends in an election year

For an election year, Kenya received quite a high increase in the number of both local and international tourists. Unlike the norms, prolonged electioneering periods and political unrest would have negatively impacted the tourism sector but that was not to be. Based on past trends, the prolonged electioneering period and political unrest would have been expected to negatively impact the sector.

For instance, for the 2007-2008 periods that was marked by post-election violence, government statistics show that tourism was severely affected. This growth in numbers can be attributed to various factors such as the endorsement the country received through global accolades such as World Travel awards' declaration of Kenya as the world's best Safari destination.

In terms of Arrivals, the total arrivals in 2017 was 1,474,671 up from 1,342,899 in 2016, denoting a 9.8% growth. Against this background, arrivals by Air was highest at **964,294**, followed by Cross border arrivals at **508,364**, and arrivals by sea at **2,013**.

Domestic Tourism: Domestic tourism marked a 37.3% increase from the previous year. The growth could be highly attributed to various efforts by County Government to sensitize the citizens on the diverse tourist destinations both within their boundaries and within the regional economic blocs. This saw 4.05 million beds occupied by Kenyan tourists compared to 3.5 million the previous year. Examples of County Tourism initiatives to boost local and international tourism include:

1. **Ushanga initiative in pastoralist counties** is based in the seven pastoral counties of Baringo, Turkana, Marsabit, Kajiado, Narok, West Pokot and Samburu.
2. **Tobong'u Loree in Turkana county** is an annual Turkana tourism and cultural festival, which brings together people from all over the country but also from neighbouring countries of South Sudan, Ethiopia and Uganda, popularly referred to as "***the ateker cluster***"-

comprising of communities within the region that share a common history, cultural values and practices. Tobong’u Loree festival doubles as a premium, highly effective strategy for promoting peace in the region.

I am proud to report that very recently, the festival’s profile was profoundly elevated by the presence of The First Lady H.E Mrs. Margaret Kenyatta who graced the event as Chief Guest and distinguished guests who included H.E the Deputy President, H.E Mrs. Ruto, Excellency Governors, Excellency Deputy Governors and Hon. Senators.

3. **Tucokie Rui Mukaro in Nyeri County:** Literally, “***Tucokie Rui Mukaro***” means “Going back to our roots”, and showcases the region’s rich cultural and historical heritage ranging from traditional dance performances, traditional attire, songs, traditional cuisine, artefacts and the hospitality of the Nyeri people.
4. **Siaya County organizes** an annual *Got Ramogi* festival dubbed “***Duog uru dala nyikwa ramogi ajuang***”, which holds a significant cultural heritage for the Luo community, and promotes community conservation of forests.
5. **Camel Derby in Samburu County,** which is Kenya’s best known and most prestigious camel race, attracting both local and international competitors.
6. **Lamu cultural festival in Lamu County,** which started in 2001 and is the longest running cultural festival in the country, and has played a key role in marketing Kenya globally.
7. **Marsabit-Lake Turkana Cultural Festival and Half Marathon** held in Loiyangalani, Marsabit County.

10. Water Forestry and Mining

Water and Sanitation: The coverage of improved sources of safe drinking has continued to expand, thereby transforming the lives of several formerly underserved and underserved rural households and communities. County Governments are rehabilitating and constructing dams to ensure that water provision in Counties meets the needs of the people. County Governments have also initiated, supported and sustained various community water projects across the Country.

On sanitation, latrine coverage has also continued to expand through efforts between County governments, development partners and non-state actors. Promotion of strategies like Community Led Total Sanitation and a number of market-driven sanitation approaches has led to elimination of open defecation in many areas, but counties and communities should intensify these efforts in order to prevent sanitation and hygiene related diseases that put a lot of pressure in our health facilities. We all acknowledge that providing clean water to citizens, combined with use of toilets and proper hygiene practices has reduced the spread of water-borne diseases.

Unfortunately, flooding like the scale witnessed in the counties recently contributes heavily in the destruction of sanitation infrastructure in counties. More resources should therefore be invested in these very important programmes across all counties. To this end, the Council would like to sincerely appreciate the important role of Community Health Volunteers in promoting sanitation and hygiene at community level, and we strongly recommend that Counties design, strengthen and support programmes that promote preventive health practices, including fully institutionalizing the structures of Community health volunteers.

Impediments to attaining universal water coverage include, inadequate financing, capacity building, high non-revenue water and outstanding issues related to implementation of the Water Act 2016 among others. It is in this regards that the Council in collaboration with the Ministry of Water and Sanitation organized the first Kenya Water Summit which brought together stakeholders in the Sector to deliberate on the issues and forge a way forward for the sector and it was during this event that the Intergovernmental Framework on Water was signed to ensure collaboration and coordination between the Nation and County governments in the sector.

Forestry-Over the last 6 years, the forest cover has increased from 6.99% to 7.3%. During this financial year, 41 Counties have planted a total of 23,770,068 tree seedlings. We commend the work done by counties in working towards attaining the constitutional requirements of 10% and we urge Counties to ensure that the trees planted are managed to increase the survival rate. So far, 18 Counties have signed Transition Implementation Plans, there need therefore to allocate resources and build capacity of the County Government on the 21 devolved functions to enable counties sign and operationalized the Transition Implementation Plans. The Council therefore supports the extension of the moratorium issued by the Ministry of Environment and Forestry on the ban on logging on Public and Community Forests to ensure that this resource is managed sustainably

Environment- Management of solid waste has been a challenge to many County Governments, Counties are in the process of developing policies and frameworks to address the Challenge. Over 400 Environmental Officers have been identified across the 47 Counties and the Council has collaborated with NEMA to train and gazette the officials as Environmental Inspectors to enable them arrest and prosecute environment offenders and enhance compliance and enforcement The Council urges the national government to provide for facilitation of the County Environmental Committee to fast tract the process of Gazzetment and operationalization of the County Environment Committees to address environmental challenges.

Climate change- Counties have made tremendous progress in the coordination of Climate change initiatives as stipulated in the Climate Change Act of 2016 to date, County Governments have established climate change units and 42 County Governments have nominated their respective CECs and Officers in charge of Climate Change. The Council is currently working with the Ministry of Environment and Forestry to develop an Intergovernmental framework for engagement and coordination of this initiatives through the established units. We commend Garissa County for taking a tremendous step as the third County after Makueni and Wajir to sign the Climate Change Fund Bill that sets aside 2% of the total budget for Climate change interventional and urge other Counties to follow suit.

Climate change Agenda presents an excellent opportunity for both levels of Government to work together in achieving national targets. We expect to make tremendous progress in this realm, through the Climate Change Council which is the apex decision making organ, where H.E The President is the Chair, and the Chairperson of the Council of Governors is a member. While climate change has largely been integrated into CIDPs, it is my greatest pleasure to confirm that County Governments (through COG) and the National Government (through the Climate Change Directorate at the Ministry of Environment and Forestry) are already collaborating very closely in developing the National Climate Change Action Plan (NCCAP 2018-2022), which will guide both levels of government in developing programmes and budgets for climate action.

Mining- Minerals present opportunity for alleviating poverty, improving standards of living and boosting the economy of the Country. However, we must admit that there has been inadequate consultation between the two levels of government in the sector. We have experienced insufficient involvement of Counties and communities in the processing of licenses and permits as well as conditions for facilitating social licenses. The Mining Act though progressive, provides a sharing formula for royalties but no royalties have been paid yet.

This situation is progressively changing though. On its part, the Council has taken proactive measures by advancing dialogues with different actors and in that regard, COG with support of partners held the first Inaugural Extractives Forum. This collaboration is important in order to optimize the potential in the mining sector as a source of revenue but also because the sector is a key contributor to environmental challenges which can be mitigated through collaboration between the two levels of Government. There is need therefore for the National government to adopt progressive policy and legislative frameworks, ensure transparency in licensing procedures, publication of contracts, and environmental and conservation requirements in line with international standard.

Generally, there is need to deliberately allocate enough resources to environment and natural resources departments at the Counties and provide a clearer framework for sharing of benefits from this sector. Both levels of government should also invest in programs that support communities to adapt to effects of climate change and address climate change related emergencies and disasters as one of the action point emerging from the communique' of the 5th Annual Devolution Conference.

11. Early Childhood Development & Education

Fellow Citizens,

Before I delve into the status on Education, Let me address the matter on alleged rape in Moi Girls Nairobi Secondary School. The Council of Governors strongly condemns this incidence and empathises with the parents and students of the school. Our children should be safe at all times and especially within the school environment. We call upon the National Government to take this matter with the seriousness it deserves and assure parents all over the Country of the safety of their children.

Sector Growth: The ECDE Sector has registered tremendous growth over the first five years of devolution. It is indeed among the most successful devolved functions in terms of growth. This growth is largely attributed to the expansion of ECDE Centres and employment of teachers by County Governments. In addition, County governments have overseen the Construction and registration of Youth Polytechnics which have positively impacted on the number of Youths enrolling to the centres.

ECDE Enrolment: The pupil enrolment in the ECDE centres has increased from 3,199.8 in 2016 to 3,293.8 in 2017. This reflect to 2.9% growth.

No. of ECDE teachers: The total number of ECDE Teachers (trained and untrained) progressed to 118,276, a reflection of 6.7%. In addition, the total number of trained ECDE teachers increased from 97,717 in 2016 to 106,938 in 2017.

Public ECDE Centres: Public ECDE Centers augmented to 25,175 from 25,381 in 2016 and 2017 respectively, whereas the total number of private ECDE Centers increased from 16,073 in 2016 to 16,398 in 2017.

ECDE Budget allocation: In terms of budgetary allocation, County Governments have steadily increased the combined budgets for Early Childhood Education and Technical and Vocational Training from Kshs 1.2 billion in 2013/14 to 24.6 billion in 2016/17 and 31.4 billion in 2017/18.

ECDE Scheme of Service: And in recognizing the importance of a highly skilled and motivated ECDE workforce, I am happy to confirm that the scheme of service for ECDE teachers is currently in the final draft state. The Council of Governors will carry on consultations with the National Treasury and the Senate to ensure that the National Government allocates adequate funds for effective implementation of the schemes of service.

Key challenges: Despite the milestones registered since the inception of devolution, the sector still faces a number of challenges which include: Lack of capitation for the ECDE; Need to redefine our training systems to address the training needs of the youth and; Poor coordination between the two levels of Government on matters related to education and training.

Vocational Training: County Governments have overseen construction and registration of 142 public Vocational Training Centres which increased from 845 in the 2016/17 financial year to 987 in the 2017/18 financial year. This is despite a decline in total enrolment to 89,598 in 2017 from 104,441 in 2016.

Budgetary Allocation: In addition, the County Public Vocational Training Centres are beneficiaries of the Kshs 2bn Vocational Training Centre Support Grant to improve the state of facilities and consequently the quality of training in the centres.

Youth Empowerment Centres: County Governments, including Makueni, Homabay, Tharaka Nithi, Meru, Kajiado and Taita Taveta and Nyandarua have equipped and refurbished over 14 youth empowerment centres in the 2017/18 financial year and transformed them into resource centres with the aim of equipping the youth with skills in the labour market.

Gender: The County Governments have continued to adhere to the gender principle in all appointive positions. This has demonstrated the priority of the County Governments in advancing gender equality and women empowerment including leadership roles. For instance, in the appointment of the County Executive Committee Members (CECMs) the representation of women and men is 32.41% against 67.59%. The appointment of the Chief Officers representation of women and men is 30.19% and 69.81% respectively. The key challenge is inadequate budgetary allocation towards gender specific related initiatives at the County level.

Sports: County Governments held the 4th edition of the KYISA Games 2018 in Wote, Makueni County. The Kenya inter-county youth games is an annual event involving the out of school youth and currently focuses on two disciplines– football and athletics. KYISA was aimed to identify, nurture and develop sporting talents among the youth and promote national cohesion among communities from different counties. The 4th edition attracted over 1000 youths (female and male).

In addition, we have seen County Governments construct and improve infrastructure to international standards. Counties such as Embu, Mombasa, Kiambu, Meru, Kakamega, Bomet and Kericho have constructed stadiums. Further, the Kericho and Bomet stadiums meet the standards of IAAF.

Meanwhile, the Council fully appreciates and supports the role of County First Ladies in promoting education at all levels, including supporting school feeding programmes in ECDE Centres, promoting menstrual hygiene programmes to improve access to sanitary towels for girls in primary schools, as well as in promoting programmes that target improving maternal and child health.

12. Integration of Information Communication Technology (ICT)

County Governments indeed acknowledge that ICT is a driver and a key pillar of economic development. ICT in Counties has led to reduced costs, maximized use of resource and shared services that refocus the scarce resources to other sectors of the economy. The County Governments are continuously embracing ICT as a strategic approach to service provision and have embarked on various programs and initiatives across the country.

These programs include: ICT infrastructure deployment and Internet Access /Connectivity where County governments are developing and supporting ICT network as a basic infrastructure service to enhance growth of digital economy, to facilitate sharing of information and resources in the counties, and bridge the digital divide.

Automation of County Government Processes – County Governments have begun to explore and implement structured automation of all processes. These includes automation of revenue collection like the Ejiji Pay in Nairobi County, medical drugs surveillance in Nandi County,

inventory and procurement systems and many others. Automation of revenue collection has improved transparency and service delivery. All counties are now on the IFMIS platform. The National government Integrated Payroll and Personnel Database (IPPD) has equally assisted in streamlining human resource functions in the Counties.

Establishment of County ICT Centres/ Hubs- County Governments continue to set aside funds to establish ICT Centres / hubs. During this Financial Year an additional 13 ICT Centres were constructed while seven (7) other centres are in the process of completion. This being a high cost intensive component, counties were not able to construct or finalize ongoing constructions due to poor funding. We call upon National Government to facilitate Counties to execute this function.

Information Sharing- Use of ICT is now the norm for conducting business in Counties. All Counties have set up websites for sharing information and knowledge and resources. Some Counties including Bomet and Kericho have gone ahead to establish County Performance Management Dashboards to monitor progress of projects in all sectors, while others including Vihiga County have set up vibrant GIS spatial databases to support planning and decision making.

The main challenge experienced in the sector is the inadequate funding to implement ICT projects. The National Government ICT Master Plan recommends an expenditure of 5% on ICT. However, Counties ICT allocation is below 1.4% of the overall Counties budget. This makes it impossible to implement the projects.

Additionally, County Governments lack a standard ICT policy to govern implementation of projects and ICT activities within their jurisdiction. It is important to note that ICT is not a devolved function, therefore, we call upon the National Government to assist Counties in domesticating the National ICT master plan and capacity building of the County staff to enable them execute their mandate.

13. County Public Participation laws

More than half the counties have enacted legislation to provide a framework for public participation and civic education in accordance to section 207 of the Public Finance Management Act, 2012 and Sections 100-101 of the County Governments Act, 2012. In the absence of legislation, the County Public Participation Guidelines, have been very useful in guiding Counties. These guidelines provide for support in the mechanisms for communication and access to information, mobilization and outreach for public engagement, redress mechanisms and Monitoring, Evaluating, Reporting and periodic Learning from their public participation experience.

Communication around citizen engagement: The objective of county communication is to create awareness on devolution and governance and promote citizen awareness on crucial issues. All the 47 Counties, with varied disparities, have been facilitating public outreach, public communication and access to information using websites, community radio stations, public barazas, and traditional media including the use of brochures and notices. Counties have also innovated and leveraged on mobile technology through the use of bulk Short Message Service (SMS's) and Youth Forums conducted via the messaging application *WhatsApp*.

Participatory Planning: Counties, through the county planning unit, have meaningfully engaged the citizens in planning processes. Citizens have also been involved in the development of the second generation County Integrated Development Plans (CIDPs).

Participatory Budgeting: Counties including Turkana have adopted Participatory Budgeting which ensures and embraces inclusivity of citizens in the budget formulation and through this process communities at the grassroots level have had an increased opportunity to participate in decision making. We have seen an increase in the participation of persons with disabilities in the counties, while women participation in West Pokot County has increased from a meagre 11% to the now 35% of the participants.

Government responsiveness and accountability to citizens: Publishing and publicizing the various budget documents in a timely way still remains one of the fundamental obstacles to meaningful public participation. The whole budgeting processes is demanding and requires a great deal of strategy and effort to get it right. That said, all the 47 counties need not only ensure they have put in place the right structures but also that the timelines of events coincide with those as spelled out in Section 48, 123(3), 139 and 166(4c) of the PFM Act 2012. This will be a major milestone towards having a functional budget process in place for all the 47 counties.

Excellency Governors, Fellow citizens,

An piece of evidence that must be of interest and concern to all of us is that in a survey conducted by *Sauti za Wananchi* in October 2017, **nine out of ten (9/10)** citizens do not think their opinions are taken into account in government decisions and feel that they are largely disconnected from decisions and information at the county level¹. We as county governments are striving to be more responsive to the needs of citizens and to give them feedback on what was incorporated, what was not and why.

Participatory Monitoring: Great opportunity lies in working with the public in conducting oversight. The public have an oversight role to play, that complements the County Assembly and other oversight institutions. For example, the public holds information about the effectiveness of public spending on the ground that can help inform the oversight process and improve budget implementation. In addition, they can express their views on how best to reduce wastage or misuse of public funds and how that can be addressed. Hence as a route through which members of the public can influence prudent utilization of public money, the publication and publishing of these budget documents is crucial to better inform the public. Most recently the Office of the Auditor General has announced that they want to forge alliances with civil society organisations in undertaking ‘Value for Money Audits’. If implemented, this will be a step in the right direction.

¹ Sauti za Wananchi, Brief No.17. October 2017

Setting up Grievance Redress Mechanisms also provides an opportunity to get feedback from the *Mwananchi*. Counties have been able to set up complaints desks, where citizens are able to effectively verify and correct any projects that were erroneously included or excluded from the budget. At the same time the proposed flagship projects are presented to the public forum by the Governor for onward presentation to the County Assembly.

Opportunities and recommendations towards strengthening public participation: A number of challenges can be highlighted in respect of facilitating effective citizen engagement. Nationally, there is need for an overarching comprehensive and coherent policy to set standards and coordination mechanisms for public participation between the two levels as well as between different arms of Government needs to be developed.

The policy should clarify the respective roles of the National and County governments in regards to civic education, the implementation framework of public participation on concurrent functions and on how counties and citizens engage the statutory intergovernmental structures of The Intergovernmental Relations Technical Committee (IGTRC), The Summit, the Council of Governors (COG) and The Intergovernmental Budget and Economic Council (IBEC). Public Participation should be conducted separately but in a collaborative manner in accordance with the principle of separation of power.

Another key concern towards effective public participation is underfunding or no funding at all of public participation activities, meaning that planned activities have not been fully undertaken. Citizen engagement efforts have been hindered by a lack of dedicated county resources and has resulted in unnecessary litigations. The Commission on Revenue Allocation (CRA) has recommended for the last two financial years, inclusion of funds for public participation in the equal share for county governments through the Division of Revenue Bill. It has subsequently been rejected by the National Treasury. County Governments need to ensure that they spend considerable efforts in planning and setting budget lines for public participation. Meanwhile, collaborative efforts should be sought between state and non-state actors in each county so as to pool resources and expertise.

14. Sustainable Development Goals

Excellency Governors, Fellow citizens

At this point, I would like to draw your attention to **localization of SDGs by Counties**.

Voices around the world are demanding for leadership role and direction in the fight against poverty, inequality, and climate change. To turn these demands into actions, world leaders gathered on 25 September, 2015, at the United Nations in New York to adopt the 2030 Agenda for Sustainable Development.

The SDGs build on the Millennium Development Goals and guide global action on sustainable development until 2030. The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The SDGs includes a set of 17 goals and 169 targets.

All of the SDGs have targets that are directly or indirectly related to the daily work of County governments. County governments are catalysts of change and are best-placed to link the global goals with local communities. Further, the county governments are the basic local governance units that can support localization, mainstreaming and implementation of sustainable development goals.

Reaffirming Commitment of Counties to SDGs: The county governments are committed to the implementation of the SDGs and already the Council of Governors is coordinating a county platform in implementation of SDGs in collaboration with the County Directors of Planning and Economic Affairs. CoG established an SDGs unit in 2016 to support counties in mainstreaming SDGs in local planning and budgeting and in tracking of progress during implementation. The unit has supported Sensitization and coordination with county governments on SDGs implementation. It has also provided a link with the National government as well as with other stakeholders. The County Governments have mainstreamed SDGs in the 2nd generation County Integrated Development Plans (CIDPs) and have incorporated SDGs targets in the proposed programmes and projects in the CIDPs. Further, county governments have also incorporated the SDGs indicators in the monitoring framework of the CIDPs.

The county governments have aligned their CIDPs to the big 4 development priorities for His Excellency the President. The big 4 agenda on Health, Agriculture, Housing as well as Trade and

manufacturing are directly related to the SDGs and as such their implementation will augment and accelerate the realization of the SDG targets. Finally, let me reiterate that in confirming actual localization of SDGs in Counties, the Council of Governors will work jointly with National government on SDG reporting, to ensure that evidence on the progress of various SDG indicators is prominently featured in the SDG report for Kenya.

15. Performance Management Framework

The Council has continued to support Counties to implement the performance management framework for county governments after the framework was launched in March 2017. The framework operational in Kenya has evolved over years as a globally acceptable good practice. At County Government level, performance management is legally prescribed through the various sections of the County Government Act (CGA) 2012, and The Public Finance Management (PFM) Act, 2012.

The Framework is based on and aligned with vision 2030 development blueprint, and requires County governments to develop 10 Year Spatial and Sector Plans, 5-Year County Integrated Development Plan (CIDP), 5-Year Departmental Plans as well as Annual Development Plans & Work Plans, with their corresponding Annual Budget & Resource Mobilization Plans.

High-Quality Second generation CIDPs: On behalf of Excellency Governors, I am happy to report that the Council of Governors in partnership with Development Partners including USAID and DFID (through AHADI Programme) and UNDP supported all 47 Counties to establish performance management units (PMUs), review level of implementation of the first generation of CIDPs and to develop the second generation CIDPs in strict adherence to the Framework, while applying the lessons learned from the experience of the first cycle. The Counties also mainstreamed SDGs, Gender, climate change and the Big 4 in the CIDPs. In addition, each County has also developed a monitoring and reporting mechanism. These components form the basis performance contracting and performance appraisal of County government employees.

One remarkable good practice in development of the second generation CIDPs is that the plans have been developed solely by County teams, coordinated by County Performance

Management Units, in which case the capacity to develop and review the plans has been built within the teams. The quality of the plans is also remarkably high, setting the quality bar for future reference. This is in contrast with the first generation CIDPs, most of which were developed by Consultants, at a time when the quality criteria was yet to be firmed up.

Of all the components of the County PMF, support to CIDP development has been the most successful, with 100% achievement. Most of the CIDPs have been tabled for approval by County Assemblies. In contrast, as already outlined under Land and Urban Development, preparation of county spatial plans is lagging behind, with 61% having commenced the process and 39% yet to start off. It is no doubt however that spatial planning being one of the major changes introduced by devolution, has had to trail behind, given that it is a new practice that requires a new set of skills that to a very large extent, Counties were not yet armed with. Moving forward however, Counties have purposed to invest in training staff in spatial planning and spatial analysis, and to equip the relevant departments with the required infrastructure, mainly GIS including hardware and software.

On performance contracting, the Council of Governors in collaboration with the Performance Management and Coordination Office at the Office of the President and with the support of UNDP and AHADI are currently reviewing the Performance Contracting Guidelines in line with the Performance Management Framework. The guidelines will be implemented by all the Counties as from 1st July, 2018.

Meanwhile, COG has continued to improve its performance over time. I am proud to report that in the Public Service Sector assessment of 2017/2018, the Council posted an overall score of 75%. We have put in place mechanisms for improving our performance and corporate standards, including adoption of a performance monitoring digital dashboard and implementing recommendations of the assessment.

16. Knowledge Management and sharing of best practice

Institutionalizing learning among Counties

Fellow Citizens,

I would like to report that to support our work, the Council of Governors intends to institutionalize fully, the Knowledge-driven performance pillar of the COG Strategic Plan 2017-2022. This is because the Council of Governors is indeed a learning organisation. We all admit that devolution did introduce new opportunities as well as new challenges, for which we must keep seeking solutions through inquiry, learning and knowledge sharing. We must innovate our approaches and practices, and seek new ways of conducting business. Against this background, the Council's knowledge management & M&E Unit (Maarifa Centre) supports COG Committees with the following services:

1. **Knowledge Sharing support:** This involves documenting and sharing of innovations and best practices from Counties and facilitating structured peer learning among Counties;
2. **Data Analysis and Research**
3. **M&E, Reporting on Results**

As part of knowledge sharing, the Council of Governors, with support of World Bank convened the first innovations and learning forum for Counties in July 2017. At present the knowledge sharing initiative is supported by World Bank, USAID-AHADI and Health Informatics and Governance Data Analytics (HIGDA) Project.

Moving forward in institutionalizing and promoting mutual learning, and in acknowledging the reality that each of the 47 Counties has excelled in specific services and products that provide a unique learning opportunity for the other Counties, the Council shall work with partners to promote inter-county peer to peer learning and sharing of information, documentation of best practices, and scaling up and replication of innovations.

As County governments, we believe that devolution cannot work if we do not learn from one another. In this regard, the Council of Governors, will soon launch **“The Governors’ Peer to Peer Learning Initiative”** as part of institutionalizing learning and experience sharing among Counties, as a strategy for improving performance and service delivery to citizens. The learning

themes will be based on priorities of Excellency Governors. On the same note, we also encourage our citizens to learn from other Counties and most importantly, apply the new knowledge to transform lives. Indeed as we implement the Big Four and the respective CIDPs, strengthening our peer to peer (County to County) learning initiative is a key priority for the Council.

SUMMARY OF CHALLENGES AND WAY FORWARD

1. **Public Finance:** Key challenges in public finance include IFMIS and E-procurement connectivity challenges, under-performance in local revenue collection, high wage bill (expenditure on personnel emoluments) that may affect implementation of development projects and delay in disbursement of funds by the National Treasury. As County governments, we must therefore continue instituting measures to cut on recurrent expenditure and adopt innovative strategies for increasing own-source revenue in order to increase budget allocation for development programmes.
2. **Health:** Counties owe suppliers of medical supplies, which should be offset immediately to avoid a crisis in the sector. There is also need to ascertain the correct number of doctors employed by County governments, and indeed the correct status of the total health workforce in counties.
3. **Effect of climate change** on livelihoods, human security and food security, infrastructure and development. As a Council, we believe that a joint intergovernmental framework for coordinating and implementing the National Climate Change Action Plan (NCCAP) 2018-2022 between National Government and Counties will go a long way in coordinating priority climate change actions and addressing climate-change related challenges across sectors.
4. **Weak intergovernmental relations** in some areas, as seen in non-implementation or delayed implementation of resolutions that have been agreed upon in a number of intergovernmental relations forums.
5. **Policy-related challenges:** There is need for structures, purposed candid dialogue between National government and County governments on a number of legislations that are bound to slow down implementation of the various perspectives of devolution and of the Big Four agenda in particular in order to accelerate realization of planned targets across sectors.
6. **Insecurity:** Insecurity affects and disrupts all aspects of devolution.
7. **Inadequate funding** for COG Secretariat.

Closing Remarks

In view of the above strides made in attaining the promise of devolution, Counties will enhance delivery of services to citizens and attainment of the Big Four Agenda through:

1. Collaboration with National Government in supporting and tracking implementation of the Big Four, in line with recommendations of the Fifth Annual Devolution Conference 2018 and Decisions of Intergovernmental Sector Structures.
2. Strengthening collaboration with National government and stakeholders in data sharing to inform planning and decision making, enactment of devolution friendly legislations and policies.
3. Adopting innovative strategies for attaining own-source revenue targets for financing local economic development.
4. Accelerating implementation of high-impact capital intensive PPP programmes.
5. Strengthening citizens engagement
6. Strengthening preventive health programmes.
7. Strengthening and resourcing of COG Secretariat.

Lastly fellow citizens, I would like to confirm the commitment of all Governors and the respective County governments (Executive arms and County Assemblies) towards delivering on the objects of devolution, and invite all citizens, private sector, development partners and non-state actors to join hands with County Governments and National government and drive our country forward.

May God Almighty Bless You All, May God bless Kenya.

Thank you.

H.E Josphat Nanok,

Chairman, Council of Governors