

# BUSINESS DAILY

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POLITICS AND POLICY

## Kenya seeks South Africa's help on county cash allocation



Commission on Revenue Allocation chairman Micah Cheserem (right) and Financial and Fiscal Commission of South Africa acting chairman Bongani Khumalo during the Kenya-South Africa dialogue on devolution. Photo/PHOEBE OKALL.

By Neville Otuki

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### IN SUMMARY

- The Commission on Revenue Allocation (CRA) has entered into a pact with South Africa's Financial and Fiscal Commission (FFC) for increased sharing of information on fiscal policy, skill transfers and human resource development on devolution.
- This is the second time Kenya has turned to South Africa for advice on better revenue allocation practices after a team from CRA toured South Africa in 2011, a few months after the promulgation of the Constitution.
- The move comes at a time when CRA has released a list of 25 counties having huge deficits in their budgets.

Kenya has sought the help of South Africa in handling contentious issues surrounding revenue allocation to counties.

The Commission on Revenue Allocation (CRA) has entered into a pact with South Africa's Financial and Fiscal Commission (FFC) for increased sharing of information on fiscal policy, skill transfers and human resource development on devolution.

"South Africa is keen to share with Kenya its experiences in allocation of funds," said FFC deputy chairperson Bongani Khumalo on Wednesday at a Kenya-South Africa conference on devolution in Nairobi.

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Like Kenya, Africa's largest economy has decentralised functions to lower units of governance.

The enactment of South Africa's Constitution in 1996 ushered the nation into a devolved system of government but it was not until 12 years later that there was "a semblance of uniformity after a series of budget reforms in various administrative units".

The South African government has until now taken over administrative roles of about 40 municipalities for violation of legislation and misuse of funds.

The Kenyan Constitution also provides for a similar action by the national government in cases where it is deemed a county has failed to manage its functions.

Mr Khumalo observed that devolution takes a long time to gain traction and therefore, the need for Kenyans to be patient.

South Africa has three levels of governments — the national government, nine provinces and 278 municipalities as opposed to Kenya which has two — national and county governments.

He took a swipe at county bosses with inflated budgets saying they should strive to match their fiscal policies with core functions.

"Devolved funds to counties will not make the cake any bigger if not used properly," he said.

The move comes at a time when CRA has released a list of 25 counties having huge deficits in their budgets.

“Counties have adopted super structures without the money in place,” CRA chairman Micah Cheserem said at the function.

He asked governors in the affected devolved units to revise their budgets before they receive any funds.

Mr Cheserem, however, pointed out that Kitui County was not among counties with budget deficits as was earlier indicated.

“There was an error. Kitui’s budget is indeed balanced,” he said.

Counties are earmarked to receive Sh190 billion down from the anticipated Sh210 after the government decided to retain the functions of roads and rural electrification development projects.

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