EFFECTS OF BUDGET ABSORPTION ON PERFORMANCE OF COUNTY GOVERNMENTS IN KENYA

BY

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DECLARATION

I, the undersigned do hereby declare that this is my original work and has not been submitted

to any university or institution of higher learning for examination.

Signed _____Date **03/11/2020**

ERICK KIPKIRUI   **D63/20790/2019**

This research project has been presented with the approval as the university supervisor

Signed………………………………………………Date…23/11/2020………………………….

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DEDICATION

I pass my special gratitude to my parents Samwel and Ruth for their encouragements, immense and unwavering support. I also dedicate this research to my brothers, sisters, brother-in-law and sister-in-law for their spiritual and moral support.

My special dedication to my great friends for being there throughout my master program. They have been my great cheerleaders and mentoring on the tenets of education.

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
ACBIRR	Annual County Budget Implementation Review Report
BA	Budget Absorption
CG	County Government
CAR	Commission on Revenue Allocation
CBK	Central Bank of Kenya
CGA	County Government Act
COK	Constitution of Kenya
COB	Controller of Budget
COG	Council of Governors
ECOWAS	Economic Community of West Africa States
ERS	Economy Recovery Strategy
CP	County Performance
GCP	Gross County Product
ICPAK	Institute of Certified Public Accountants of Kenya
KNBS	Kenya National Bureau of Statistics
LCRC	Local County Revenue Collection
MCA	Member of County Assembly
OCoB	Office of Controller of Budgets
PFM	Public Finance and Management
ROA	Returns on Assets
ROK	Republic of Kenya
SPSS	Statistical Packages for Social the Sciences

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ABSTRACT

Budget absorption rate refers to the share of the actual expenditure out of the targeted(budgeted). It is a great benchmark for determining the efficiency and effectiveness of the counties on the utilization, implementation, formulation and execution of county budget. Absorption rate indicates the ability of the counties to co-finance projects and activities, macroeconomics capacity and administration performance. This research sought to establish effect of budget absorption on the performance of county government. Budget absorption is supported by planning, organizing and a quality expenditure control tool. The research focused on the forty-seven counties and the independent variables of the study were Budget allocation, Development expenditure and County Revenue Collection. The secondary data was obtained from KNBS & OCOB. The results were presented inform of tables, figures and graphs. Budget ensures efficiency and effectiveness to the limited allocated resources. Budget is a management and regulation tool used to effectively manage the public funds with the aim of efficiently optimizing financial realization performance targets.

The researcher recommends the counties and national government to develop a clear development plan that will reduce non-essential expenditure. The comprehensive development roadmap will act as guidance and compass for the prudential expenditure. This will enhance optimal development of projects. Moreover, the county should determine the optimal staffing that ensure business continuity and reduce the county wage bill. The public involvement and periodic release of county budget absorption rate report will promote prudential expenditure. The study recommends the utilization of experts in budget formulation, utilization, implementation and execution to realize the budget absorption.

CHAPTER ONE: INTRODUCTION

1.1. Background of the study

The current dynamic fast-paced world of business, budget is extensively use as the implement for management, planning, coordination and control to achieve financial performance and economic growth. Budget is completely mandatory tool for financial planning and performance. A great organization can have the realistic budget supported by good plans and good governance systems but may not achieve its objectives. As stated by Burger (2012), the yearly budgets ensure periodic balance-check over aggregated expenditures and give rise to a full particulars of financial performance reports on absorption of resources though it does not put great emphasize on the long futuristic development plans over short-term plans. The excellent performance of an organization can be realized starting from mounting of clear objectives, accounting of true financial performance and evaluation of performance based on consistency of the budget with the set goals. Budget should reflect the demand of an organization, so that it can be used to maximize the financial performance.

The key building theories put forth in the literature review include Agency theory, Resource Dependency theory and Budgetary Control theory. Jensen & Meckling (1979) developed Agency Theory to put forth the contractual and mutual relationship between the agent and the principal. Stewardship theory by Donald & Davis (1991) stated executives as the steward for the principal and the aim of the executive is to maximize the shareholders wealth. Resource Dependency theory by Pfeffer & Salancik (1978) emphasized that organization depends on the environment for resources. Finally, Budgetary Control Theory (Sawmill &Williamson 2001) argued that budget is an indicator of the government performance. Chong & Johnson (2007) stated the reason for the utilization of the budget is for planning and goal setting for

the purpose of the achievement of the goals. Therefore, budget is paramount to the excellence of expenditure.

The Annual County Budget Absorption & performance Review Report (ACBIRR) examines county revenue against annual target and county expenditure in relation to approved county estimates. Sila (2006) stated that the absence of planning undermines the budget absorption. The study focused on the absorption and execution for the realistic and timely financial performance. The study further found out that lack of budget analysis, scrutiny and investigation by the economic users and independent entities will affect the budget absorption. Mathenge, Shavulimo & Kiama (2017) concluded that budget absorption faced great problems among them are; weak institutions, inadequate capital, unrealistic methods of budget allocation and utilizing the budget in the projects that have neither been included in the budget nor planned. In their study, they emphasized the need for the public participation in the budget preparation, this will motivate the participants and reflects ownership of the prepared budget. The staff involved in the budgeting should be very competent.

The failure to implement budget absorption will result in loss of benefit in expenditure, this implies that not all the allocated funds are utilized. In nutshell, it implicated lots of idle money which is not in circulation. budget absorption rate in the devolved government has not been expedient and systematic because of bottleneck in the implementation. These slow down the budget implementation in the county government. Therefore, a lot of funds are returned to the Ministry of Finance and Economic planning for the subsequent financial period. It is because of these challenges that my study investigates the prevailing effects of budget absorption on the performance of the county government in Kenya (Mungai 2016).

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1.1.1. Budget absorption

Budget absorption rate refers to the share of the actual expenditure out of the targeted(budgeted). It is a great yardstick for determining the efficiency and effectiveness of the county. absorption rate indicates the ability of the counties to co-finance projects and activities, macroeconomics capacity and administration performance. Budget absorption is supported by planning, organizing and a quality expenditure control tool. Budget ensures efficiency and effectiveness to the limited allocated resources. Budget is a management and regulation tool used to effectively manage the public funds with the aim of efficiently optimizing financial realization performance targets (ACBIRR 2016). Siegel and Allison (2011) stated the importance of the budget on the goals and targets. According to Carreira (2019), budget absorption entails the proper resource allocation and efficiently achieve the public finance management goal.

Budget absorption is roadmap and a yardstick that enable the limited resources allocated to be reflected in expenditures. Budget is a tool that ensures that the planned and conceptualized ideas are practical implemented Olaye and Oladipupo, (2014). Budget absorption forms the basis of comparison based on the targets, actual results, and variance. This initiates the corrective measures if necessary (Sharma, 2012). Budget absorption covers planning, monitoring, budget adjustments through supplementary budget and reallocation. Government financial year is a twelve-month duration whereby it starts on 1st July to 30th June. The budget implementation process is constrained by the legal framework hence slow down the absorption rate.

Budget allocation, development expenditure and local county revenue collection are key indicators of the performance in this study. The delay in disbursement lead to delay in projects implementation. County governments significantly affects Gross County Product. Synergy between national government and county government ensures budget realization and

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absorption is pragmatically achieved. The county performance is measured by the Gross County Product periodically released circulars and expenditures (KNBS, 2016).

1.1.2. Performance of county governments

The performance of the Kenyan Counties is informed by Gross County Product (Ocharo, 2019). According to Business Dictionary (2017), performance is the attainment of a set objectives and moderated against the current degree of comprehensiveness, momentum, cost and accuracy. Additionally, County Governments actual periodic performance is a reflective of monetary output. The county government recurrent and development expenditure undertaken during the year is majorly from the national government. The performance of county government can be analyzed through the actual results achieved compared to the targets and goals that is expressed in the monetary terms. The county governments performance is measured through infrastructural development increment, foreign direct investment, monitoring and evaluation reports and County Gross Governments Product which are some of the measures used in measuring the economic counties in Kenya. These measures were put in place by Kenya national bureau of statistics (KNBS).

According to Ocharo (2019), budget deficit leads to low county performance. County government should maximize factors of production for the economic growth. Furthermore, the county government must perform planning and budgeting to realize county performance and growth. The underfinancing and overfinancing arising from weak planning will have great impact on the performance of the county government (Yahya et al., 2017). The main task of county government is to improve continuously the standard of living and economic growth.

Performance of county government is anchored on the continuous utilization and absorption rate. Therefore, performance of county governments is a complete cycle of planning,

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administration, reporting, accountability, monitoring, evaluation and taking corrective action measures to minimize the variance. Furthermore, (Cok 2010) states that the county government finance must be managed lawfully, legally, orderly, efficiently, effectively, economically, transparently and accountably by considering the principles of justice, equity, equality, fairness and the benefit of the people.

1.1.3. Budget absorption and performance of county governments

Herrisyanto and Hendris (2012) explained on the delay of absorption of expenditure. Hongren (2005) elaborated budget as quantified aspect that is actionable in future. Budget is a yardstick for the performance because it avoids wastage and generate a sense of caution in expenditure. Budget creates prudential management of limited resources. Budget defines a planned objectives and decentralization of the obligation with the means of controlling income and expenditure.

The Annual County Budget Implementation Review Report (ACBIRR) investigates revenue performance against annual targets. In addition, it also analyses the expenditure against approved annual budget estimates of the county governments and give the status of budget absorption rate. The Office of the Controller of Budget has been coming up with the County Allocation Revenue as per the Constitution of Kenya, 2010. The national government through treasury came up with Public Finance Management (PFM) Act, 2012 section 166 to 168 which necessitated for the approved budget, at the same time separating the recurrent and development expenditure.

Siegel and Allison (2011) stated that budget forms a blueprint for the county government performance. When a budget is well utilized through absorption on the planned projects, it will provide discipline that brings planning to the forefront as a key performance responsibility. Budget need prudential consideration of competent planners for easier

utilization. The realization of effective and efficient performance can be improved through adoption of government framework, budget participation, communication, evaluation of performance and motivation (Kenis, 1979). Furthermore, budget participation provides opportunity to the budget economic users to plan on the difficult but achievable task (Chong & Johnson, 2007).

1.1.4. County Government in Kenya

Devolution brought by Constitution of Kenya, 2010, brought into existence County Governments. County Government are devolved units which is a new paradigm in governance and management. These units were established and created to enhance service delivery and power to the people. Articles 191 and 192 of the Fourth Schedule of the CoK (Constitution of Kenya, 2010) and the County Government Act 2012 provided the powers to the County Government. This means decentralization of previously centralized resources. There are forty-seven county governments whose borders and magnitude are established by the forty-seven legally and constitutionally acknowledged Kenya districts that endured till 1992.

The decentralized functions include education, control of pollution, cultural activities, transport, early childhood education, agriculture and tertiary and vocational colleges, animal control, drugs management, film control, health and welfare of the society. County government have ensured productivity, efficiency, effectiveness, and quality output (CoK, 2010).

1.2. Research problem

Budget absorption affects the performance of the county. The budget absorption can be achieved if there is allocation and utilization of the funds. The county budget implementation enhances the performance. Budget absorption is key pillar in the realization of the county

gross domestic product. Devolution has ensured the implementation of the county functions. Planning has been in existence since time immemorial in many organizations and currently being implemented in the counties through budgeting. However, counties have always face great problems despite tough governmental and institutional frameworks. However, due myriad of problems facing public funds management the budget and counties plans have not been realizable.

There has been slow pace implementation of the budget, poor allocation of funds, high refunds to the National Government. In nutshell, the development expenditure has never reflected the economic growth of the counties. Hence, a fact-finding to confirm the effect of budget absorption rate on county performance. The Total Budget Absorption Rate 2014/2015 79%, 2015/2016 80%, 2016/2017 80% and 2017/2018 74%. The Development Absorption Rate 2014/2015 63%, 2015/2016 65%, 2016/2017 66% and 2017/2018 49% as per the controller of Budget Implementation Report 2014-2018. Cash flow is a fundamental aspect of county performance. The cash transfer from the national government through treasury to the counties has been faced by great problems. Nevertheless, counties also exhibit poor budget preparation and implementation practices. Counties have demonstrated misuse and wastage of limited resources. In many circumstances, supplementary budget money has been siphoned fraudulently.

The poor budget implementation has attracted some researchers to conduct a research on it, among others Abdullah, Darma and Basri (2015), whose conclusion was that the budget surplus has a negative effect on the budget implementation. Rotich & Ngahu researched on factors affecting budget utilization Kericho County Government. The review on financial estimates execution is run by the OCoB (office of controller of budget) every quarter of the year to test performance.

Globally, Arif & Halim in their research on the factors influencing low absorption specifically on the regional revenue and expenditure concluded that slow budget approval has negative impact on the absorption. Abdullah, et.al. (2015) concluded that budget time did not have any effect on the budget absorption. Erlina, Arisaptra & Iskandar (2017) analyzed three independent variables ranging from budgeting time, budget surplus and local owned-source revenue and concluded that they have significant effect on the budget absorption. The research focused on the municipal government in the North Sumatera Province. Research conducted by Koriatmaja, et.al., (2020) in Central Lombok Regency concentrated on budget impact on procurement, execution of budget, among others. The study was conducted in West Nusa Tenggara Province, Indonesia. The used multi regression analysis and concluded that planning significant effect on the absorption is positive. However, the research found out that budget execution has no positive significant impact on the budget absorption. However, the research did not study the effect of budget absorption on the performance.

Kiyemba (2018) focused the analysis on the determinants of financial accountability in the local government of Uganda. The research recommended for accountability of local government in Uganda. The finding established the need for full disclosure of financial information to IPSAs. In Zaundi (2015) the research analyzed the absorption and spending of aid on the fifteen West African Countries. It focused on the Economic Community of West Africa States (ECOWAS). The research on the absorption and the spending of aid on non-aid current account and subsequently non-government budget concluded that countries depend less on aids have better spending than the one that rely on aids. However, the research did not focus on the budget absorption in the relation with the performance of West Africa.

In Kenya, Ocharo (2019), concluded that budget execution has positive significant correlation with performance of the Kenyan counties. On the other hand, Kathungu (2016) concluded that budget utilization has a substantial influence on the growth and county performance.

High budget deficits implicate the low performance. Moreover, the prudence financial management in the counties in key in ensuring the priorities and itemized budget has been implemented. Rotich & Ngahu (2015) researched on the factors influencing and determining budget utilization, the area of consideration was Kericho County. The skyscraping refund of allocated cash back to treasury under control of national government, implies poor implementation and utilization of budget. Globally, it is difficult to achieve a hundred percent budget realization. Majority of the local government in Indonesia have been reporting surplus in their budget. Low budget absorption indicates bureaucracy which hampers infrastructural development and productivity of the counties.

The global, regional and local literature has no specific study done on the budget absorption rate as well performance of the county governments in Kenya. The slow absorption reflects the slow implementation of budget (KNBS, 2016). While budget preparation is noble, budget walking the budget absorption has often been a mirage. However, many researchers have focused on budgetary control and budget implementation hence there is a research gap. Therefore, this will initiate a study to answer the question in research: To establish the effect of budget absorption on the performance of county governments in Kenya

1.3. Research objective

1.3.1. Overall objective
This research strived to determine the effect of budget absorption rate on performance of county governments in Kenya.

1.3.2. Specific objective
The key specific objectives of the research were:

1. To find out the effect of budget allocation on performance of the county governments, Kenya.

2. To establish the effect of development expenditure on performance of the county governments, Kenya.

3. To assess the effect of County Revenue Collection on performance of the county governments, Kenya.

1.4. Value of study

The paramount intention of this investigation is filling the existing research gap. It will help county government in prudential absorption of limited resources. Furthermore, it will help national government in timely transfer of funds to the county government. The outcome will play a crucial role in monitoring county development and recurrent expenditure. This will enhance implementation of the priorities in the budget based on urgency and importance.

The policy makers will use the research in timely formulation of relevant policies. The policy makers include OGoB (Office of the Controller of Budget), CoG (Council of Governors), Members of County Assemblies, among others. It is a crucial document for review and for analysis to predict the future. The study will support stakeholders in consideration of the absorption rate outcome and county updates. Furthermore, the research will help international institutions providing loans, grants and consultancy services in decision making. It will help them analyze the county development programs. They will be able to determine the going concern and financial health of the county before they can offer their loans. It is therefore of great significance in determining the value for money.

The research will also benefit the senate on their mandate of passing legislation and monitoring the budget implementation. It will support the understanding of the public finance and policy making. In addition, the research will be of great help to worldwide scholars as it

will provide more knowledge and insights and recommendations on the areas of other research gaps. Subsequently, it is a paramount area of research for global and local scholars. The outcome is for review and motivational boost to them. It will provide a blueprint, yardstick and benchmark for further considerations and implementations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The current chapter presents relevant theories, determinants of Gross County Product, empirical reviewed, conceptual analytical framework, research gaps, and the literature reviewed.

2.2 Theoretical review

This section covers the appraisal of various theories underpinning the subject under examination. This research is guided by the following theories: Agency (principal-agent theory), Stewardship, Resource dependency, and theory of budgeting.

2.2.1 Agency Theory

Agency theory illustrated under principal-agent contractual engagement. Jensen & Meckling (1976) spells out agency relationship to mean contractual relationship between principal and agent. The principal appoints another person called agent to provide services in accordance with the interest of the principal. This theory elaborates the role of individual given the responsibility of representing others, should always only carry out the duties that serves interest of the principal. However, according to Ghulam (2012), the positive effect of the implementation relies on efficiency and effectiveness.

Contrary, it is not guarantee that agent always make appropriate decisions in the best interest of the principal. Sometimes the agents make self-interest decision that are detrimental to the principal. The asymmetric information creates conflict of interest. The Ministry of Finance and Economic planning allocates the resources to the counties in form of exchequer to enhance performance. The agent may fail to pursue the objective and succumb to self-

interest, unrealistic personal objectives, opportunistic behavior, and therefore fail the principal's supposition (Mutungi, 2015).

When less resources are allocated to the counties, it will lead to less development and poor performance. The members of county assembly and the governors(agents) are elected to represent the interest of the voters (principals). Therefore, the citizens have a right to know how the revenue collected are budgeted and how it has been spent on the county projects. The Members of County Assemblies have been constitutionally designated and mandated to do the oversight and to safeguard the interest of the citizens (Kathungu, 2016).

2.2.2. Stewardship theory

Donaldson & Davis (1991) concludes in the purposeful mandate of the executives as the principal's steward. The steward protects and maximizes shareholders wealth. In this case the shareholders are citizens while stewards are members of county assembly and governors. Wealth maximization can only be realized when there is resource utilization and budget absorption. The stewardship has been implemented in the public sector through transparency on expenditure. Stewardship theory has addressed productivity, efficiency, effectiveness, and prudential management.

The theory is relevant in the governance and management of county resources. It promotes the integration of county goals. The county governors and Members of County Assemblies (MCAs) should always pursue the interest of the citizens. The sole duty of the steward is to add value and maximize the wealth of the county. This framework promotes members of county assembly and governors being motivated to work intrinsically to accomplish the tasks and responsibilities of county that has entrusted them. Therefore, the county leaders should suppress their personal interests and act responsibly on behalf of county government.

Stewardship encourages county collective-minded in discharging of duties and responsibility (KNBS, 2016).

2.2.3. Resource dependency theory

A resource dependence perspective by Pfeffer & Salancik (1978) finds out that organizations depend on resources in the environment. The environment to a reasonable extent, contains other organizations. The legally independent counties can therefore depend on each other on human capital, water, agriculture, and health. The resources needed by county government are under the control of national government. It is an important tenet of both strategic and tactical management. Each county government ought to possess a vibrant economic powerhouse, furthermore it should social hub for communal emancipation from insufficiency (Benito & Bastida, 2009). The county governments should ensure thorough consolidated economies by providing mobility, productivity and utilization of factors of production. It is a blueprint towards management of natural resources and a smooth co-ordination of health sector. Counties should support institutional relationship with the national government to enhance transparency and accountability. The harmonious co-existence between the two governments (national government and the county) is the key to implementation of county projects (ACBIRR, 2016).

The county government and the national government share resources such as human resource, monetary output, knowledge, skills among others (CoK, 2010). The provision of resources by the national government enhances county functioning which is key to the county performance. The mutual dependency between national and county governments is based on the principle that resources are the key to an organization's success. Moreover, the access and control of the allocated resources are a foundation of power. The increase in scale of production, political actions, diversification and developing of new relationship on different

factors of production (Gerald 2009). The theory focuses on the county as a resource collection pool whose Gross County product depends on its ability to absorb the resources.

2.2.4. Budgetary control theory

Sawhill & Williamson (2001) state that budget is a yardstick of the great execution of the government. In the perspective of the theory, a prudent budgetary control must inscribe the productivity and economical on the organizational expenditure. As stated by Robinson (2009), an efficient budget is bound by the magnitude of the revenue of the whole organization. Budgetary control provide framework for controlling costs. It includes preparation of budgets, organizing departments, establishing responsible departments, comparison of target results to actual results and taking corrective measures to achieve maximum productivity. Robinson and Last (2009) demonstrate budget system as a tool and framework for public expenditure, revenue allocation and income generation. It strives to eliminate wastage of public resources, anticipate capital expenditures, correction of deviation in cases of variance and fixation of responsibility as well as standards. Budgetary control is inevitable in the implementation of county plans. County governments in Kenya must prioritize things based on urgency and importance.

The county governments in Kenya should facilitate the proper planning in county governments in Kenya. Budgetary control helps in defining expenditure and revenue on the projects that the county is undertaking. Budgetary control ensures the achievement of efficiency through diligent management of public finance. This is very crucial in decision making, monitoring, forecast and expenditure (Ocharo, 2019).

2.3 Determinants of Gross County product(performance)

Central determinants of Gross County Product include: Budget absorption, budget allocation, development expenditure and county government revenue collection.

2.3.1 Budget Absorption

Budget absorption rate is share of actual expenditure out of the budgeted expenditure. Budget absorption ensures utilization and efficiency in the implementation of county resources. High absorption rate creates resource maximization through effectiveness of budget execution and utilization. A well planned and implemented budget leads to county economic growth (KNBS, 2016).

The performance of county government is measured through their ability to utilize the allocated budget. The ratio of actual expenditure to target(budget) expenditure is the absorption rate. The higher the absorption rate, the higher the performance and vice versa. However, delays in the disbursement of county funds from the national government has led to delay in the implementation of the county projects (KNBS, 2016).

2.3.2 Budget allocation

Budget allocation to the county governments follow constitutional course. The constitution of Kenya mandates the treasury to reinforce fiscal and monetary interdependence between the county government and national government. Treasury releases allocated finance, pamphlet, and instruct the county to support in accomplishing their jurisdictions and duties under a stipulated timeline (Matkin, 2010). The controller of the budget design a formula of resource allocation to the counties. The senate does the authorization part of the county budget allocation. Treasury ensures transparency and accountability of public finance in the county government. This enhances achievement of the set objectives and attaining of the county plans. Moreover, the responsibility and duty of the Ministry of Treasury and Economic planning is to put proper control and checks systems in the prudential administration and management of the county government.

The disbursement of resource allocated on time ensure timely achievement and performance of the county government. The constitution of Kenya guides the counties in proper management of the resources. Furthermore, prudence in financial management as directed by the PFM Act 2012. The accomplishment of the predetermined performance relies on the funds allocated. Utilization of the allocated funds and execution of the projects depends on prudential management of the counties (ACBIRR, 2016).

2.3.3 Development expenditure

The current and recurrent expenditure of the county government are key in the performance. High absorption rate in the recurrent expenditure creates deficit in development expenditure leading to poor economic growth. The new constitution of Kenya 2010 led to decentralizations of powers, resources, and management of counties. County performance relies on the budget, follow-up, budget implementation (PFM Act, 2012). Development expenditure in the counties is a key measure of productivity, efficiency, and effectiveness. The economic growth depends on the ability of the county to discharge their duties in form of infrastructural development and provision of essential services.

The excellent and sound performance of the counties needs a clear formulated fiscal policy. This will eliminate fiscal deficit and promotes sustainable budget (Erlina, 2017).

Development expenditure has not been fully expedient due to institutional inefficiency, corruption, and bureaucracy. Public Finance Management Act (2012), is a framework formulated to supervise the budget cycle phases. The allocation of the resources on priority basis, strong solid financial management and revenue mobilization. Development expenditure enhances county performance. If the development is not implemented in the county government, it will affect the budget absorption and service delivery.

2.3.4. County government revenue collection

The county government revenue collection has a key role in contributing to the county government excellent performance. Inadequate allocation of funds from the national government necessitate for revenue collections. Revenue collections in the county government enhances county performance through availing more resources (KNBS, 2016).

The funds from national government have not been sufficient to meet huge demands in the county government. The financial deficit in the counties require local revenue collection to promote service delivery. The county revenue collection supports key services such as health, water, sewerage, and roads. County revenue collection improve efficiency. It concentrates on property and rates, entertainment taxes, charge for services provided and licensing. Therefore, county government needs legal framework which is a paramount tool and foundation aspect of county revenue collection system. Furthermore, county government lack adequate legislative framework to effect imposition of tax and fee to support county performance and service delivery (Mutungi, 2017).

The collection of revenue should be economical, effective, fair, transparent, and simple to understand. The county needs to generate business data for local planning, regulatory and fulfilment mandates. The Ministry of Finance and Economic should liaise with county government while formulating policies that reinforces the Local County Revenue Collection. The failure by the county to generate more revenue to support projects may lead reduction on both current and recurrent expenditure hence it will affect county performance significantly (KNBS, 2016).

2.4. Empirical studies

Mungai and Nasieku (2016) opined that there should be an internal audit in the counties. The county audit functions to check the executions and utilization of county resources and minimize wastage. The researchers recommended that the county audit and anti-corruption should work in harmony to ensure transparency and accountability on the management of county resources. However, it has not put great emphasis on budget implementation and absorption.

Kihia (2016) concluded that staff who work to ensure implementation of the budget should be given a good and serene environment to enhance performance. Furthermore, the study recommends that remuneration should be very attractive to promote job security and to enhance performance. The officers can work efficiently and effectively if their jobs are well protected and safeguarded. The research did not state the budget execution and utilization to realize the county governments.

Mutungi (2017) opined and recommended the members of county assembly to pass legislation that improve the county performance, the study noted that the absence of stipulated legislation creates loopholes for corruption and wastage. The study further suggested that the budget and legislation should be harmonious to suit financial ability and to enhance county performance. However, the study did not emphasize on the audit income and subsequent effect on performance.

Oluwalope and ojediran (2017) suggested that there should be individual involvement on the budget activities. This will lead to positive impact on the county performance. A county government should always do public participation to enhance service delivery and county performance. Furthermore, public participation through decision making and exchange of information leads to prudent results, enhances accountability and efficient service delivery.

Kathungu (2016) concluded that county budgeting and utilization is essential for the county performance. Moreover, high deficit in the county budget indicates low performance, this is because the available resources will be reallocated or spread to maximize the urgency and priority. Therefore, many projects will stagnate. The researcher found that high capital structure is an important factor for high county performance. The research focused on budget utilization hence cannot be generalized on budget absorption.

Isaboke and Kwasira (2016) observed that financial ability is very important in county budget. The study also concluded that financial ability is a key pillar in influencing the performance of the counties. The county should enhance their financial ability through budgeting and budgeting control. The ability of the county to manage finances can lead to the stability of the county. However, the financial ability and stability cannot justify the absorption and performance.

Ocharo (2019) concluded that it is very important for the budget officers to be taken through training on budget execution. High deficits in the county budget revenue implies low county performance. The study recommended for the reduction of non-essential human capital that add no value to county performance. Furthermore, there should be stipulated cash management in the county government. The study was done on the execution of the budget and cannot be generalized on the absorption.

2.5 Conceptual framework

This framework map out how the dependent variable the independent variable relates to each other. In this study, the dependent variable is the performance of the county government in Kenya, while the independent variable is budget absorption rate, budget approval, development expenditure and county revenue collection.

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┌─────────────────────┐
│  Budget allocation  │────────────┐
└─────────────────────┘            │
                                   │
┌─────────────────────┐            │      ┌─────────────────────┐
│    Development       │───────────┤─────▶│      County          │
│    expenditure       │           │      │    performance       │
└─────────────────────┘            │      │      (GCP)           │
                                   │      └─────────────────────┘
┌─────────────────────┐            │
│   County revenue    │────────────┘
│    collection       │
└─────────────────────┘
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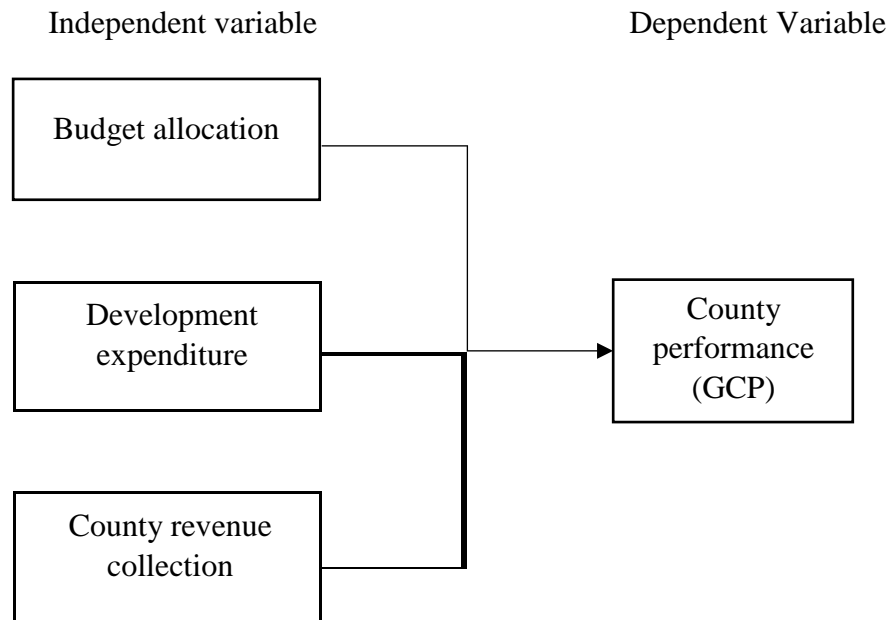
Figure 1: Conceptual framework (Source: Researcher, 2020)

2.6. Summary of the literature review

Empirical evidence that preceded this research came up with different conclusions regarding the influence of budget utilization on performance. There is limited focus on the expenditure, revenue collection and absorption rate. Some studies have concentrated on the impacts of budgetary control on accomplishment of performance which has filled the gap of budgetary inefficiency.

The literature review both globally and locally have not focused on the budget absorption rate. Due to the existing gap, it is paramount to conduct more research. Given the county challenges without clear reference to roadmap and blueprint on budget absorption, the researcher undertakes this analysis due to limited past theoretical and empirical rationale.

Furthermore, making it very challenging to the counties in Kenya to deliver excellent

performance.

Author of study	Focus study	Methodology	Findings	Knowledge gap	Focus of current study
Mutungi (2017)	Budgeting & budgetary controls on financials performance of devolved government in Kenya	Descriptive research design, population of 47 counties, both primary and secondary source of information	Budgeting and budgetary control has positive correlation with devolved county performance	Budget execution	Absorption rate in relation to allocated revenue.
Kathungu (2016)	Budget utilization on the performance of county government	Descriptive research design, target 70 finance and management officer of 5 counties, Meru, Embu, Machakos, Makueni & Kitui, Both primary and secondary data	The researcher found out that budget utilization has influence on the performance of the county governments	Audit outcome and subsequent effects it imposes on finance management verses implementation/execution	Performance of the counties as the result of consistent absorption rate in the county government
Ocharo (2019)	Effect of budget execution on the performance of counties	Descriptive research design, population of 47 counties and use of secondary data	The researcher concluded that budget execution affects the performance of the county government	The researcher advocated for better budget implementation	Budget absorption as a means of implementation and execution to enhance performance

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The coverage in this part ranges from research design, targeted population, sourcing and collecting data, diagnostic tests, tools for data validity, method of data analysis to inferential statistics.

3.2. Research Design

This area of study uses the quantitative descriptive method to assess the relationship covering the budget absorption rate and performance of the county government. According to Burns & Grove (2003), research design is a layout that ensure the research undertaken with minimum interference and constraints. The research will concentrate on the budget absorption rate: budget estimates, approved budget, and development expenditure. The main objective is to collect, analyze data and come up with the findings on the effect of absorption rate on the (Gross County) performance of counties (forty-seven counties, Kenya).

3.3. Population

In nutshell, target population is lay down elements, items, objects, or individuals with similarities in characteristics (Mugenda, 2003). The researcher utilized secondary information available in the Office of the Controller of the budget (OCoB), Kenya National Bureau of Statistics. The specific relevant data were budget allocation, development expenditure and county revenue collection. The target population is forty-Seven counties in Kenya.

3.4. Data Collection

Secondary data is very paramount for logical analysis. It is obtained from the Office of the Controller of the Budget (OCoB) and Kenya National Bureau of Statistics (KNBS, 2016). Furthermore, the reports also sourced from Annual Government Budget Implementation

Review Reports (ACBIRR). Secondary data was utilized in this research. The data collected on budget allocation, development expenditure and the local revenue for the five years (2014-2018) under research will be considered.

3.5 Diagnostic Test

The researcher tested the accuracy using linearity test, normality test, and auto-correlation test to determine test for diagnostic test as well as a statistical measure of testing the accuracy. Linearity test was to establish the relationship, while normality test was to ensure normal distribution of data. Autocorrelation test was carried out between the dependent and independent variables.

3.6. Data Analysis

A complete secondary data collected underwent review, editing, coding, as well as interpretation but through SPSS for analysis. Descriptive analysis by the help of charts, tables and graphs were very helpful.

Resnik (2003) suggests that analysis of the data using empirical model. An empirical model adopted to display a linear regression model. It is comprehensively to measure and quantify the variables under the investigation. The stated model provided relationships of variables.

A regression model shown below

$Y = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Whereby

Y= Counties performance (Gross County Product).

A_0=y intercept of the regression. The constant variable.

X_1=Budget allocated will be measured by the aggregate county budget allocation against the total approved budget of the county.

X_2= Development Budget is measured by development budget to total expenditure incurred in each county

X_3= County Government Revenue will be measured by the ratio of County Government Revenue collected to total approved budget of the county.

ε= error term

3.7 Inferential Statistics

The researcher will investigate the existing relations between the independent variable (Budget Allocation, Development Expenditure and County Revenue Collection) and dependent variables (Gross County Product). The conceptual framework, regression and structured analytical model will be very helpful. Regression is used to find the degree and nature of relations between independent and dependent variable (Ocharo, 2019). Furthermore, the F-Test will also be done. Values. $P \leq 0.05$, and $P > 0.05$ will be interpreted for statistical significance, and insignificance, respectively.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

Chapter four presents the data assumptions, analysis, findings, results obtained, interpretations and discussions. It compiled graphs, descriptive statistics and regression outcomes.

4.2 Descriptive statistics

Table 1: Descriptive statistics for 2015

	N	Minimum	Maximum	Mean	Std. Deviation
Gross County product	47	0.0055	0.0479	0.019062	0.0089405
Budget Allocation	47	0.7929	1.0000	0.871462	0.0450466
development expenditure	47	0.2710	0.6330	0.429149	0.0898080
county Revenue Collection	47	0.4926	0.8877	0.694370	0.0939566
Valid N (listwise)	47				

Source: research Findings

Table *1* represented the finding from descriptive statistics for 2015. The mean Gross County product was 1.90%, Budget allocation 87.1%, Development expenditure 42.9% while County revenue collection accounted for 69.4%.

Table 2: descriptive statistics for 2016

	N	Minimum	Maximum	Mean	Std. Deviation
Gross County product	47	0.0032	0.0523	0.017851	0.0100832
Budget Allocation	47	0.6788	0.9200	0.830438	0.0569760
development expenditure	47	0.2990	0.6180	0.393787	0.0757166
county Revenue Collection	47	0.3323	0.8011	0.543602	0.0978384

	N	Minimum	Maximum	Mean	Std. Deviation
Gross County product	47	0.0032	0.0523	0.017851	0.0100832
Budget Allocation	47	0.6788	0.9200	0.830438	0.0569760
development expenditure	47	0.2990	0.6180	0.393787	0.0757166
county Revenue Collection	47	0.3323	0.8011	0.543602	0.0978384
Valid N (listwise)	47				

Source: research Findings

The table above represents the findings for 2016, Gross County Product accounted for 1.7% while Budget allocation was 83.0%, Development expenditure was 39.4% and county revenue collection 54.3%.

Table 3: Descriptive statistics 2017

	N	Minimum	Maximum	Mean	Std. Deviation
Gross County product	47	0.0051	0.1382	0.018628	0.0194678
Budget allocation	47	0.6088	1.0000	0.849123	0.0817508
development expenditure	47	0.2200	0.4720	0.341234	0.0516982
county Revenue Collection	47	0.4023	0.8239	0.566345	0.1003017
Valid N (listwise)	47				

Source: research Findings

The table above highlighted the averages for the year 2017, Gross County product Represented 1.86%, Budget allocation 84.9%, development expenditure 34.1% and county revenue collection was 56.6%

Table 4: descriptive statistics 2018

	N	Minimum	Maximum	Mean	Std. Deviation
Gross County product	47	0.0021	0.1977	0.019344	0.0288848
Budget allocation	47	0.6481	1.2761	0.859934	0.0838326
development expenditure	47	0.2240	0.5310	0.389894	0.0652041
county Revenue Collection	47	0.2330	0.8989	0.535453	0.1242752
Valid N (listwise)	47				

Source: research Findings

As shown above by the *table 4* that represented 2018, the averages for Gross County Product,

Budget allocation, development expenditure and county revenue were 1.93%, 86.0%, 39.0%

and 53.5% respectively.

Table 5: Aggregate descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Gross County product	188	0.00	0.20	0.0187	0.01853

Budget allocation	188	0.61	1.28	0.8527	0.07000
development expenditure	188	0.22	0.63	0.3885	0.07799
county Revenue Collection	188	0.23	0.90	0.5849	0.12224
Valid N (listwise)	188				

Source: research Findings

Table *5* represented a summarized data for the four year. Gross county product accounted for 1.87%, budget allocation was 85.3%, Development expenditure 38.9% and County revenue 58.9%. In nutshell, there was a decrease on GCP in the year 2015-2016 from 1.9% to 1.79% this was due to decrease in budget allocation and development from 87% and 42% to 83% and 39.4% respectively in the same years. The county revenue collection also reduced from 69% to 54%. 2018 had the highest GCP compared to other years.

Regression analysis

Numerous tests were done before linear regression. The multiple regressions were done to ensure residual regression followed the normal distribution. Error term is normally distributed Stock &Watson (2015). Furthermore, there should be independence and homoscedasticity of all variables.

4.2 Data assumptions test

Further clarity on the assumption previously made was elaborated by running Pearson correlation. There was need to assess the relationships between independent variables, and their correlations or the interactions between each independent and dependent variable.

Table 6: Pearson correlation Matrix

		Gross County product	Budget Allocation	development expenditure	county Revenue Collection
Gross County product	Pearson Correlation	1	0.493**	-0.236**	0.118
	Sig. (2-tailed)		.000	0.001	0.106
	N	188	188	188	188
Budget allocation	Pearson Correlation	0.493**	1	-0.096	0.101
	Sig. (2-tailed)	0.000		0.191	0.169
	N	188	188	188	188
development expenditure	Pearson Correlation	-0.236**	-0.096	1	0.230**
	Sig. (2-tailed)	0.001	0.191		0.001
	N	188	188	188	188
county Revenue Collection	Pearson Correlation	0.118	0.101	0.230**	1
	Sig. (2-tailed)	0.106	0.169	0.001	
	N	188	188	188	188

**. Correlation is significant at the 0.01 level (2-tailed).

The Pearson correlation depicts a significant and great positive association between (GCP) dependent variable the other three independent variable at 95% significant level. Therefore, independent variable informs the dependent variable. However, there was great failure in correlations among the independent variables, stipulating no significant multicollinearity.

4.2.1 Linearity test

Linearity test was run to determine linear relationship, multivariate normality, no multicollinearity and no autocorrelation. Linear test was done dependent variable (GCP) and each independent variable to generate scatter plots and examine them visually to determine their independence.
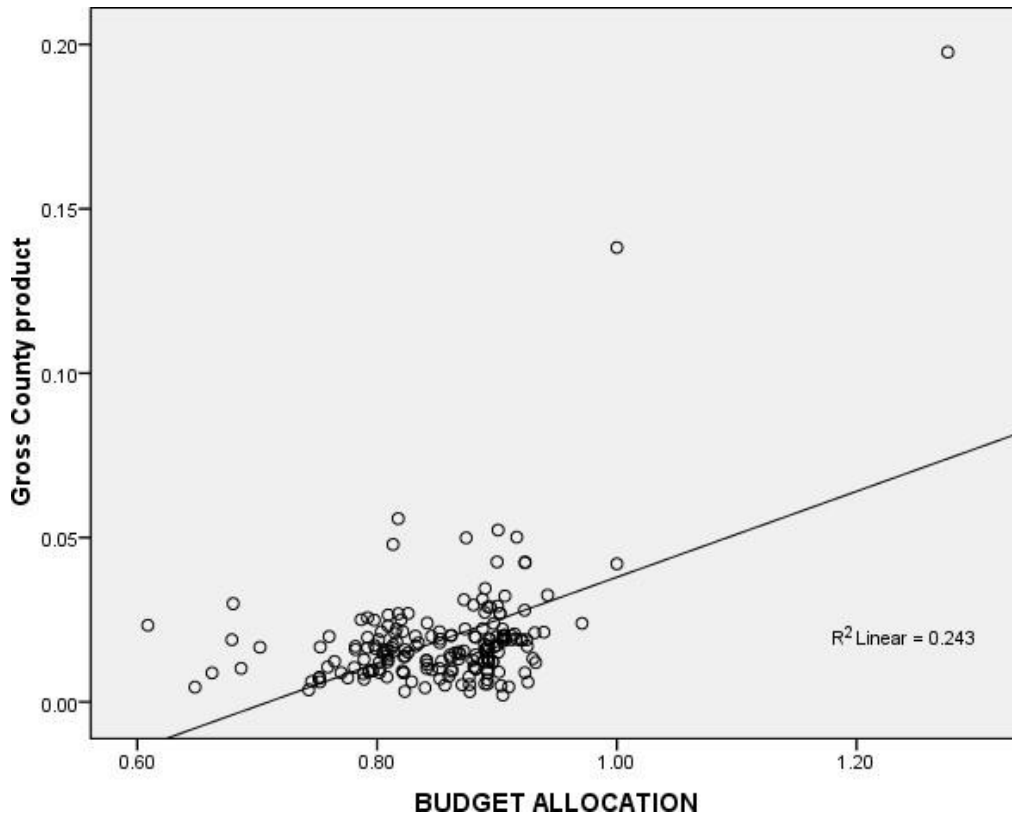
Figure 2: Scatter graph showing the Relationship between GCP and Budget Allocation

The relation demonstrated in the scatter graph indicates a significant linear association between dependent variable (GCP) and independent variable (budget allocation) with R^2 of 24.3%.
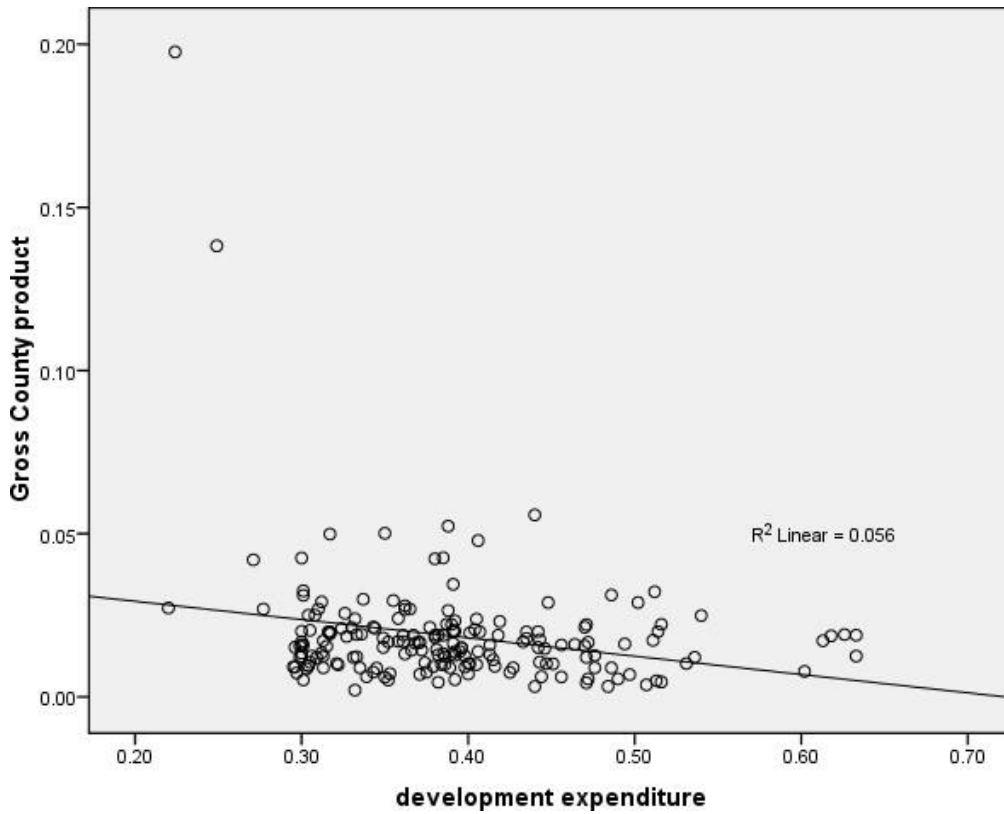
Figure 3: Scatter graph showing the Relationship between GCP and development expenditure

The association indicated in the scatter graph above demonstrated linear interaction (relationship) between the dependent variable (GCP) and independent variable (development expenditure) with R^2 of 5.6% with no significant outliners.
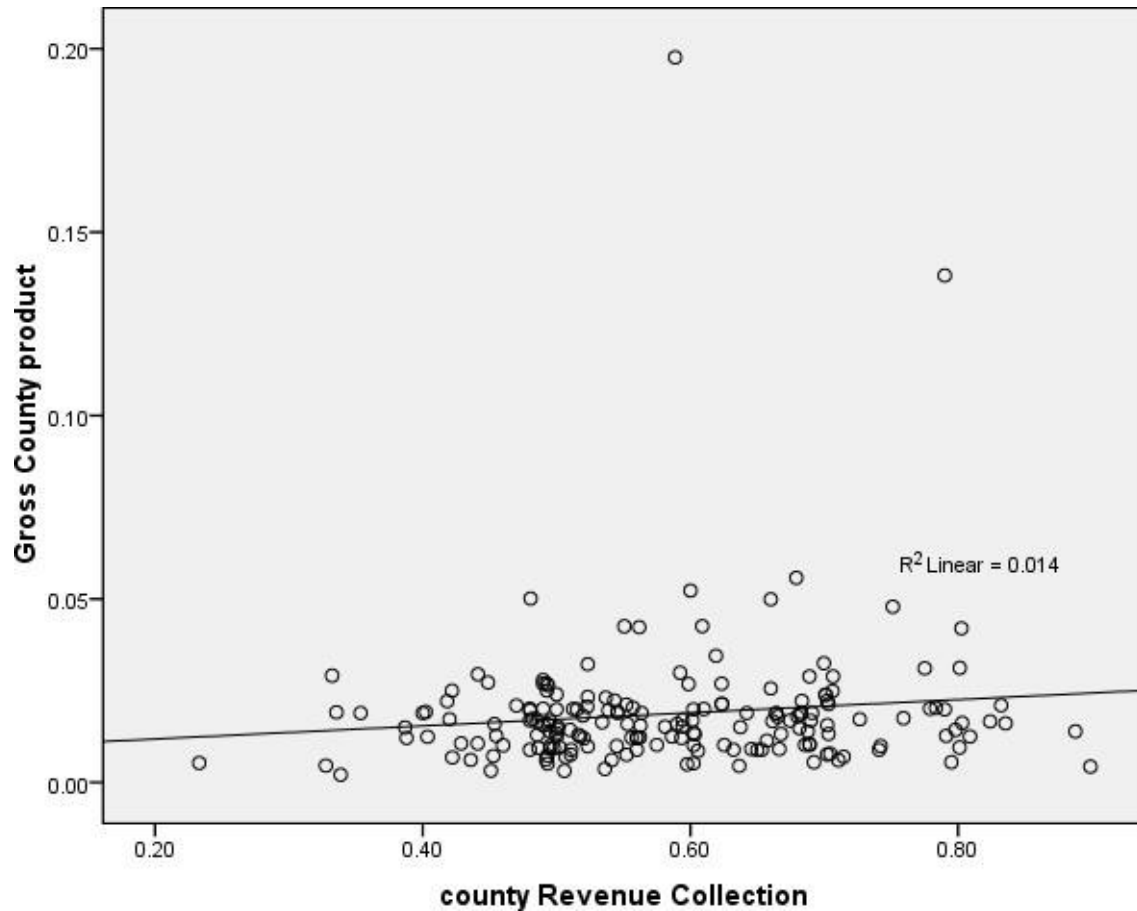
Figure 4: Scatter graph showing the Relationship between GCP and development expenditure

The interactions indicated in the scatter graph above demonstrated linear relationship between the dependent variable (GCP) and independent variable (county revenue collection) with R^2 of 1.4% with no significant outliners.

4.2.2 Normality test

Normality test was utilized to establish if the data set is well modelled. It measures the goodness of normal model of the data. The running of standardized residual through (P-P plot) for more elaboration is shown below.

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Gross County product
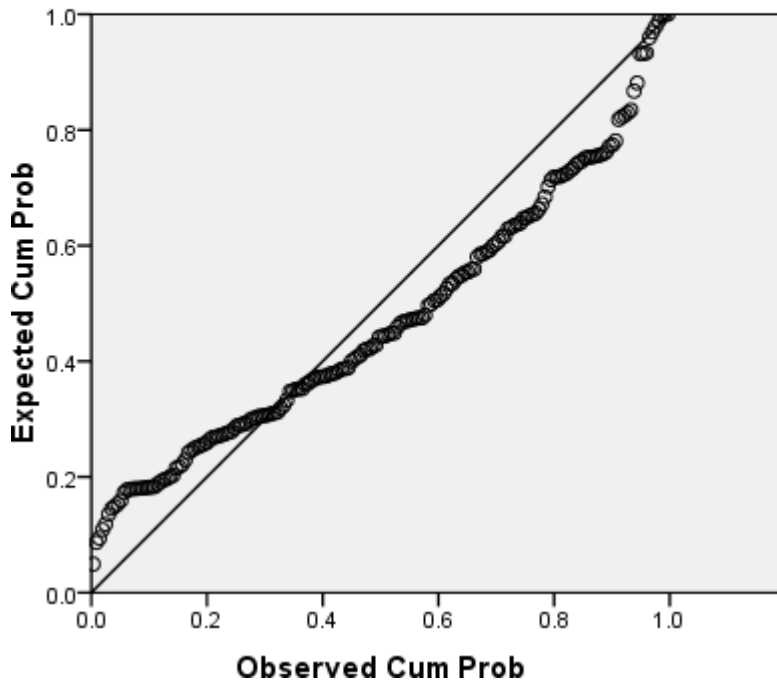
Figure 5: Scatter Graph showing Normal P-P of Regression Standardized Residual

From illustration depicted by the above graph inspection, it can demonstrate error terms are within the stipulated normal line. Furthermore, there deviations are very minimal and insignificant.

Table 7: Coefficient and Significance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.076	.016		-4.750	.000
	BUDGET ALLOCATION	.122	.017	.460	7.326	.000
	development expenditure	-.052	.015	-.220	-3.431	.001
	county Revenue Collection	.019	.010	.123	1.908	.058

Dependent Variable: Gross County product

From the table above table, the standardized coefficient demonstrates the reaction of the standard deviation as a result to change deviation in the standard independent variable. The analysis above utilized the unstandardized coefficient to generate bigger aspect of dependency. Therefore, the model:

GCP (Y)=-0.76+0.122(Budget allocation) +-0.052 (Development expenditure) +0.19(County revenue collection). In summary, if all the independent variables are held constant, then GCP will be negative 0.76 as by the regression analysis.

4.2.3 Test of Coefficient

T-test is used to determine the coefficient through use of coefficient of R^2 and variance. T-value of 0.05. Consequently, the P-Value from the above table coefficients shows that the relationships are statistically significant.

Table 8: Multiple Regression Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.542[a]	0.293	0.282	0.01571

Source: research Findings

The table above with the value of R=0.542 demonstrates the good projection of (GCP) dependent variable in relation to the three independents variable. R Square of 0.29 which translates to 29.3% variableness of independent variable.

Table 9: Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.019	3	0.006	25.452	0.000[a]
	Residual	0.045	184	0.000		
	Total	0.064	187			

Source: research Findings

The researcher intended to demonstrate the variability of the projected and projector variables as illustrated by the regression model and significance in the table above. Therefore, the variableness in the regression model is jointly significant at P-value<0.05.

4.3 Interpretation and discussion of Research Findings

The researcher wanted to assess the effect of budget absorption on the Gross County product (performance). According to Ocharo (2019), budget execution is paramount tool in realization of budget absorption rate. Furthermore, Erlina, Arisapta & Iskandar (2017)

concluded that local revenue collection has a significant effect on budget absorption. Moreover, Robinson (2009), elaborated that an efficient budget is integrated by the magnitude of the aggregate revenue collected. According to OCOB (2017), low credibility is budget absorption implied that the areas prioritized during budget formulation and approval are not the same during budget execution.

From the numerous tests undertaken by the researcher, high budget allocation enhances the growth of Gross County Product. The researcher examined the effect of absorption rate by the forty-seven counties. The study presented the three independent variables. The researcher concluded that the development expenditure was insufficient and accounted for approximately a third of total expenditure hence denying the counties infrastructural developments. For instance, the average development expenditure stood at 38.9% table 5.

The counties are still facing myriad challenges in county revenue collection. There is great failure in achieving the target revenue collections. The analysis extracted from the findings, indicates the need for more budget allocation to reduce deficit and to encourage county business continuity. Budget allocation average for the counties was 85.3% table 5. The drop in budget allocation from 2015 to 2016 from 87.1% to 83.0% is an indication poor planning, poor budget implementation and can also demonstrate laxity in both the national and county government. The study concluded that the counties failed to prioritized development expenditure during budget formulation and implementation. Consequently, budget absorption of recurrent expenditure is much higher than development expenditure for all the forty-seven counties.

Counties do not have comprehensive database for revenue collection and enforcement. Table 5 illustrated the mean of county revenue collection of 58.5% with the standard deviation of 12.2%. Therefore, there are numerous numbers of informal sectors in the counties. Tax avoidance and evasion must have resulted to poor revenue collection for the counties.

Nevertheless, some counties have dramatically and periodically improved their GCP while other substantially regressed. The great variation in the counties is due to mismanagement and wrong priorities.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter outline the summarized, concluded and recommended findings from the analysis done in chapter four.

5.2. Summary

The study established the effect of budget absorption on Gross County Product. My independent variables were budget allocation, development expenditure and county revenue collection. The secondary data for independent variables that supported this research was obtained from OCOB while the dependent secondary data was obtained from KNBS. The study examined budget absorption rate for the forty-seven counties in Kenya for a period of four years that is 2015-2018. The analysis presented in the study is based on budget allocation, development expenditure and county revenue collection summarized by OCOB and the county treasuries. The study intends to provide more insight for academic research, professional counsel and reviews. Furthermore, the study purpose to inform the policy makers, legislators, stakeholders, public, financial analyst, county financial officers, and national government on the budget absorption.

5.3. Conclusion

The PFM Act (2012) does not allow the county government to change above 10 percent of its total approved budget allocation within the year. The yearly performance data should be the yardstick for the county continuous improvement. The Gross County Product was 1.90%, 1.79%, 1.86% and 1.93% for the year 2015, 2016, 2017, and 2018 respectively. Low Gross budget in 2016 was due to low budget allocation. The budget allocation for 2015, 2016, 2017 and 2018 were 87.1%, 83.0%, 84.9% and 86.0% respectively. Development expenditure were

42.9%, 39.4%, 34.1% and 39.0% for the year 2015,2016,2017, and 2018 in that order. However, the county revenue collection was determined to 69.4%, 54.4%, 56.6% and 53.5% for 2015, 2016, 2017 and 2018 respectively.

The averages for the four years were Gross County Product 1.87%, Budget Allocation 85.3%, Development expenditure 38.9% and County Revenue Collection 58.5%. In nutshell, low budget allocation led to low GCP. High budget allocation promotes efficiency, effectiveness, sound county business decisions and timely remedial actions to reduce the variance. Furthermore, low budget allocation stagnates the infrastructural developments, achievement of county manifesto and poor annual budget absorption.

Low development expenditure resulted to low GCP. Development expenditures are integral component to county annual financial implementation. The county should develop County Development Fiscal Strategy as a framework to establish balanced budget implementation between and recurrent and development expenditure. The development expenditure accounts for a third of total budget, this indicates low infrastructural development. Moreover, the implications of low development expenditure are stifled investment hence denying the Gross County product the serenity it needs to grow. Nevertheless, funds misappropriation and embezzlement will be injected into ghost projects.

County revenue collection is a great ingredient in Gross County Product. High and timely collection of revenue enhances service delivery and promote balance infrastructural development. It enables county to incentivize fiscal plans to reach targets. The county governments should employ efficient revenue collection system and increase enforcement and compliance. The study concluded that inadequate county revenue collection constraints developments. County revenue collection mitigates low budget allocation. Deficit in county revenue allocation creates insufficiency and stagnation of Gross County Product.

5.4. Limitation of the research

The research relied on the secondary data obtained from OCOB and KNBS. Some parts of this secondary data were submitted by counties treasury hence may have been prepared to suit their interest. The secondary data obtained in OCOB had annual and quarterly report which needed to be revised to ensure accuracy. The secondary may not be accurate since no questionnaires were presented to the 47 counties. The information provided was in percentage hence limiting the analysis on the periodic increased in budget allocation, development expenditure and county revenue collection. Generally, there was limitation on the access to secondary data.

5.5. Recommendations

The researcher recommends the counties and national government to develop a clear development plan that will reduce non-essential expenditure. This will enhance optimal development of projects. Moreover, the county should determine the optimal staffing that ensure business continuity and reduce the county wage bill. The public involvement and periodic release of county budget absorption rate report will promote prudential expenditure. The PFM Act (2012) stipulates the national government to publish implementation reports within forty-five days and the county to do the same within thirty days. The Quarterly Economic & Budget Review should be re-estimated and established the cause of variance to ensure the meaningful budget allocation, development expenditure and county revenue collection.

The county budget allocation, development expenditure and county revenue collection should be monitored keenly to prevent exaggerations and poor prioritizations of the key pillars to Gross County Product. The efficiency and general utilization of budget allocation leads to effectiveness and high Gross County product. Despite clear policies and procedures, there is

still low budget absorption. There is urgent need for the forensic audit on the county process and structures that inform budget absorption rate and utilization of the county revenues.

5.6. Suggestions for further research

This study suggests for more research on the impact of recurrent expenditure on the growth of county government, effect of prudential tax collection the Gross County Product and the effect of infrastructural development on the Gross County Product on the County Government in Kenya. Furthermore, there also need study effect of senate legislations on the performance of counties, effect of CRA formulation on budget allocation and performance of counties.

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APPENDICES

Appendix I: List of Counties in Kenya
1. Mombasa
2. Kwale
3. Kilifi
4. Tana River
5. Lamu
6. Taita Taveta
7. Garissa
8. Wajir
9. Mandera
10. Marsabit
11. Isiolo
12. Meru
13. Tharaka Nithi
14. Embu
15. Kitui
16. Machakos
17. Makueni
18. Nyandarua
19. Nyeri
20. Kirinyaga
21. Muranga
22. Kiambu
23. Turkana
24. West Pokot
25. Samburu
26. Trans Nzoia
27. UasinGishu
28. Elgeyo Marakwet
29. Nandi
30. Baringo
31. Laikipia
32. Nakuru
33. Narok
34. Kajiado
35. Kericho
36. Bomet
37. Kakamega
38. Vihiga
39. Bungoma

40. Busia
41. Siaya
42. Kisumu
43. Homa Bay
44. Migori
45. Kisii
46. Nyamira
47. Nairobi

Appendix II: Data Collection Tool 2018

County	Gross County Product	Budget Allocation	Development Expenditure	County Revenue Collection
Baringo	1.01%	88.20%	45.10%	60.24%
Bomet	1.69%	92.53%	36.10%	60.15%
Bungoma	2.10%	81.50%	32.40%	47.00%
Busia	0.94%	82.12%	41.60%	48.64%
Elgeyo/Marakwet	1.51%	86.81%	44.20%	50.13%
Embu	1.06%	88.06%	30.50%	44.11%
Garissa	0.53%	87.71%	39.20%	23.30%
Homa Bay	1.32%	88.39%	36.20%	66.77%
Isiolo	0.21%	90.49%	33.20%	33.87%
Kajiado	1.38%	82.22%	39.20%	49.53%
Kakamega	2.21%	81.61%	47.10%	41.83%
Kericho	1.69%	89.27%	43.30%	67.45%
Kiambu	5.01%	91.65%	35.00%	48.06%
Kilifi	1.50%	86.54%	39.60%	38.68%
Kirinyaga	1.25%	84.13%	30.60%	51.76%
Kisii	1.91%	91.61%	33.30%	33.55%
Kisumu	2.65%	80.93%	38.80%	49.36%
Kitui	1.27%	84.12%	39.20%	45.49%
Kwale	1.02%	84.14%	53.10%	57.49%
Laikipia	0.91%	90.16%	39.80%	66.64%
Lamu	0.37%	74.30%	50.70%	53.61%
Machakos	2.95%	88.04%	35.50%	44.12%
Makueni	1.30%	80.90%	41.30%	51.64%
Mandera	0.46%	90.99%	51.60%	32.76%
Marsabit	0.43%	84.00%	47.10%	89.89%
Meru	2.68%	81.77%	36.20%	59.86%
Migori	1.14%	84.17%	41.50%	65.71%
Mombasa	4.25%	92.35%	30.00%	55.06%
Murang'a	2.07%	91.47%	40.40%	52.29%
Nairobi City	19.77%	127.61%	22.40%	58.86%
Nakuru	5.58%	81.76%	44.00%	67.91%
Nandi	1.45%	86.91%	38.10%	50.05%
Narok	2.04%	90.63%	30.50%	55.71%
Nyamira	1.24%	85.38%	30.00%	40.36%
Nyandarua	2.38%	89.73%	40.50%	70.10%
Nyeri	1.97%	88.23%	31.70%	53.89%
Samburu	0.31%	87.73%	44.00%	50.58%
Siaya	1.06%	75.88%	44.30%	42.87%

Taita/Taveta	0.62%	82.89%	33.90%	43.58%
Tana River	0.45%	64.81%	38.20%	63.65%
Tharaka -Nithi	0.76%	80.82%	37.50%	51.06%
Trans Nzoia	1.51%	82.60%	39.60%	63.73%
Turkana	1.05%	78.10%	37.40%	68.89%
Uasin Gishu	2.13%	80.36%	47.00%	70.32%
Vihiga	0.72%	75.15%	35.30%	45.27%
Wajir	0.49%	90.34%	51.30%	59.75%
West Pokot	0.60%	92.58%	35.00%	71.06%
Nyamira	1.35%	89.23%	31.20%	60.23%
Nyandarua	2.39%	97.10%	33.20%	70.10%
Nyeri	1.25%	89.23%	31.30%	50.00%
Samburu	0.52%	87.10%	30.10%	60.23%
Siaya	1.66%	70.23%	37.00%	82.39%
Taita/Taveta	0.92%	86.22%	29.50%	49.52%
Tana River	0.75%	75.20%	42.50%	55.23%
Tharaka -Nithi	0.88%	66.23%	34.50%	65.00%
Trans Nzoia	1.59%	82.31%	30.10%	45.36%
Turkana	1.89%	91.20%	38.00%	66.41%
Uasin Gishu	2.13%	85.21%	37.70%	62.35%
Vihiga	0.96%	79.59%	30.40%	50.23%
Wajir	2.33%	60.88%	39.20%	52.33%
West Pokot	0.86%	78.86%	30.30%	60.55%

Appendix III: Data Collection Tool 2017

County	Gross County Product	Budget Allocation	Development Expenditure	County Revenue Collection
Baringo	0.89%	80.20%	38.90%	65.33%
Bomet	1.22%	80.89%	29.90%	55.60%
Bungoma	1.99%	76.00%	31.70%	50.00%
Busia	1.02%	68.66%	32.10%	68.55%
Elgeyo/Marakwet	1.31%	86.81%	39.00%	60.33%
Embu	1.59%	80.66%	30.00%	49.33%
Garissa	0.73%	77.55%	29.70%	49.32%
Homa Bay	1.23%	89.66%	33.30%	56.23%
Isiolo	0.51%	85.66%	35.20%	49.33%
Kajiado	1.29%	78.92%	38.20%	48.55%
Kakamega	1.99%	90.00%	43.50%	79.00%
Kericho	1.72%	90.01%	31.30%	42.00%

County				
Kiambu	2.72%	88.99%	22.00%	44.88%
Kilifi	1.68%	89.23%	35.20%	68.99%
Kirinyaga	1.34%	86.13%	30.00%	49.99%
Kisii	1.20%	93.23%	30.90%	52.03%
Kisumu	2.50%	78.66%	30.80%	49.28%
Kitui	0.99%	89.22%	40.50%	54.50%
Kwale	2.00%	83.20%	44.20%	61.00%
Laikipia	1.21%	89.66%	33.10%	56.00%
Lamu	0.89%	89.22%	33.50%	51.10%
Machakos	2.50%	82.00%	30.40%	42.19%
Makueni	2.69%	90.23%	36.50%	62.33%
Mandera	0.55%	89.23%	47.20%	69.23%
Marsabit	0.62%	74.54%	44.40%	49.21%
Meru	2.01%	91.21%	30.00%	49.00%
Migori	2.12%	93.91%	33.00%	55.21%
Mombasa	3.25%	94.23%	30.10%	69.97%
Murang'a	2.79%	92.31%	36.20%	48.99%
Nairobi City	13.82%	100.00%	24.90%	79.00%
Nakuru	4.23%	92.33%	38.00%	56.18%
Nandi	1.55%	89.23%	31.50%	49.01%
Narok	1.92%	90.51%	33.60%	40.23%
Nyamira	1.35%	89.23%	31.20%	60.23%
Nyandarua	2.39%	97.10%	33.20%	70.10%
Nyeri	1.25%	89.23%	31.30%	50.00%
Samburu	0.52%	87.10%	30.10%	60.23%
Siaya	1.66%	70.23%	37.00%	82.39%
Taita/Taveta	0.92%	86.22%	29.50%	49.52%
Tana River	0.75%	75.20%	42.50%	55.23%
Tharaka -Nithi	0.88%	66.23%	34.50%	65.00%
Trans Nzoia	1.59%	82.31%	30.10%	45.36%
Turkana	1.89%	91.20%	38.00%	66.41%
Uasin Gishu	2.13%	85.21%	37.70%	62.35%
Vihiga	0.96%	79.59%	30.40%	50.23%
Wajir	2.33%	60.88%	39.20%	52.33%
West Pokot	0.86%	78.86%	30.30%	60.55%

Appendix IV: Data Collection Tool 2016

County	Gross County Product	Budget Allocation	Development Expenditure	County Revenue Collection

Baringo	0.68%	89.20%	49.70%	42.21%
Bomet	1.69%	78.20%	30.00%	48.00%
Bungoma	1.65%	79.20%	36.80%	48.59%
Busia	1.59%	78.20%	41.30%	59.00%
Elgeyo/Marakwet	1.23%	76.45%	38.60%	56.00%
Embu	1.82%	81.64%	38.00%	51.97%
Garissa	0.69%	78.92%	37.10%	50.69%
Homa Bay	1.52%	80.55%	34.90%	58.10%
Isiolo	0.32%	82.31%	48.40%	45.10%
Kajiado	1.67%	75.26%	37.10%	49.50%
Kakamega	2.01%	90.50%	39.10%	48.00%
Kericho	3.45%	89.01%	39.10%	61.91%
Kiambu	2.91%	90.05%	31.20%	33.23%
Kilifi	1.73%	81.34%	51.10%	48.21%
Kirinyaga	1.89%	67.88%	36.10%	40.00%
Kisii	5.23%	90.10%	38.80%	60.00%
Kisumu	2.56%	79.21%	32.60%	66.00%
Kitui	1.21%	80.20%	47.10%	38.79%
Kwale	2.00%	84.56%	51.40%	51.24%
Laikipia	1.01%	88.26%	40.10%	46.00%
Lamu	0.93%	79.34%	37.90%	49.80%
Machakos	2.69%	82.59%	31.00%	48.99%
Makueni	3.22%	90.66%	51.20%	52.33%
Mandera	0.78%	85.99%	60.20%	70.44%
Marsabit	0.89%	82.20%	42.70%	48.00%
Meru	1.93%	89.34%	31.70%	54.55%
Migori	0.99%	80.21%	38.40%	49.51%
Mombasa	2.99%	67.99%	33.70%	59.23%
Murang'a	1.96%	79.21%	40.10%	48.00%
Nairobi City	4.99%	87.43%	31.70%	66.01%
Nakuru	2.23%	88.81%	38.70%	54.32%
Nandi	1.43%	88.23%	36.60%	51.01%
Narok	1.99%	90.58%	40.70%	60.23%
Nyamira	1.55%	87.23%	29.90%	56.27%
Nyandarua	2.40%	84.18%	35.80%	50.00%
Nyeri	1.80%	85.23%	34.90%	68.00%
Samburu	1.70%	83.24%	35.80%	59.41%
Siaya	1.59%	89.00%	45.60%	55.30%
Taita/Taveta	0.98%	84.55%	32.20%	52.33%
Tana River	0.89%	77.00%	47.60%	74.10%
Tharaka -Nithi	0.89%	82.20%	31.30%	56.00%

County				
Trans Nzoia	1.89%	80.14%	38.20%	35.36%
Turkana	1.87%	92.00%	61.80%	66.41%
Uasin Gishu	2.14%	82.14%	34.30%	62.35%
Vihiga	0.95%	79.63%	30.40%	80.11%
Wajir	0.61%	75.23%	45.60%	54.12%
West Pokot	0.76%	87.67%	34.30%	70.21%

Appendix V: Data Collection 2015

County	Gross County Product	Budget Allocation	Development Expenditure	County Revenue Collection
Baringo	1.02%	85.20%	40.00%	62.53%
Bomet	1.56%	80.89%	47.00%	70.23%
Bungoma	2.01%	86.15%	39.20%	77.90%
Busia	1.62%	79.89%	49.40%	80.30%
Elgeyo/Marakwet	1.43%	86.11%	37.20%	79.81%
Embu	1.39%	82.34%	40.60%	88.77%
Garissa	1.48%	80.44%	44.60%	68.14%
Homa Bay	1.89%	90.67%	36.70%	54.55%
Isiolo	0.99%	86.25%	38.60%	74.21%
Kajiado	1.39%	80.83%	39.50%	68.77%
Kakamega	1.27%	87.99%	47.60%	79.11%
Kericho	1.89%	92.11%	38.50%	56.36%
Kiambu	2.69%	90.27%	27.70%	49.26%
Kilifi	2.22%	90.46%	51.60%	70.22%
Kirinyaga	1.99%	88.13%	31.60%	51.52%
Kisii	1.64%	81.24%	39.10%	53.41%
Kisumu	2.31%	80.91%	41.90%	53.68%
Kitui	1.21%	89.32%	53.60%	59.33%
Kwale	1.91%	85.24%	62.60%	68.27%
Laikipia	1.89%	92.50%	41.80%	64.21%
Lamu	1.02%	88.23%	44.70%	68.92%
Machakos	0.89%	92.33%	48.60%	63.22%
Makueni	2.89%	89.43%	50.20%	68.90%
Mandera	1.89%	89.41%	63.30%	69.10%
Marsabit	0.55%	88.99%	49.00%	79.50%
Meru	2.10%	93.14%	34.40%	83.22%
Migori	1.75%	89.00%	44.30%	75.92%
Mombasa	3.11%	87.25%	30.10%	77.51%
Murang'a	3.12%	88.79%	48.60%	80.13%

Nairobi City	4.20%	100.00%	27.10%	80.25%
Nakuru	4.26%	90.01%	38.50%	60.88%
Nandi	2.89%	89.23%	44.80%	70.66%
Narok	1.85%	90.51%	32.70%	68.23%
Nyamira	1.79%	83.45%	43.50%	66.52%
Nyandarua	1.32%	93.00%	38.50%	70.32%
Nyeri	1.52%	90.13%	29.60%	59.42%
Samburu	1.25%	89.32%	39.80%	80.89%
Siaya	1.61%	89.11%	46.40%	83.55%
Taita/Taveta	0.91%	79.29%	29.60%	64.55%
Tana River	1.72%	79.79%	61.30%	72.65%
Tharaka -Nithi	0.70%	85.24%	40.00%	71.45%
Trans Nzoia	1.67%	89.74%	47.20%	66.14%
Turkana	1.25%	88.89%	63.30%	58.62%
Uasin Gishu	2.03%	86.21%	39.10%	78.35%
Vihiga	2.22%	87.34%	39.00%	68.33%
Wajir	2.49%	79.77%	54.00%	70.61%
West Pokot	4.79%	81.33%	40.60%	75.12%