
Devolution and Development in Kenya: Experiences from Kiambu County

H.E. William Kabogo

Governor of Kiambu County, Kenya

Chair: Adjoa Anyimadu

Research Associate, Africa Programme, Chatham House

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Introduction

Kenya's young process of devolution has created new opportunities for the emergence of county-level economic and development initiatives. Kiambu County's proximity to Nairobi could drive fast-track economic growth in the region. It is crucial that development ambitions are matched by a political environment that fosters such growth, and that this is not undermined in the run-up to the elections in 2017.

At this event, William Kabogo, the governor of Kiambu County, provided his perspective on the impact of devolution in central Kenya.

The meeting was held on the record. The following summary is intended to serve as an aide-mémoire for those who took part and to provide a general summary of discussions for those who did not.

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William Kabogo

A successful 2010 referendum introduced a new Kenyan constitution that mandated a devolved system of government, giving greater decision-making powers to 47 county governors. The new constitution came into effect in 2013, which is also when the speaker was elected governor of Kiambu County. Currently, 28 per cent of national revenue is sent to devolved administrations. These are responsible for functions that affect the day-to-day lives of Kenyans, such as health and agriculture. The national government retains responsibility for issues such as security and countrywide policymaking.

The current level of funding provided to devolved administrations is insufficient. However, counties can also generate their own revenue; this benefits some more than others depending on their existing infrastructure, natural resources and population. Kiambu is in an advantageous position and has acted quickly to digitize revenue collection, increasing tax receipts by 100 per cent in the first year and by a further 30 per cent the following year. Hopefully in the next two to three years, taxation will provide 50 per cent of the county's budget.

More has been done to transform Kenya in the past three years than in the previous 20 years, including building new roads and expanding agribusiness by 70 per cent. Despite continued problems with corruption, this shows that devolution is working. If Kenya continues at this pace, in 20 years it will likely be a middle-income country. The speaker noted his hope that the international community will understand that Kenyans are capable of doing things in the same way that citizens of developed nations are. Kenya is looking for partners whose financial support comes without conditions.

The speaker expressed his appreciation that President Uhuru Kenyatta has allowed space for devolution to work. However, challenging relationships remain between county governors and the national government over the control of resources. But it is hoped that in the next three years 40 per cent of national revenue will be devolved.

Elections next year will be difficult; too many resources are expended by people trying to get re-elected. The ruling party is working hard to reduce tribal politics, which is the source of many of Kenya's problems. Hopefully, the electoral violence of 2007–08 will not be repeated. Politicians are confident that they have thus far managed this; the ruling coalition is formed of parties representing ethnic groups that have previously fought. Kenyans must begin to work together and see themselves as one nation.

The speaker finished by expressing hope that he will be re-elected in Kiambu, and by saying that he is pleased that the fruits of devolution are being enjoyed now and not sometime in the future.

Summary of Question-and-Answer Session

Questions

Will devolution reduce tribal politics or make it worse?

Does the speaker attribute Kenya's recent development progress to the national government or the new devolved administrations?

Free healthcare provision has strong appeal among voters. Does the speaker think that providing greater healthcare will be a key feature of upcoming county elections, now that health policy has been devolved?

What is the role of civil society in Kenya, particularly in the new devolved system? What kind of strategic projects, programmes and initiatives does the speaker see NGOs being involved in over the next few years?

William Kabogo

Devolution represents overcoming the challenges of tribal politics by assisting in the equitable allocation of resources. Before devolution, government ministers could approve projects based on tribal affiliation, but resources are now given equitably to devolved administrations.

There has been huge progress in healthcare provision in recent years. The speaker noted that he had just come from Germany, where he had been investigating the potential for a Kiambu dialysis centre. With the provision of equipment from private companies, and for a small charge, Kiambu citizens will be able to access vital treatment once the centre is operational. Forty-three per cent of the county budget is allocated to healthcare.

Civil society keeps the government on its toes but some civil society actors simply want to cause trouble. People should discuss their concerns about Kenyan society, growth and development with the government. Kenyans must question the mysterious sources of some civil-society funding. In Kiambu, civil society has kept the government in court for years over the attorney general gazetting county laws; these people just cause trouble for Kenya.

Questions

What has been the speaker's strategy for managing central government employees seconded to the new devolved administrations, as well as existing staff?

How are devolved administrations going to overcome the issue of youth unemployment?

What are the root causes of Kenya's sudden desire for radical change, and the seemingly better behaviour of elites?

The speaker mentioned a surplus of staff, yet some lawyers for devolved administrations have to translate 35 pieces of national legislation into county-level law in a month. How is the speaker going to address the problem of overwork?

William Kabogo

For the past 30 years, staff appointments were often political favours, resulting in a seriously bloated workforce. Kiambu is undertaking a rationalization process but the governor is working with the national government to implement a 'golden handshake' redundancy payment to ensure firing staff does not create more problems. It is especially difficult to sack staff in the run-up to an election but sometimes tough decisions have to be made; these policies will ensure a more efficient public sector.

As the police are under the jurisdiction of the national government, in order to enforce revenue collection governors need the support of the national government. Centralized government resulted in the prioritization of inferior projects for political merit. Devolution will change this.

The developed world must learn to support countries that are entrenching democratic ideas like devolution. Rwanda is a small dictatorship but receives favour from the developed world because it works in their interest.

The enormous number of educated, unemployed young Kenyans is extremely concerning. In order to tackle youth unemployment, the county has a policy whereby 30 per cent of contracts must be given to women, young people or the disabled. In partnership with two local banks, KSh 300 million of almost zero-interest credit has been dispersed to young entrepreneurs, primarily for agribusiness.

However, this is only a drop in the ocean; Kenya is facing a huge problem and there needs to be a national policy response. Hopefully, as the county industrializes more young people will enter self-employment. Seventy per cent of Kenya's population are under 35, which is a platform for a vibrant and energetic society if it can be harnessed correctly.

There are many causes of Kenya's new transformative agenda. Leadership has shifted from an octogenarian president to a new generation of younger leaders. Trade into the north of Kenya has increased dramatically. The dramatic changes that Kenya has experienced recently is 70 per cent due to devolution, 20 per cent to new leadership and 10 per cent to the willingness of Kenyans to support these changes.

In order for bills to become legislation, they must be approved by the attorney general and this has often proved difficult. There have been problems, but progress has been made and hopefully in three years all problems will have been resolved.

Questions

What are the speaker's policies for attracting investment, particularly foreign investment? How does this relate to the national policy framework and how should businesses relate to this?

What is the speaker's experience with public-private partnerships (PPPs) and where do they fit into economic development plans?

How is the speaker going to tackle the problems of urbanization, particularly the key issue of spatial planning?

The national government has been talking of advancing Kenya's industrialization and expanding Export Processing Zones (EPZs). Where does this fit with the strategy for Kiambu?

William Kabogo

Many counties are holding investment forums but these require the involvement of the national government, which controls tax relief and other vital functions. Many counties are endowed with huge tracts of cheap land and have been able to provide cheap leases to new industries; this is not the case in Kiambu.

The population of Kiambu is around 2.2 million and growing rapidly; it is estimated that 600,000 people commute from Kiambu to Nairobi for work every day. High demand for housing in Nairobi, which cannot be met by the central government, has caused rapid urbanization in Kiambu. The speaker said that he has acted quickly to protect coffee and tea farms, which are vital foreign-exchange earners for Kenya. In the past two years, the county has banned the building of commercial property outside of permitted areas in order to dedicate land for farming.

Many large infrastructure projects are being negotiated as PPPs, but as the national government controls debt, the devolved administrations would have to negotiate with it to access security bonds and guarantees. To resolve this, Kenya has created a new parastatal that will facilitate PPPs. The speaker stated that he was awaiting confirmation of a PPP to build 300–400 kilometres of bitumen roads in Kiambu. Investment returns from this project would come from service charges but bureaucracy has slowed the process considerably. There is currently a strategy of courting Chinese investment in Kenya.

The speaker expressed hope that the national government's policy of not issuing guarantees to counties is a temporary debt-control measure that will be lifted. Kenya is looking for access to reasonable credit, around 1.5 per cent above the Libor rate, which will enable projects to be funded through affordable service charges. Projects such as roads can be undertaken on concession but require a sovereign guarantee. National debt is currently deducted from county budgets before funds are released but counties do not have the ability to borrow. Negotiations are underway for counties to be able to contribute a percentage of the national debt as they already shoulder this burden in their budgets.

Kiambu County is setting up EPZs and Special Economic Zones (SEZs), but companies will not invest if land prices are much higher than in other counties. The devolved administration has approached the national government for the right to acquire land through compulsory purchase in order to create industrial parks and SEZs; these negotiations will hopefully be completed next year.

Questions

What is the role of the Council of Governors? Are we seeing the fragmentation of Kenyan interest groups and is this undermining the devolution agenda?

Where does the decision-making power lie between local and national government in terms of large-scale infrastructure projects and service delivery?

Devolution has created a huge opportunity for individual counties to do things differently. How will best practices be shared to ensure that mistakes are not duplicated?

William Kabogo

The Council of Governors is an extremely important body that has created a much better relationship between national and devolved administrations. Its yearly summit resolves disputes between the president and governors, and is the forum where a budget is agreed. The president and the governors tend to have a high level of agreement, although the president also has to consider other governmental bodies when making his decisions.

The council has also funded court cases against legislative attacks brought by parliament against the devolution system, which have frequently been found unconstitutional and struck down. Parliamentarians now know that they cannot try and undermine devolution in this way.

The speaker said he was pleased with the progress that is being made, three years into devolution, and that he was hopeful that more government functions would be devolved.

In terms of infrastructure devolution, counties are responsible for county roads while national trunk roads are the responsibility of central government. A recent court case concluded that any roads that do not connect national provinces constitute county roads. Counties are struggling with this decision, as county roads have been devolved by the courts but the money to build and maintain them has not followed.

Encouraging investment requires cooperation between the national and county governors. Recent state visits by the prime ministers of Israel and India show that diplomacy spearheaded by the national government can encourage investment in Kenya's counties. Foreign investors feel more comfortable when they know that the national government is on board.