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THE ROLE OF THE DISTRICT IN  
AGRICULTURAL PROGRAMMING AND BUDGETING:  
AN EVALUATION OF MINISTRY  
PROCEDURES AND THE MANAGEMENT MANUAL

A Report to the Kenyan Ministry of Agriculture

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## INTRODUCTION

The official policy of the Government of Kenya and of the Ministry of Agriculture is to encourage greater deconcentration of decision-making to the district level. The shift from a highly centralized to a deconcentrated mode of administration requires significant changes in operational methods. This shift is all the more difficult when, as in Kenya, individual ministries are trying to decentralize within an unaltered, relatively centralized governmental framework.

Under the Integrated Agricultural Development Project (IADP) the Ministry of Agriculture has attempted to give the districts a larger role in decision-making about project execution. As part of this effort the Ministry has developed a new set of procedures to improve districts' implementation decisions and thereby to expand their influence on the activities they are to execute. The procedures have covered technical analysis of programme components, work planning and scheduling, and budgeting. The objective has been to strengthen the quality of district-level management and decision-making and thereby to permit and justify greater decentralization. This set of new procedures has now been generalized from the IADP to the whole of Ministry operations and incorporated in a Management Manual.

The present study has two objectives. The first is to evaluate the extent to which the Ministry has been successful

in deconcentrating, both under the IADP and more generally. How much decentralization has it been possible to achieve without changing the general government structure? Have the procedural innovations introduced been helpful in achieving deconcentration? The second purpose is to appraise the quality of the new procedures as management tools. Have they been effective? Could they be improved further? What can we learn from the process by which they were developed?

The field work for this study was carried out during the months of October and November, 1981, for a total of eight person weeks. The following districts were surveyed: Embu, Kirinyaga, Kakamega, Kisii, Siaya, Nandi, Machakos and Taita-Taveta. At least one district per province in which IADP had already been launched was selected for study. Interviews were confined to the district level and below. In the districts surveyed all the specialists at the district headquarters were interviewed, as were heads of related institutions--namely the Ministries of Cooperative Development and Livestock Development, the District Cooperative Union and the Agricultural Finance Corporation. In most districts two Technical Officers (TOs) in charge of divisions were interviewed as well as four Technical Assistants (TAs) in charge of locations. Except in Kisii and Machakos, at least two farmers per district were interviewed as well.

## BACKGROUND TO DECENTRALIZATION IN KENYA

In 1971 the Ndegwa Commission recommended decentralization of development decision-making to the district level. It also suggested appointment of district planning officers as well as district development officers to provide the necessary leadership at that level. The former would coordinate all matters to do with district planning while the latter would coordinate the implementation of projects. The principle involved in the recommendation was accepted by the Government, and in 1972 the then Minister of Finance and Economic Planning, Mwai Kibaki, while on a tour of Nyanza, disclosed at a baraza in Kisii that the Government had decided to decentralize planning to the district level and that henceforth, the district would be regarded as the basic operating unit for planning and implementation of district plans. This was followed up with the recruitment of district development officers who were crash-trained and posted to the districts for the first time in the 1974/75 fiscal year.

Prior to the announcement by the minister, an experiment in decentralized integrated rural development had been launched in six administrative divisions spread throughout the Republic. Popularly known as the Special Rural Development Programme (SRDP), it had as its primary objective the testing of strategies for accelerated rural development throughout the country. Very few lessons had however been learnt from the programme at the time of the minister's announcement. When the decision to decentralize had been made, however, the experience of the

SRDP at once became pertinent and relevant to the future of district planning. As a whole, district planning aimed to identify and define local projects for all government departments. The forum for such planning was to be the district development committees at which all departments dealing with development sit.

Since the policy of district planning became operational in the 1974/75 fiscal year, two generations of district plans have been produced covering 1974/78 and 1979/83 plan periods. They read very much like national development plans except that sectoral components of the plans are district specific. Each sector has projections and proposals which cover the same time period as the national development plan. District plans are thus disaggregated versions of the national plan; and they lack the detail that one would normally find in departmental annual plans. The latter are done each year by the individual departments/ministries. It is against this background that decentralized planning in the Ministry of Agriculture should be reviewed.

## DECENTRALIZATION IN THE MINISTRY OF AGRICULTURE

Tradition is always a stumbling block in any change process. For a long time, the Department of Agriculture's established tradition in planned development has been that major decisions, including choice of development projects in the field, are the prerogative of the centre. The Ministry has emerged as one of the most complex and functionally differentiated in the Government machinery. The configuration at the headquarters is, however, not usually reflected in the field, where for a long time heads of administrative areas have functioned as generalists of sorts. Thus at the provincial level, the Provincial Director of Agriculture (PDA) has been responsible for everything. The same has also been true of the District Agricultural Officer (DAO) and the Assistant Agricultural Officers (AAOs) at their respective areas of jurisdiction. In the last decade or so, however, the Ministry has been appointing specialists and posting them to the provincial and district levels to be in charge of various functional activities under the PDA or DAO as the case may be.

Whereas the appointment of specialist officers has been facilitated by the increased output of graduates in agriculture from the University and Egerton, it was also intended to strengthen the hands of generalist extension officers (i.e. PDA, DAO, AAOs) in project identification, monitoring and evaluation of performance. These appointments have been made with a functional structure which still emphasizes the authority of the centre more often than not.

Indeed, the Ministry of Agriculture was, during the SRDP days one of the ministries that strongly resisted any attempt to delegate responsibilities to field officers. As a result, the Ministry of Agriculture lost a golden opportunity to try out new strategies and procedures in project identification. At that time it was only when and where donors insisted on a particular decision's being delegated to field officers that the relevant headquarters officers reluctantly conceded. Then came the decentralization decision of 1972. The Ministry continued to operate more or less as though no such policy had been pronounced. The coordinated planning which district planning advocated was rendered meaningless as key departments in the field continued to cling to their traditional autonomy. Even the Ministry's own decentralization programme set in motion with the introduction of IADP in 1975/76 is a long way from what the Ndegwa Commission envisioned in 1971.

## PROGRAMME DEVELOPMENT--TECHNICAL ANALYSIS

From the point of view of decentralization the Ministry of Agriculture (MoA) has three types of projects in the field. The first are what we call "the IADP family of projects." These activities include both agricultural extension and credit and therefore involve at least one other organization besides the MoA. These projects all come under the Project Management and Evaluation Division of the Ministry and are governed by the IADP procedures. These activities were the primary focus of our research because the procedural innovations we were studying had been applied to them for several years.

The second set of projects are those generated at the district level itself under the Rural Development Fund. RDF projects are the most decentralized central government activities in Kenya today. We therefore were interested in how effective MoA field staff are in handling them.

Finally, there are all the other MoA projects, funded both by donors and the Government of Kenya. These represent the "standard operating procedures" of the Ministry. We wanted to see the extent to which IADP/Management Manual procedures had come to influence them.

The biggest contrast between these three types of activities concerns project identification and programme development. In this set of operations specific agricultural opportunities are identified for extension activity, a programmatic approach is worked out and resources are tentatively secured. In examining programme development at the district level, we wish to consider

both how broad the base of local participation is and how well the technical analysis is done.

One of the great strengths of the IADP approach is that it moves the analysis of Technical Production Packages to the centre of the whole decision-making process. The procedures are based on the premise that MoA attention and resources should be concentrated on innovations in agricultural production techniques that are economically attractive to farmers. In this way the Ministry has tried to move away from its old, inherited concern with increasing biological yields and toward its new concern with improving the profitability of small farming. Only those who knew the orientation of MoA field staff a decade ago can fully appreciate the increased attention the extension services now give to the farmer's monetary gains, costs and risks.

IADP developed a standardized method for calculating the economic attractiveness of technical packages and played a central role in institutionalizing this type of analysis in the Ministry. That methodology, and the accompanying forms, is now to be given wider application by inclusion in the Management Manual.

The evaluation of technical packages is rightfully supposed to be at the centre of discussions between districts and headquarters about local extension programmes. We found that these technical discussions about local production possibilities are still dominated by headquarters staff and perspectives. In a country as ecologically varied as Kenya it is unlikely that a Nairobi-based team is going to be knowledgeable about

the full range of local responses to technical changes. Therefore it is important that good analysis of technical packages be done at the local level. The fact that this still often is missing is due in good part to continued weaknesses in the data and analysis which district staff bring to the technical package evaluation process.

First, in many districts inadequate use is being made of the available data when the analysis of technical packages is done. This is particularly the case with yield data. In Taita/Taveta yield projections were used to justify the IADP Work Plan which were significantly more optimistic than those the District Crop Officer was using for the regular Work Plan. In Siaya we analysed the yields that were recorded on 24 demonstration plots for the 1979 and 1980 long rains. In both years only a quarter of the demonstrations got the maize per hectare which the IADP Work Plan continues to promise, even though these demonstrations presumably were carried out by the better and more receptive farmers in the area. Worse still, in neither year did even half the plots get the yields that were necessary to cover the costs of the technical package inputs. This is an extreme case; our analysis of the results on 13 cotton demonstration plots indicated that the IADP Work Plan assumptions for this crop were realistic. The point, however, is that data existed from which officers could have known and corrected their mistake- they had not used it. MoA needs to stress the importance of analysis of demonstration results. The District Farm Management or Crops Officer should assemble reports from TAs on demonstrations each season, double-

check them for accuracy, analyse them and leave a permanent record of the results in the files for future use.

The Management Manual makes an important forward step in the recording of demonstration results. It has a good form (Chap. III, p. 14) for this purpose, which now needs to be universally used. The form is flawed in one respect, however. It rightly asks that TAs estimate yields by weighing the produce from three 10 metre x 10 metre samples. Neither the form nor the manual explains why this procedure should be followed, however, or gives adequate instructions on how to do it. This is a simple but vital gap to fill.

At the moment the Manual does not give explicit attention to the use of ecological zones in doing technical package analysis. In Machakos we found a new Agricultural Officer averaging yield data for the whole district in his evaluation of package economics. Of course the ecological variability in the district is so great that the results of such an analysis are almost meaningless. The German Agricultural Team has been doing some very fine work on the identification of ecological zones. It will be very important to organize the analysis of demonstrations and technical packages on these zones as the results of the German work are disseminated.

One major flaw in the technical package/gross margin analysis procedures and forms is in their handling of risk. Agricultural officers at the moment provide crop yields for technical packages which are based on good farmers in average or better years. There is no provision for recording what yields can be expected if the rains are bad or if the farmer

makes an error in his husbandry. Either the forms or the instructions accompanying them need to be modified so that crop failure is taken into account. The appropriate procedure is to ascertain the yields that would result from poor rains and from husbandry errors, to estimate the probability that either "failure" would occur, and to adjust downward the "average year" yield figures accordingly. The bad error in evaluating the maize package in Siaya which we mentioned above was partly due to this loophole in the procedures. The rains failed in both 1979 and 1980 in the district. They were therefore viewed as unusual years and the resulting yields were thought irrelevant to the evaluation of the technical package. If a package is going to fail to pay for itself one or two years out of five, however, this makes a great difference to the economic calculations of the farmer (and the nation). The Farm Management specialists in MoA headquarters should be asked to devise ways to incorporate this risk analysis into the Gross Margin forms for package evaluation.

So far the IADP type of technical package analysis seems confined to IADP projects. In only two districts did we find any attempt to apply it outside the "IADP family" (and in one of these it was being done without the Manual). Project feasibilities are based on intuition and impressions received by casual review of potential and/or past performance.

The Management Manual prepared and issued by the MoA in mid-1980 had not become effectively operational when our visits were made. In many districts, training sessions on the use of the Manual had just ended, and few of the field officers

had even begun thinking about its application. In some districts copies of the Manual were unavailable even to district specialists. We found none at the divisional levels where some TOs even claimed that apart from what they had been told during the training sessions, they had not personally handled the Manual.

The Manual contains the same planning principles and procedures that have been in use in IADP planning. It is these that the MoA has decided to replicate in all its planning activities throughout the country. They have not taken root. The procedures being used are therefore still the same old ones that have been associated with the Ministry for many years. This is unfortunate, as the technical evaluation process may well be the most important part of the whole IADP approach. There is every reason to strengthen the analysis procedures in the ways suggested above and to encourage their general application.

## PROGRAMME DEVELOPMENT--LOCAL PARTICIPATION

The absence of strong, data-based analysis of local possibilities for technical innovation might be overcome if there were good local participation instead. When complete scientific information about local production systems is missing (and it usually is), farmers and the extension staff who work most closely with them can make critical contributions about what will and will not work. How is the Ministry of Agriculture doing in soliciting involvement and information from the grass-roots?

IADP

In the case of IADP proper, we found a rather rigid framework within which projects were being generated. Whereas the districts were being given the impression that they were critical to the success of the entire exercise, they had no powers over project content. It was disclosed to us in a number of districts that right from the inception of the programme, the headquarters officers have been determining project components. Even crops to be grown for food and for cash are centrally determined. The district's role has been merely one of assessing crop performance and identifying numbers of participating farmers. We were further informed that only where there is need for crop substitution (in the case of recorded failure) have the district-level staff played a more meaningful role.

A key figure in district-level planning in the case of IADP projects is the DAO. The degree of involvement of different

staff varied from one district to another according to his inclination. In one district we found the personal involvement of the DAO to be very intense. Working on information provided by his staff, he worked out all the programme details, including costing, with very little involvement of other district specialists, except for the programme coordinator. As a result all the other district specialists we talked to in that district professed ignorance about how IADP programmes were being evolved.

Elsewhere we found a lot of involvement by other specialists--especially the programme coordinators and the crops officers. This involvement was more accentuated in districts in which DAOs were relatively new in the district. We found this to be the case in Kirinyaga and Kisii. In other districts, the attitude of the DAO as a person had a lot to do with the involvement of his district specialists. In a few districts we were told of some very bad working relationships. In such districts even staff meetings were never held. Accordingly group programme planning was unthinkable. Yet in other districts, the working relationships were good and district specialists felt they had been sufficiently involved as far as their specialities were concerned. They did stress, however, that the district is just one of the actors in the decision-making process and does not make final decisions--that there is still a lot of intervention from outside the district.

We found there was very little or no involvement at all by the Technical Officers (i.e., AAOs) in IADP planning. Of the ten officers interviewed, seven claimed nobody ever involved them in programme planning. They claimed they merely

carried out instructions from the district level. Their apparent involvement came only at the time of selection of farmers for the various credit schemes. In fact two officers even professed to be ignorant of the new planning procedures advocated under the IADP.

Only two TOs claimed they were usually involved in programme development. On closer questioning, it turned out that they could not distinguish between IADP projects and the other routine departmental development activities. We were therefore led to the conclusion that indeed none of the ten TOs interviewed had played any meaningful role in programme development under the IADP. Lack of involvement by the divisional heads was not confined to the AAOs alone. Even the specialists operating at this level decried their lack of involvement in the programme planning.

A total of 21 Technical Assistants in charge of locations (LTAs) were interviewed. Together with the Junior Agricultural Assistants (JAAs), Technical Assistants are frontline workers. The success of any agricultural development programme in the field depends on their competence and commitment. The TOs usually depend on them for the success of agricultural development in the division. Most often they and the JAAs are the only ones with accurate information on local farming systems. Yet like their superiors at the divisional level, these officers have not been involved in any meaningful manner in IADP planning. All the 21 LTAs we talked to saw their role simply as one of receiving decisions which are centrally determined. "We are usually at the receiving end" one submitted

in a resigned manner. As a result of this lack of consultation, we found cases in which unrealistic crop targets had been set--something which could have been avoided if trouble had been taken to consult closely with both the TAs and the JTAs.

Again, the development of technical packages requires intimate and accurate information on farming systems. As we noted above, this knowledge the district-level staff often lacked. We attribute this partly to this failure to involve the junior staff in the planning exercise. The junior staff are frequently asked to provide data on specific crops, etc., without being informed what the information is being sought for. Misunderstanding the motive of the request, some of them submit inflated and often distorted information which has no bearing on what is actually happening at the farm level.

In general, we found lack of awareness on the part of the junior staff of what IADP was all about. Many could not distinguish between IADP projects and the routine activities of the Ministry of Agriculture. Indeed even some district and divisional-level staff tended to see IADP merely as another credit scheme.

IADP is a creature of the centre. It is financed by donors who are also interested in knowing how it performs. The demands put on the GOK by the donors in terms of ensuring programme success make it imperative for the Ministry headquarters to retain central guidance of the programme. Accordingly there is no major decision about the structure of the programme that can be made without the involvement of the Project Management

and Evaluation Division. Indeed the framework within which the district operates in developing technical packages is centrally determined. The district appeared to us to be operating merely as an instrument of the centre in implementing ideas they have had no part in generating.

Indeed during the planning process, the Ministry headquarters officers together with the Provincial Director of Agriculture (PDA) or the latter's representative must on a selected day or days sit together with the district staff to approve the district programme. Without this approval the programme has no legitimacy at the headquarters, which means no resources can be released for its implementation.

During these final meetings, we were told, quite a few changes are made to accommodate the submissions by headquarters officials. We were also told of occasions during which these officials came up with proposals which local staff found unrealistic but which had to be accepted anyway. Only in one district were we told of successful past resistance to such impositions.

As limited as this district participation is, it is still an improvement on the usual process of resource allocation in the Ministry. At least district officials are given the opportunity to argue the matter with their headquarters' counterparts, rather than being handed anonymous and unexplained decisions without any possibility of discussion whatsoever. As long as decisions are going to be made at the centre, headquarters staff should be required to travel to the field to discuss them with the district teams.

In the context of IADP, the idea of the district as the centre of activity for planning purposes appears to have been misinterpreted. Whereas the district was expected to involve lower level units in carrying out its planning activities, we found such involvement to be wanting. All planning activities were concentrated at the district level, so that by the time the programmes got to divisional level and below, they appeared as if they had not been prepared within the district! We found this situation to be unhealthy for successful implementation of such programmes and suggest therefore that district-level participation should not be confined to the district headquarters alone.

#### Standard Ministry Projects

The "normal" Ministry approach to programme development is either highly centralized or decentralized depending on whether new resources are required. If a project will affect what appears in the Development Estimates or will require higher levels of funding than the district has been receiving recently, then the decisions will be made in Nairobi, with little or no influence by district officials. If, on the other hand, no new funds are required, district officials can exercise significant discretion in the way they use their existing resources. IADP programme development procedures give district staff a voice in the budget-making process, which provides them with more influence than usual. However, the procedures also give the centre the opportunity to review the details of programme implementation, which lessens the influence of district staff when there are no new resources.

Here we review district perceptions of the decision-making on programmes that do not require significant new resources. We did not find clear-cut and well established principles and/or procedures for identifying Ministry-financed projects. As we moved from one district to another, we found a lot of variations.

There were districts in which project identification appeared to be the monopoly of the district-level staff. In such districts, the DAO usually sent out project proposals to the various divisions including suggestions about target figures. In one such district we found there was very little involvement in project identification even at the district level itself. The technical specialists were as much at sea about the origin of various programmes and projects in their own functional areas as were the lower level staff. In such districts we found a lot of resentment from the district specialists and the TOs in the divisions. Indeed a number of TOs charged that more often than not they are ignored in the course of project identification. They claimed that there were times when projects were imposed on them from the district even where they felt their views should have been listened to. We found similar views at the local level. One TA told us of having been instructed to organize for the preparation of cut-off drainage in an area where such an activity was not needed. At the divisional level, a TO told of a similar experience. She gave the example of a banana growing project that they at the local level had had no say in identifying. She suggested she would have proposed something else had she

been consulted.

In some districts involvement was confined to the district. In such districts, the DAO got together with the district specialists to work out a development programme for the whole district. Often such meetings would be preceded by visits to the field by district specialists to gather the relevant information in their functional areas. Normally the specialist would prepare, even if only crudely, a programme for his speciality which would then form the basis of discussion at the group meeting chaired by the DAO. Such meetings would then be followed by the preparation of some kind of annual plan for the district by the DAO or by the district programme coordinator. From it would be abstracted divisional and area specific proposals for dissemination to those concerned. The only involvement of the lower level units in planning was that they provided the district with the information they sought.

In Nandi and to some extent in Kirinyaga, we ran across what approximated the ideal. Here everyone appeared to be in the picture of what was taking place. In such districts technical staff at every level of the administration claimed some involvement in project identification. We were told for instance by the LTAs that they often got together both at the locational and at the divisional level not only to suggest new projects but also to recommend the phasing out of those which are found to be unworkable. The TOs were happy that they consulted both upwards and downwards and that only in

special projects such as IADP were project activities identified at the district level.

In routine as in special programme planning, we found the role of the province and the Ministry headquarters to be still quite pronounced. Even when new resources were not involved activities could be blocked by either the province or Nairobi. This was much more so where the commitment of fresh funds was involved. In fact we found instances in which either the province or Nairobi or both had imposed projects on a reluctant DAO or turned down proposals for projects which were the favourites of the local staff.

There was also a noticeable lack of integration of agricultural planning with district planning. We were told that the District Development Officer (DDO), who coordinates the district planning exercise, did not figure at all in either routine agricultural sectoral planning or in planning and programming of the special schemes. His involvement was invariably sought only where the Rural Development Fund (RDF) money that he controls was likely to be asked for. Even the agriculture sectoral programme in the district plans for 1979/83 prepared by the DDOs in consultation with district heads, was rarely referred to. Except for the RDF projects, the Ministry of Agriculture planning continued to remain distinct from district planning.

#### RDF Funded Projects

The Rural Development Fund has two components to it. The oldest one is the District Grants Fund established in the

1971/72 financial year. It was meant to fill gaps identified in the field during the process of implementation. The other component, the Rural Works Programme, was launched in the 1974/75 fiscal year to "create employment by direct Government financing of labour-intensive projects." The two Funds were later merged into the present RDF.

Agricultural projects funded by the RDF may be identified either by individual farmers (as in the case of a fish pond) or by the community (as in the case of small-scale irrigation projects). Such a project once identified must have a "parent" ministry. It is thus incumbent upon the originator(s) of the project to involve the relevant ministry, which in turn upon accepting it puts the request for funding through the development committee. All such agricultural projects come initially before sub-District Agricultural Committees (sub-DAC) at the divisional level. This committee which is chaired by a District Officer (DO) and has representatives of farmers, must approve the request. Once the request has been approved at this level, it is submitted to the DAC which does likewise before making submissions to the District Development Committee (DDC). Where Divisional Development Committees are functional, the request would normally go to the DDC simultaneously from the Divisional Committee and from the DAC.

To the extent that such projects must be supported by a "parent" ministry, the acceptance of the programme depends on the support it gets from the field officer(s) and in some cases even from the politicians and the Provincial Administration if it is a communal project like irrigation schemes or a soil

conservation measure.

The Ministry of Economic Planning and Development that controls the RDF vote has developed a proforma that has to be completed by the implementing ministry. One of the requirements is that the ministry undertake that it will provide the leadership needed in the successful implementation of the project, including the monitoring of performance. At the beginning many departments tended to regard RDF funded projects as an additional burden. That attitude appears to have declined with the passage of time. However, we still found a tendency among field officers to regard the RDF funded projects as peripheral. They lacked detailed information on such projects and tended to give the impression that only the DDO was supposed to have such details. The general impression we got was that the choice of projects whether funded by RDF or not was rarely influenced by the criterion of benefit-cost assessment.

## THE BUDGETING PROCESS

Budgeting is viewed as a process of systematically relating the expenditure of funds to the accomplishment of planned objectives. Accordingly, budgeting and planning are intimately related. The success of any development effort depends on the successful formulation of the two. Both have to be realistic. District planning has been discussed above. In this section we first assess the performance of the budgetary system at the district level. We then examine how the Management Manual will affect this system, and suggest ways in which the process can be made more effective.

### Current District Budgeting

A good budget is a budget that works. Good budgeting therefore has to do with the preparation of budgetary proposals that stand the chance of being accepted by critical decision-makers in the budgetary process. It takes cognizance of allocative realities.

A basic requirement of good budgeting is that those involved in the process should be aware of the planning system and of the linkage between planning and budgeting. Often times, financial proposals are made without tying them to a given object of accomplishment in the development process. This problem is common in the preparation of development estimates. The problem arises from the lack of integration between planning and budgeting. Except for the special schemes (IADP, SCIP, CPCS, etc.) we found a tendency among field officers to treat the two processes as separable. Divisional heads (i.e., TOs)

and the district specialists would normally make programme submissions to the DAO without even bothering to ponder about the financial implications of the submissions. As a result most of the proposals originating in the districts tend to lack integration between financial requests and project proposals.

In fact we found a rather resigned posture among the TOs in charge of administrative divisions. Most of them adopted the attitude that since projects that form the basis of budgetary requests are not decided upon at their level of operation, it makes no sense to talk about their participation in the budgetary process. In the circumstances what they do is simply to indicate needs and then leave the financial aspects to the DAO to work out. By so behaving, they leave the DAO the freedom to make choices on the basis of his own values; yet they--the specialists and the TOs--are usually first to complain about the "cuts in their proposals." In fact we found complete lack of awareness on their part of what the district asks for on their behalf. The only time they get to know they have not got "what they asked for" is when they are told there are no funds to implement some of the proposed projects. We feel there is a need for MoA to insist on planning and budgeting being integrated. Of course this is one of the central objectives of the Management Manual.

Again proper budgeting cannot be done in a situation in which there is a lack of information at the district level regarding what is available or likely to be available in any

given financial year. Although the districts are asked to adopt an incremental approach to budgetary formulation with regard to recurrent expenditure estimates (i.e., to ask for only marginal increases), we found a state of confusion here. Many DAOs we talked to did not know whether the base they were being asked to operate on was the approved Estimates or their original estimate submission of last year. At any rate no one had the notion of how big or small the incremental "dose" should be.

Lack of knowledge of what is available is not confined to the district alone. A study by Chege and Kimura<sup>1</sup> of the budgetary process at different levels of administration revealed that the problem exists at the provincial and headquarters level as well. They found that the outlook of the division chiefs at the headquarters was not different from that of the lower level officers. They regard budgeting as a bidding process in which the higher you bid and the more sustained the persuasion, the more you get (our paraphrase). Accordingly they have no notion themselves of what they are likely to get in any given financial year. The budgetary ceiling that the Treasury issues to the Ministry in December is supposed to influence the behavior of "the Ministry" and not theirs (our emphasis). Since allocation to the districts (via the PDAs) is done by the Division Chiefs, one can thus appreciate the problems

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<sup>1</sup>M. Chege and J. Kimura, "Budgetary Estimates Preparation at District and Provincial Levels: A Case Study of the Ministries of Agriculture, Livestock Development in Meru." Prepared for the MoA and MLD Task Force on Budget and Financial Management Workshop No. 2, April 29, 1982.

involved in district-level planning and budgeting.

The situation is compounded by lack of budgetary skills at the district level. District Agricultural Officers lack training in budgetary techniques. They regard themselves first and foremost as professional agriculturalists; and indeed that is what they are. The nature of their work as heads of both technical and administrative services in the Ministry does require however that they be jacks-of-all-trade. Neither of the two roles has been played well. Even in areas where the DAOs are assisted by Executive Officers, we did not find much difference. In such areas the Executive Officers were acting more or less like clerical assistants--merely putting together what is passed on by the DAO.

As long as the financial administration in the Republic is not decentralized, the district or any other subunit of the political system as such will continue to play only a partial role in the planning-budgetary process. One cannot meaningfully plan to spend what one does not have or control. In the Ministry of Agriculture, field officers do not know what they have until they have actually been informed in writing about it; and they cannot spend without knowing the vote number or actually receiving the authority to do so in writing through the issue of an Authority to Incur Expenditure (AIE). They are thus engaged in two types of planning-budgeting. The first one which involves estimates preparation is meant to help them raise the resources they need. The second one--and this is the real one--is where they allocate the little they have managed to get. And what they submit may have no

bearing at all on what they get.

We found an atmosphere of helplessness in many districts visited. Most of the DAOs believed they had no influence at all over what they received. In one district we were told the estimates for 1980/81 had been slashed by as much as 40 percent. Chege and Kimura report still bigger discrepancies in Meru. In another, requests for vehicle replacement and employment of permanent staff for soil conservation projects had gone unheeded for two years. There was also a pervasive feeling that the headquarters had a tendency to dictate to the field what they should do. In such a situation, field officers lacked operational room for manoeuvre.

We did find, however, that the field officers could budget meaningfully when they controlled a vote or knew in good time what was available. This is what happens in the case of DDC supported projects which benefit from the Rural Development Fund. With regard to the allocation of this fund districts are usually informed in advance what is available in any given financial year. In fact this is the only case where forward budgeting appears to be working. The amount available is spread over a period of five years to coincide with the national plan period and therefore district planners know in good time what is in hand. The only requirement is coming up with good project proposals.

As a planning-budgeting unit, the district has yet another handicap. It may not have all the relevant national and international insights that have effect on the planning-budgeting

system. The district is part of the national system. What affects the nation affects the district directly. When for reasons "unforeseen" the nation runs into financial problems, the same problems are passed on to the districts. Hence a degree of awareness on the part of the district-level budgeters would enable them to make realistic demands on the centre in situations of scarcity. This is of course not the case now.

We found little or no appreciation at the district level for the poor financial state in which the country has been since 1980. In spite of repeated statements by the Government that the country was faced with a financial problem, the districts still could not understand why they should get, say, less money for travel and accommodation. A recurrent complaint as we moved from one district to another was "we cannot understand why we are not getting at least what we have been getting before."

Another problem has to do with multi-agency participation in the financing of agricultural projects. Unfortunately the activities of these agencies are not properly coordinated. The Agricultural Finance Corporation (AFC) which plays a major role in the financing of food production through the New Seasonal Credit Scheme hardly knows in advance how much money will be available for disbursement to farmers in any given crop year. To make it worse they do not even bother to attend some of the coordinating committee meetings that are held to discuss matters of common concern. We found this to be the case in the majority of the districts visited.

Also in connection with multi-agency participation, the financial management of the cooperative unions and societies leaves a lot to be desired. In any given crop year neither the societies nor the unions know for certain what will be available to the farmers in the form of loans; yet the implementation of many development programmes in agriculture now depends on financing through the movement. This kind of situation is not conducive to good financial planning for development. The DAO, or the Ministry of Agriculture for that matter, has no control over what happens in the cooperative movement. The DAO may budget for the training of the loan recipients, but he has little influence on whether they actually receive the loans. Accordingly what the district agricultural planners are engaged in could best be termed as partial planning-budgeting. That in itself is a serious limitation on planning-budgeting for agricultural development at the district level.

We are tempted to conclude therefore that the requirements of good budgeting are not met at present at the district level. We would like to suggest further that the problem is a structural problem that has to be solved within the wider context of the Ministry.

#### The Management Manual and Budgeting

The Management Manual and the approach developed in the IADP represent only a partial solution to the above catalogue of problems associated with district budgeting. As we will see shortly, in one respect they threaten to make the difficulties greater.

The focus of the IADP/Manual approach is on integrating planning and budgeting. It requires that financial proposals be accompanied with planning justification and it encourages the development of cost estimates together with any suggestion for a programme intervention. This linking of planning and budgeting would represent a significant advance on the current situation if it were fully implemented. The Manual brings the two processes together in the "technical package approach." As explained in the Management Manual, it consists of a set of innovations or technical recommendations and a set of supportive services, which vary depending on the nature of the respective innovations and the constraints on farming detected in the area. It is further suggested that in the process of setting technical packages, field diagnostic "surveys" are to be carried out, the objective being the definition of the present farming system. As we pointed out in the preceding section, there are weaknesses in the ways in which this programme identification is currently being done. The basic idea and methodology are sound, however.

The main problem with the Manual's approach to budgeting is not with the concept but with the aspects of the budgetary process it ignores and with the way it has been generalized from the IADP to the preparation of the whole Estimates. These two issues are partly related.

The project identification/budgeting process in the Manual implicitly presumes that any request for crop development assistance will be funded if: (1) it is technically and economically sound; (2) it is based on the accepted development

approach; and (3) it is accompanied with the required standardized analysis and justification. Of course such an assumption is not realistic in the current budgetary climate. Only a minority of the many attractive extension and development assistance opportunities will be fully financed in any one year, because Treasury resources are scarce and their allocation frequently is inflexible because of donor restrictions. The present procedures encourage new development proposals and thus invite inflated requests and local disappointment in the budgetary process.

The tacit encouragement by the Management Manual procedures of new funding proposals made much greater sense when they were restricted to IADP. The World Bank was willing to reimburse expenditures for IADP in excess of anything the Government of Kenya ever succeeded in spending. As the Project was initially conceived there was every reason to encourage district officials to develop proposals without considering funding ceilings, so long as they met the economic standards of IADP and fit its standardized format. In fact, however, the reality (as opposed to the plans) of IADP violated the assumption of ample funding. The Treasury and the Cooperative Bank of Kenya prevented the Project's being funded at the full level which the Ministry of Agriculture requested and which was provided for in the original project agreement. The reality of IADP therefore was one of frequent, major, unanticipated and unexplained cuts in the figures contained in the Work Plan budgets which the Ministry approved and submitted to Treasury.

As the work programme forms in the Manual implicitly pressure field officers to explain what they are going to do for the development of every crop in their area and as there is nothing in the procedures to encourage fiscal restraint, Ministry headquarters will end up inundated with still more unrealistic budget requests. To make matters worse the procedures do not provide for the specification of priorities between funding proposals nor focus spending justifications on the margins where real budget decisions are likely to be made. Thus the senior programme officers in headquarters and the Principal Finance and Establishment Officer will not have information from the field that is tailored to the decisions they have to make. As a result if the PF & EO were to take the requests seriously he would feel pressured to submit unrealistic requests to the Treasury and/or cuts would be made that would not reflect the priorities of field officers.

This shortcoming of the Manual is common to most budgetary activity in the Ministry. Although MoA is operating in an environment of scarcity, Estimates submissions are prepared as if resources were available for any worthwhile activity.

The essence of planning and budgeting is making choices. The budget process establishes the Ministry's priorities for the next year. Yet MoA technical officers all too often are not making choices when submitting their Estimates; they are not stating, analysing and justifying their priorities.

Consequently an MoA estimates submission from the field is a document without a policy. Choices are not made. The typical district budget proposes to do a lot of everything;

the result is that it receives funds to do too little of everything. MOA is undertaking too many activities with too few resources. Field officers are deeply disillusioned because they lack the material resources to execute the programmes they have been given. They need to be able to focus on a small enough number of activities so that they have sufficient resources to do a good job. The budget process is the forum in which these choices should be made and priorities established.

This mushrooming of activity requests for the budget would have negative consequences in the field as well as headquarters. Again and again, in district after district, officers complained to us that the reports required by the new procedures were too numerous, long and complicated. Sets of procedures that were manageable when they were confined to a small number of projects have huge reporting requirements when they are extended to all Ministry operations.

In Taita the senior staff took the procedural requirements very seriously this year; analyses and programme proposals were prepared for all the attractive crop development opportunities in the district. We visited the district just as the exercise was being completed and were impressed at the time and dedication that had gone into it. At the same time we were overwhelmed at the volume of paper that had been produced and were sure that it would never be properly utilized at provincial or national headquarters. The request for resources would be unrealistically large and the district would not have indicated its highest priorities. Since there would not be time to study the whole submission and since there would not

be guidance as to which parts of it were most important, none of it would be used. The officers in Taita will become disillusioned and next year will make only a prefunctory submission.

The problems of lack of priorities and of too much paper work are related to one another. Because districts are not given guidance as to the realistic limits for their budgeting and programming they develop proposals and analysis for far too many activities, thus adding to the overwork. If the analyses and justifications could be focused on the activities about which the real choices will be made they would be much more manageable.

If the Management Manual and the budgeting procedures are to survive and be useful, they have to be made realistic, both as to financial requests and volume of reports. We think that this could be done by making better use of the Forward Budget process. Our proposal is presented in Appendix A. The essence of the proposal is to provide strict guidelines to the districts on the incremental parameters within which they are permitted to make budget requests. The result would be a reduction in the volume of submissions and a focus of attention of the district's highest priorities for expenditure. The experience with the RDF suggests that DAOs can budget sensibly when they know what the resources are they actually will have to work with.

A further problem in the Manual is the imbalance in the documentation demanded between the Recurrent and the Development Estimates. The procedures require much greater planning and

documentation for the Development Estimates than they do for the Recurrent. Such a difference implies that the Recurrent Estimates cover routine, recurrent activities that are independent of those contemplated under the Development submissions. The reality is quite the opposite, however. Virtually all of the activities of the Department of Agriculture are developmental and non-routine. It has very few inspection activities; the bulk of its expenditures concern research and extension on new farming technologies. As the agricultural development policies and priorities of the Government of Kenya shift, so should the deployment of the Department's resources. In fact, the geographic distribution of the Department's staff and the programmatic organization of its divisions has changed quite dramatically over the last decade. Thus there is nothing routine about the deployment of Recurrent Budget resources; their effective use depends very much on their being linked to activities funded under the Development Budget and vice versa.

There is no good way at the moment for field officers to signal the critical links between their Recurrent and Development Estimates submissions. Hence, it is possible to have an activity adequately funded on the Development side and to be held up for shortages on the Recurrent side. Similarly one can have staff funded through the Recurrent Estimates who have no useful function given the Development funds made available in a given year.

Part of the solution to this problem is to have both Development and Recurrent Estimates submissions from the field focused on the likely funding increments. When it is clear to a field officer what his level of funds probably

will be and how they will be distributed, he can spot imbalances and argue for their correction. We have suggested how this might be done above.

In addition, however, it would be useful to develop a form that would explicitly identify the essential links that the officer sees between his Recurrent and Development requests. This form should include projections on the use of staff, as the present GOK practice is to provide these through the Recurrent Estimates. In this way personnel surpluses and deficiencies can be identified in the budget process. At the moment estimates on Personal Emoluments are not prepared at the field level but are compiled instead out of personnel records. This is as it should be in terms of the financial details of Personal Emoluments. Consideration of the distribution of staff themselves (rather than their salaries) should be a part of the budgeting process, however. If the implementation of a particular development project is feasible only if certain staff are present, this has important budgeting implications. It signals that either there must be an increase in the Recurrent Budget to hire extra staff, or there must be redeployment of staff from elsewhere, or the Development Estimate for the project should be cut back to feasible levels. Similar considerations apply to the votes for Transport and Operating Expenses, Travel and Accommodation, Maintenance of Station, etc., when part of the Recurrent Budget for these items is necessary to development activities.

Of course these proposals for procedural reform deal with only a portion of the problems with current district

budgeting. The complications of doing MoA budgets when activities depend on other institutions remain (at all levels). The only solutions to this problem are either (a) to make such complementary resources so abundant they don't constrain MoA activities; (b) to reduce MoA dependence on such resources; or (c) to move decisions in all such institutions to a level which is the same for all and at which decision-makers have a motivation to cooperate with one another. The last alternative probably implies greater decentralization in all these institutions to at least the provincial, if not the district, level. We favour such a decentralization. The procedural reforms we suggest here could lead to improvements in the district budget process and to some greater local influence on the structure of resource allocation even without that formal decentralization taking place, however.

## WORK SCHEDULING

In this section of the report we discuss work scheduling, defined as the process of breaking down the various programme activities in terms of what should be done, where, and when by the various extension agents involved in agricultural development activities. So defined, the concept of work scheduling is the same as what the Management Manual refers to as the work calendar. To date such scheduling is being done systematically only for the IADP family of projects, although the Manual provides for its more general application. We begin with the scheduling of interorganizational activities and then turn to those within the Department of Agriculture.

### Interorganizational Scheduling

Since the introduction of IADP, there has been established in all IADP districts a coordinating committee under the name of District Coordinating Committee. This committee is chaired by the District Commissioner (LC) and has as its other members the organizations financing the various agricultural development projects as well as the Departments of Cooperatives and of Agriculture. This committee plays a major role in the programming of various activities in the district. They are the ones who for instance decide on how many farmers per cooperative society may receive loans through the individual societies. They also monitor the general performance of the various programmes including the repayment of loans.

The success of any agricultural development programmes lies in part in the timelines of the operations. If farmers

are not selected and trained in time for activities which require their selection and training, such activities may not be done in time and successfully. If the requests for various inputs the farmer needs in order to operate are not asked for or bought in time, the smooth implementation of such projects will be affected. The preparation of a calendar of work has the function of ensuring that the various operations which affect any given farming system are carried out in time. Indeed the preparation of such calendars acts as some control device for ensuring that things are done when they should be done. In practice, however, things do not happen as one would like them to.

In some districts we found lack of coordination between the credit agencies and the Ministry of Agriculture. Whereas many projects depended on credit channelled through either the cooperative societies or AFC, the Ministry of Agriculture as such does not control the scheduling of requests for such funds. Indeed the purpose of establishing a coordinating committee at the district level was precisely to ensure that such mistakes did not occur; yet we came across cases where even after guidelines had been given by the committee, not very much happened. The unions combined to submit requests for funds to the Cooperative Bank of Kenya (their major financier) rather late in the programming year. This, plus the unavoidable internal delays that must follow in the disbursement process means that farmers get inputs late in the planting year (that is if they get them at all). We came across cases where no funds had been committed because they had arrived too late to be disbursed. We also came across cases

where inputs were released to farmers late and thus affected the timing of their application. The consequences were crop failure or poor yields. Consequently the farmers' ability to repay back the loan was negatively affected.

On further investigation, we found that the delay in submission of requests to the CBK occurred especially in those Unions which owed the CBK debts. They would hold onto the requests from the societies as they themselves tried to find funds to clear some outstanding debts with the CBK. There were also cases of the Union withholding requests from the societies without putting the societies into the picture of what was happening. Meanwhile the societies and the farmers would be waiting in vain.

We found similar behaviour in AFC funded programmes. In principle, no farmer receives loans from the AFC without being recommended by the agricultural field staff; yet there were some instances in which farmers were getting AFC loans without the knowledge and recommendation of the agricultural staff. Some of these farmers turned out to be the very ones that were receiving loans through the cooperative societies for the same activities. This behaviour has the effect of creating inequity in the disbursement of scarce national resources. Such farmers would normally divert part of their loan receipts to other non-farm uses such as payment of school fees, etc. They are again the ones that would usually end up being unable to fulfill their repayment obligations.

There were also allegations from the agricultural staff that the AFC was not keeping them informed about whether and

when they were releasing funds to farmers recommended to the Corporation by them. Thus they were not in a position to give such farmers the advice they needed in the course of committing their loan funds to various activities. They alleged further that the existence of such farmers was drawn to their attention only after they had defaulted in making payments to the AFC. Although the AFC denied these charges and instead argued that it was incumbent upon the agricultural staff to take initiative over these matters and further that they also submitted returns with copies to the DAO which provided information about the debtors, we feel the charges and counter charges only reveal the fact that there is lack of coordination between the two organizations in programming the farming activities in the field.

The general problem here is that the Ministry of Agriculture, obviously, finds it difficult to programme the activities of organizations over which it has no control. The District Coordinating Committees were established to deal with this problem. To the extent that the problems are district ones we believe that these committees are an effective device for coordination. In fact, such coordination is easier at the district than it is at higher levels. The problem is not with the mechanism but with assuring its full use. We recommend that the District Commissioner, as chairman of this committee, insist on the regular attendance of all the institutions involved in agriculture, especially the AFC. The committee can then be used for the sharing of the details which each organization needs to know about the others' operations,

for scheduling the activities which require coordination, and for applying pressure for timely action on such matters. One of the lessons of the Special Rural Development Programme, however, is that committee scheduling of activities will quickly become burdensome and tiring unless it is confined to those matters which depend on interorganizational coordination. (In fact, for new programmes that involve organizational coordination at the district level, we suggest that a second look be taken at the Project Implementation and Management--PIM--system developed for the SRDP.<sup>2</sup>)

#### Scheduling of Departmental Work

We found scheduling of work for the IADP family of projects to be based on district plans already approved by the Ministry headquarters. District specialists appeared to be playing a leading role in this exercise even though in some districts some of them claimed they had not been put in the picture about what was happening at all. The common practice we found was that every district specialist worked out the programmes and schedules for his own functional area. In the course of doing so, he would usually receive submissions from the Technical Officers (AOs). The latter would normally communicate informa-

<sup>2</sup>See Robert Chambers, Managing Rural Development: Ideas and Experience from East Africa (Upsala: Scandinavian Institute of African Studies, 1974); or D. Belshaw and R. Chambers, "PIM: A Practical Management System for Implementing Rural Development Programmes and Projects," IDS Discussion Paper 162 (Nairobi: Institute for Development Studies, 1973); H.H.A. Chabala, D. H. Kiiru, and S. W. Mukuna, "An Evaluation of the Programming and Implementation Management (PIM) System," IDS Discussion Paper 192 (Nairobi: Institute for Development Studies, 1974); and "Second Overall Evaluation of the Special Rural Development Programme," Occasional Paper 12 (Nairobi: Institute for Development Studies, 1975).

tion to do with potentials of every crop as well as farming conditions in the area. Using this and other information available to him, the district specialist then prepares a schedule covering the entire district. The submissions from the various specialists are then discussed with the DAO, and the DAO or his Programme Coordinator then prepares a district plan of work which includes the time schedule for the various activities in the plan of work. In the course of all this, the approved district plan for the project is a major guide.

We were informed by the AAOs that they do not prepare their own work plans. This is done at the district level. Depending on the funds available in any given financial year, the district-level staff decide on what each division, location and even sub-location receives. By deciding what each unit of implementation receives, they in effect decide on what is to be done. This includes as well the scheduling of various activities. What the divisional, locational and sub-locational staff may do in the course of all this is to advise on the location of projects and also on the choice of farmers in the case of those projects which have demonstration or credit components.

In one district we found that courses at FTCs were being scheduled without due regard to the peak farming period. As a result many farmers were not attending the courses. This mistake could have been avoided if the Technical Assistants at the local level had been involved in the scheduling exercise. In this particular case we established that no such consultations had taken place.

Whereas we found many officers both at the district and at the divisional levels to be having some kind of plan of work, quite a number of them confessed they did not have, or even bother to prepare a calendar of work, either on an annual, monthly or weekly basis. The recurrent submission was "it is a futile exercise. No one takes it seriously and it cannot work in the present circumstances." The officers in question submitted that to the extent that they did not control the flow of resources, they could not meaningfully programme what should be done.

There were, on the other hand, field staff who showed us their work plans as well as calendar of activities; but they too confessed the calendar could not be adhered to because they did not control the situation around them--especially when resources are released late or not at all.

In some areas locational staff said they had no such documents because they lacked stationery. These were however a minority. It should be recalled that since the introduction of the IADP and other associated projects, it has become mandatory on the part of the field staff to have not only some kind of plan of work but also a calendar showing what he will be doing and where at any given time of the week. The only problem is that they do not work according to the stipulations in them.

The work planning and scheduling procedures fulfill two major functions--(a) to lay the year's plan of activities before one's superiors, where it can be reviewed and revised; and (b) to assist the planner himself to organize his activities

for the year. As the Manual is set in a general framework of control, the former function may appear more prominent to the field officer, but the latter, self-organizing, function is actually just as important. If officers have a clear idea of what it is that they intend to accomplish and how and when they are going to do it during the year, they will be more effective in their own work and in managing the work of their subordinates. Unfortunately some of the control aspects of the work planning system have unnecessarily curtailed its self-organizing benefits. With a few minor changes this defect can easily be corrected.

Several field officers commented on the usefulness of work planning and scheduling when it is based on realistic assumptions. They find it helpful to have clear targets and to have laid out the course of action that one should follow to reach them. Work programming is wasted effort, however, when the activities depend on national actions or resources which actually are not forthcoming. This problem has particularly plagued the IADP and SCIP but it is present to some degree in most of the Ministry's programming. In IADP and SCIP careful district work plans and schedules have been developed that are built around cooperative credit; then time and again the credit is released late or not at all. In similar although less troublesome fashion, the Manual presently calls upon districts to prepare work plans and schedules at the same time that budget requests are being submitted. Thus work programmes are supposed to be developed which depend on levels of funding that actually do not materialize. One officer in

Machakos commented that the work planning and scheduling for the Machakos Integrated Development Programme (MIDP) was quite useful, for its levels of funding were known in advance and were reliable. He found work programmes for IADP wasted effort, however, because they were based on unreliable financial estimates. He suggested unhappily that the Ministry of Agriculture is usually more like IADP than MIDP.

Unfortunately the work plans and schedules do not seem to be redone when the actual levels of funding and the amounts and timing of credit are finally known, so the self-organizing potential of the exercise is lost. The work plans are presented as a part of the process of budgeting and programme control and officers are unwilling to spend more time on them when they are taken out of that context.

The revisions that we have proposed above for the Forward Budget process would help to relieve many of the problems caused by work planning at unrealistic levels of financial provision. The Forward Budget process would be set within strict limits, which would reduce the quantity and ambitiousness of the work plans. These reforms would address only a part of the problems with the work plans, however.

Given the inevitable uncertainties that surround the budgetary process, it does not make sense to go through the full work programming exercise until after AIEs have been released and approximate levels of funding are fixed. (Headquarters needs to tell field staff as much as it knows about loan levels and timing at the start of the financial year as well.) The Project Management and Evaluation Division recognized

the need to reorganize the schedule and changed its work planning instructions for the 1982/83 Financial Year (PMED/IADP/Work Plans/1 of 29.9.81). PMED asked that only a part of the planning be done at the budgeting stage and said that, "It is more important to complete District Work Plans after the final figures are known, i.e., in June." This is what we found being done in Nandi, but not all districts are following this suggestion.

A clearer distinction therefore needs to be made between those aspects of the work programming process that are needed to justify budget requests and those that primarily serve a self-organizing function. For example, forms D.W.P. No. 1 and 1B are needed at the budgeting stage and 1B should be filled out for the two incremental levels of funding (i.e., Basic and Supplemental) for which the district is making extension proposals. Forms D.W.P. No. 1A and 1C, however, would be more usefully and realistically completed after funding levels are known.

Realism is an essential feature of good work planning and scheduling. Unfortunately not all field officers fully appreciate this. Many of them indicated that they had made up work plans and work calendars which they know would not be adhered to when they wrote them. They indicated that the plans represented what they ideally ought to do, but from experience they were sure that the transport to execute them would not be available. For these officers work plans and calendars were devices for indicating the virtue of their intentions to their superiors; they would blame the transport

system when the intentions were not met. This kind of "planning" is not helpful. A useful work plan and schedule has a quite different function. It lays out the officer's priorities and timing of actions for the resources that are actually likely to be available. It is a device for saying "since the transport will not be available for both A and B, I will plan to do A." If the officer at the next echelon really wants B to be done, he then has the opportunity to add more transport or to ask that A be dropped. In this way choices are made consciously and carefully and not at the last moment. Other officers can then have realistic expectations about what will be done and plan their work accordingly. The important point here is that work plans and calendars be seen as a mechanism for helping field staff organize their own work better, not as a tool for superiors to judge the virtuous intentions of their subordinates. The defect here is not in the procedures themselves but in the way field officers are interpreting and using them. The problem will be corrected by better training in management and procedures, not in an alteration of the forms themselves.

## WORK SCHEDULES AND TRANSPORT MANAGEMENT

We have already referred to the problem of untimely release of resources--especially loans and inputs to farmers--which consequently leads to delay or failure to work according to schedule. That is as far as the farmers are concerned. There is also the problem of logistics experienced by field staff which has rendered them ineffective in carrying out their extension duties.

Lack of mobility is a problem both at the district level and below. All the DAOs we talked to complained that whereas the volume of work has increased tremendously in the recent past, the allocation for travelling and accommodation has not. Again, in the recent past a number of officers have been appointed and posted to both the district and the divisions but without corresponding increases in either vehicle allocation or travel funds. The problem as we observed it is bordering on crisis.

At the district level the specialists who have been appointed to provide professional guidance both to the junior staff as well as to the farmers cannot move easily. They resort to letter writing as a means of getting to the field staff. We were told in a number of districts that the transport problem at the district level is such that the district specialists have forgotten all about work schedules. In one district a crops officer complained, "The exercise does not work here. I cannot implement programmes on schedule because of lack of transport. Even when a work programme for the month is prepared

and journeys to be made clearly indicated, still no vehicle is made ready. As a result I cannot even make appointments with field staff or farmers for fear of disappointing them. Another officer in attendance during the interview claimed further that he himself had been able to go out only once a month in three months! In the same district, a horticultural officer complained that he had had to send away a pawpaw farmer who had reported an attack on his orchard simply because he had no means to travel to the farm. We also learnt that the coffee extension staff in the district went out only when a society sent a vehicle to fetch them! Since there is no major decision coffee societies can make without government officers in attendance, this transport problem has become an irritation to the farmers.

In the field it is evident that transport is one of the most serious constraints on staff performance, yet its allocation is not well thought out. When a resource is scarce its use should be budgeted or planned. The Ministry has procedures for budgeting and controlling the programmatic use of finances and for planning the use of staff time; but it does not have procedures for planning the allocation of transport. These need to be developed or field staff will continue to be office-bound when transport funds run low and will inadvertently use transport for low, rather than high priority projects.

The Ministry should create a small working group to develop suggested transport management procedures for field offices. The group might wish to consider ideas such as the following: Records of transport expenditure and actual travel

should be analysed in every station. The officer-in-charge then would be able to estimate how many kilometres of travel a given Transport and Operating Expenses (TOE) allocation is likely to buy for him. He also would know how much TOE is spent per kilometre for each of his vehicles. Then specific amounts of travel capability might be assigned to the various programmes and officers. The travel capability might be assigned in kilometres (based on the average costs of the station) or in TOE funds (and charged on the basis of the average cost per kilometre of the actual vehicle used). Records then would be kept of the kilometres travelled for each programme. If the officers in charge of a particular programme were to have a clear idea of the amount of travel they would be able to do in a financial year and of how much of that travel capability they had actually used, they would be able to establish travel priorities and to plan much better than they do now. Too frequently programme officers have only a vague idea of the amount of travel they will be able to do at present and therefore do not use their transport to optimum advantage.

## FINANCIAL DISBURSEMENT PROCEDURES

The procedures governing the release and expenditure of funds are not fully covered in the Management Manual. They are a source of considerable problems in MoA operations, however.

There are four main sources of funding for agricultural development programmes, viz., the Ministry itself, the cooperative movement, the AFC and the RDF. We did not receive any complaints regarding the disbursement of RDF grants. There was general satisfaction with the speed at which the grants are received once the DDC approval has been obtained. There were, however, many complaints regarding the disbursement of other funds.

### Lending Institutions

A major bottleneck in the disbursement of resources occurs in the cooperative movement. In the last ten years or so, the movement has emerged as a major financier of agricultural development activities. Currently it finances IADP, SCIP, FISS, CPCS and SPSCS. They have also been requested to finance the NSCS but have been reluctant to do so thus far.

A number of factors influence poor disbursement of resources by the cooperative movement. At the national level one has to contend with the status of CBK as a development financing institution. It receives subventions and other remittances from the Government and other sources for onward lending to the farmers through the cooperative Unions. If the government and the said sources default in their remittances, the CBK would normally not have much in the form of loans to issue.

This particular issue is never known to the prospective loan recipients in the field. Even Unions are ignorant about it all.

The second and the most important relationship is that between the CBK and the individual unions. As a lending rule, the bank does not process requests from Unions that are heavily indebted to it. They would insist in the first instance that old debts be cleared. This position is well known to the Unions, yet quite a few which have heavy debts continue to behave as though they are altogether unaware of the rules. They send requests that the bank never acts upon. Meanwhile they fail to put the MoA, the societies and the farmers in the picture of what is happening. As a result, farmers to benefit from the various credit schemes would be selected and trained only to be told there were no funds forthcoming. Although this need not be the case, many field officers tend to regard money spent on such training as wasted.

We did not find a single district in which the Union did not have some kind of problem with the bank. In two of the eight districts, the Unions owed the bank individually about ten million shillings each. As a result, the IADP II which was supposed to be implemented in one of these districts beginning in the 1979 crop year had not begun by November 1981. Meanwhile farmers were being selected and trained every year in the hope something would be released! In other districts, releases were irregular. In one such district we found that between 1976 and 1981 funds for IADP had been released to the Unions and subsequently to the farmers only twice. In

another district where SCIP was supposed to have started in 1979/80, a sum of shs. 120,000 approved then was not released until the 1981 crop year. By then the cost of inputs had gone up. The request for £134,000 for 1981/82 sent in supposedly by the same Union to the CBK had not even been acknowledged by the Bank by November 1981; yet the latter two Unions had good repayment records. There appears to be something wrong with loan processing at the CBK.

We also found a few cases of delay in releasing inputs to farmers by the Unions once funds had been released by CBK. This was caused mainly by processing of deliveries by the suppliers. There were also cases of farmers declining the loan because of delay in releasing it. This had the long-run effect of delaying the repayment to the Bank.

The situation in the AFC is hardly any better when it comes to the relationship between the Corporation and the Ministry of Agriculture. There is little or no coordination at all. The timing of releases is the sole prerogative of the Corporation. In fact one detects an attitude among the AFC branch managers that what matters is their relationships with the farmers. This feeling is, however, not reciprocated by the farmers. We found a lot of resentment about AFC's rigid reimbursement rules. They would release funds for ploughing late, but would not want to believe that a farmer had already borrowed from another source in anticipation. Those that do not produce "acceptable" receipts even though there is physical evidence that their land has been ploughed cannot be reimbursed. The rigidity of "loan in kind" principles is thus a source of irritation to some farmers.

There is, however, one administrative advantage the AFC has over the Unions. Whereas coop loans have to be approved as a package by the Commissioner before even the CBK can make payments, the AFC on their part have "empowered" the branch managers to approve or reject any requests for funds up to shs. 10,000. Since most of the farmers in the New Seasonal Credit Scheme fall within this bracket, it should be faster to receive AFC loans by the farmers through this source. Funds for between shs. 11,000 and 19,999 have to be referred to Nairobi as a formality. Approval would normally be received in 2-3 weeks. For shs. 20,000 and over the process is much longer. More people and paper work are involved; but once approval has been obtained, the branch manager can write a cheque locally for up to 100,000/-.

Thus AFC disbursement procedures are much more decentralized than those of the cooperatives. Despite the fact that MoA cooperation with AFC in the field is much less close than it is with cooperatives, AFC's procedures make it easier to deal with. It would be to the advantage of all concerned if lending authority were granted to cooperative societies well in advance of even the recruitment of farmers and decisions about individual small loans decentralized to the local level. If lending levels were known well before actual disbursements began, other agencies such as the MoA could plan their complementary activities accordingly.

#### Disbursements Within the Department

With regard to the Ministry funds, we found a lot of discontent especially at the level of the division and below.

The discontent had to do with the alleged untimely release of resources to them as well as the general inadequacy of whatever is finally released. Most of the AAOs expressed the wish to be informed in detail what their respective divisions' entitlements were in all the activities for which funds had been approved. Still others expressed the wish to be issued with AIEs so that they could control their allocations directly. In fact there was a rampant feeling in the field that they were getting a raw deal from their respective DAOs. Many believed the DAO's office was itself a bottleneck. They would send, say, for stationery but would get nothing for weeks or even months. They did not know how much they should get and at what intervals. We were told many reports were not being prepared and submitted mainly because of the stationery problem. The late arrival of inputs for crop demonstrations is a related and even more damaging problem. There were many complaints as well about failure or delay in paying various allowances to field staff. Bicycle allowances, bus fare and accommodation charges were mentioned particularly.

At the district level we found similar sentiments about timely release of resources, especially among the specialists. There was quite a bit of resentment regarding the fact that they did not control the allocations to their functional areas. One district crops officer complained, "I do not control my vote. After the budget has been prepared and money released to the district, I get told that money has got finished without being explained how it did in the first place." Most of the specialists professed ignorance about what the district gets

and disburses to the field. There were a few districts, however, where the working relationships between the DAO and the specialists were harmonious and therefore everyone appeared to be in the picture of what was happening.

Again there were lots of complaints at the district level about the delay in the issuing of AIEs. There were cases of AIEs arriving two to five months late. In two districts we found little significance attached to the AIE problem. A DAO said to us, "We can work without an AIE when the relevant account number in Nairobi is known." Another said, "Yes, AIEs arrive 2-3 months late but by that time we will have begun spending." Except for projects and programmes that require major financial inputs, a creative and determined DAO can get around the problem of late AIEs. In fact we are of the opinion that sometimes the issue of AIEs is used by the senior officers, notably the holders or sub-holders of AIEs, to shield themselves from criticism by their juniors.

These various problems seem to us to derive in good part from too little decentralization and too much secrecy in the allocation process. The amounts of money available for a programme activity in a particular area are kept to themselves by PDAs and DAOs. (Frequently DAOs do not know what PDAs have received either.) Consequently programme officers don't know how much money they will have available to them in a given year. They operate on the assumption that if they spend quickly they may be able to pressure those above them to release more funds for their use. This confirms the belief of their superiors that they are financially irresponsible and cannot be trusted to manage money. Meanwhile the secrecy about alloca-

tions leads subordinate officers to fear that money is being misallocated by those above them. Sometimes this suspicion is justified and the practice is made easier by the lack of knowledge. More often, we suspect, the fear of misallocation is wrong and is fed only by the secrecy that surrounds financial allocations. We believe that having greater openness about allocations and giving officers more responsibility for planning out the disbursements for their own activities would relieve these problems. Thus we welcome the decision of the Ministry to issue AJFs directly to the districts in 1982/83 and to do so by a booklet. The latter will make the amounts of money provided more accessible to other officers. We recommend that DAOs and PDAs use this change of procedures as an occasion for discussing allocations with their subordinate officers and involving them in the wise management of their disbursement.

There are several other sets of procedures for resource management that are important to field performance and that need to be better spelled out for field managers--

- (i) How to apply for the reallocation of funds between line items.
- (ii) Precisely how to go about procurement and tendering for different categories of goods.
- (iii) The rules and procedures for the boarding of vehicles.

These are areas in which MoA and/or GOK already have procedures. No new ones have to be devised. The field officers need only to have the procedures explained to them and to be told how to use them to improve the performance of their

stations. Inadequate knowledge of these procedures among field officers is a frequent cause of poor project performance. For example, several officers we talked with did not know that it is possible to reallocate funds. Procurement is another area in which procedural problems are common. It is discussed in the Manual but probably requires greater elaboration. Good training in these procedures is essential to effective management by field officers.

## REPORTING REQUIREMENTS

The Management Manual threatens to contribute to a considerable increase in the volume of reports being asked of the field. The amount of report writing already is large and many officers see the new requests as overwhelming. A system for evaluating reporting requirements is needed. Otherwise there is a tendency for new reports to be demanded and old ones never to be deleted. The volume simply continues to increase over the years to the point that those who receive the reports cannot read or evaluate them. Those in the field who are asked to write them either make arbitrary decisions to ignore most of the reports and/or file the reports with increasing carelessness and cynicism and are kept from their extension work.

Many of the figures that are to be reported are of very doubtful reliability. For example, in Section 4.1 of the Annual Report every administrative unit from the division through to headquarters is asked to state for every crop--hectares planted, numbers of farmers, average yield, total production, total marketed production and the average farm gate price. Such figures are extremely difficult to collect accurately; it takes large amounts of time and considerable professional expertise if they are to be provided reliably. At the moment these reports are guesstimates by staff with no training in how to make them. Anyone who has looked carefully at such figures aggregated from location and division estimates knows how very unreliable they can be. We were told of one year in which the district agricultural staff submitted estimates

on maize production in Bungoma that would have been insufficient to feed the district's population; yet it is well known that Bungoma is a maize surplus area! The Central Bureau of Statistics is better organized for producing these kinds of statistics and has technical expertise that is more directly relevant to the task than MoA does. It might be more useful for MoA to comment on CBS draft statistics than to try to produce its own duplicate ones.

Our purpose is not to comment on the utility or reliability of individual reports, however. We suggest only that there is a case for reviewing the range of reports presently demanded of field staff in order to see if they are useful, reliable and manageable. One procedure for assessing the value of reports would be fairly simple to apply and quite revealing. We suggest that all the reports demanded of field staff be assembled and circulated to all the senior officers in the Ministry. The latter then should be asked to identify those reports (and the specific items within them) that they personally have actually used in the previous year to make a decision or to prepare an important report (or proposal) for someone outside the Ministry. The senior officers could also be asked how important it was to have that item of information for the decision or report. Such an exercise would not take very much time for senior staff to complete but we predict that it would show that much information currently reported from the field is never or rarely used. The unneeded reports (or items) could then be painlessly eliminated. The result would be a great lessening of the burden on field officers.

## INSTITUTIONALIZING THE MANAGEMENT MANUAL

The Management Manual of the Ministry of Agriculture was prepared during 1979/80 and issued to the field officers in July, 1980. The Manual describes the functions, the organizational structure and job description for all technical staff of the Department of Agriculture. It also describes the planning and programming techniques as well as the reporting and control system to be adopted in the management of agricultural development programmes. It is indeed an impressive attempt to introduce modern management techniques to the Ministry and to improve its administrative performance.

To a very significant extent, the Manual is the product of the Integrated Agricultural Development Project. In fact it aims to replicate nationally the planning and implementation techniques and procedures that have been in use in a few selected districts where the IADP was introduced in the late 1970s. Key to the IADP management process are (a) the preparation of a work plan based on the identification of technical packages, (b) the integration between planning and budgeting, and (c) the emphasis on the district as the unit of operation for planning and budgeting. The basic assumption in the Manual is that these techniques and emphases can now be adopted for all development activities of the Ministry.

In the eight districts visited, we found little evidence that the Manual was being used as a management aid in all the operations of the Ministry. Its use was still largely confined to the IADP. In fact, most of the DAOs we talked to admitted so. Part of the explanation here is that the Manual

was hardly more than a few months old in the districts when our visits were made. In most of the districts, training in its use for all levels of staff up to the location had just been carried out. In a few districts the process was still incomplete when we made our visits.

There was very little evidence that the officers actually understood what the Manual was advocating--especially when it comes to the preparation of technical packages. This problem was compounded by the fact that copies of the Manual were not easy to come by even at the district level. Most of the technical specialists (excepting the programme coordinators) did not have copies of the document. At the divisions, copies were just arriving when we were there. An AAO interviewed on 29/10/82 had just, according to her, received her copy on the previous day. It thus appears that there was yet very little acquaintance with the Manual when the planning for the 1982 crop year was on. What one can meaningfully discuss here therefore is simply the attitude of field officers to the future use of the Manual as well as the limitations inherent in the Manual itself.

The attitude of staff regarding the use of the document was varied. There were those who took the view that there is nothing new in the Manual. Such people tended to argue that what the Manual had done was simply to consolidate the hitherto scattered material under one document. Some gave the example of tea extension where what the Manual advocates had been in operation for many years. For such people, the Manual or no Manual did not mean a thing to them. They were a minority, however.

A second category consisted of those who regarded the Manual as being quite technical and therefore not suitable for use by them. Most of these people were found at the divisional level. They argued that the demands associated with the preparation of technical packages required a level of sophistication that did not exist in the field. They complained further that they had had inadequate training in the use of the document and could not therefore train the TAs fully in its use. These concerns were confirmed by the TAs we talked to. Some of them disclosed that they had complained during the training sessions at the FTCs that the document had been rather too complicated for them to follow and apply.

A third category consisted of those who believed there was something good being proposed in the Manual but felt at the same time that what it demands is rather too much in terms of attention expected. One such officer said to us, "The thing is okay, but if we were to work according to its stipulations, we would not be able to do any other thing except paper work." The same group did not believe the Ministry would this time unlike before use the information generated in the many reports called for in the Manual. They also observed that the techniques being advocated would be applied only if the MoA met the costs involved in such operations as the World Bank was doing with the IADP activities. There were lots of doubts, however, that the Ministry would be in a position to do so.

From these views it is clear that the Ministry's work planning and budgeting procedures cannot stand by themselves.

The Management Manual is a forbidding and difficult document. Officers are not able to use it without some kind of assistance. Even Agricultural Officers whom we met in the field who were new to the Ministry usually did not know how to use the Manual and were making basic mistakes on some of its most important procedures (such as Gross Margin analysis). Several officers said that the Manual would be made more usable if examples were given for all but the simpler procedures it described.

It must be recognized that induction training is an extremely important function in the Ministry. MoA has great turnover at the senior staff level at the moment and maybe a third of its Agricultural Officers come fresh from the University each year. These new officers need thorough training in the Ministry's procedures and basic methods of technical and budgetary analysis if they are to do a good job. The experienced Agricultural Officers are usually too busy to provide such induction training on the job. It should be an ongoing function of MoA's Training Division to provide a thorough induction course every year.

To make the Manual usable by AAOs, the parts that are relevant to their use need to be abstracted from the larger document. The presentation then can be simplified and training focused on just these portions. The part of the Manual for use by TAs is new and should be reevaluated in a year. It too needs to be abstracted from the larger Manual.

Returning to the procedures as they affect senior officers, the experience of the PMED is that district work planning and budgeting are done best when a small team of

headquarters' officers tours the districts to provide instruction and assistance and to discuss the resulting proposals. The Special Rural Development Programme had the same experience a decade ago. We strongly recommend that the Ministry establish a small secretariat of administrative, planning and technical officers to work on management and budgetary issues throughout the year. These officers would provide training to field officers and would help them in the preparation of their budget submissions, work plans and work schedules. They would know a great deal about district views that was not written down. This would be very valuable in budget discussions at the headquarters, where these officers would be able to represent the point of view of field officers.

One clear lesson about administrative reform in Kenya and elsewhere is that it is a continuing and evolving process. A change cannot be made and left. The designers must follow the reform through its implementation, analyse where it has gone wrong and revise it again and again. This function could be performed by the members of the management and budget secretariat. As they would be centrally involved in both the field and headquarters parts of the project management and budget processes, they would be well placed to reform them on the basis of their experience.

## CONCLUSION

District involvement in a realistic, policy-oriented budget process would greatly improve the performance of the Ministry. The innovations of the PMED and the new Management Manual have taken the Ministry a long way toward accomplishing this goal. The procedures that have been developed still have flaws, however, and are too burdensome. If they are left as they are, they will not be used and the Ministry will be denied the benefits of decentralization and better budgeting. We believe that reforms in these procedures can be made that would permit the realization of their objectives. A first attempt at outlining these changes is made in this paper. We hope that the Ministry will refine them further and make district budgeting and programming a reality.

## APPENDIX

## A PROPOSED REVISION TO THE FORWARD BUDGET PROCESS

At the moment the Forward Budget process tends to accentuate the tendency of Ministry officers to produce "wish lists" rather than realistic statements of funding priorities. In addition, the participants in the negotiations on the Forward Budget seem to make very little use of the decisions made in producing their subsequent, main Estimates submissions. The Forward Budget process is conducted early enough and over a long enough period, however, that it could stimulate a more fundamental analysis of budgetary policy, involve the districts in meaningful dialogue with the programme divisions about priorities, and provide a framework for the Estimates process.

We propose that the Forward Budget process be revised in several respects:

- (a) At the beginning of August, each district should make a fundamental reanalysis of its budget priorities. It should do so by aggregating the value of all the financial resources it will receive that year and then indicating how it would like to reallocate them for the next year, if it were free to do so. This would be done as follows:
  - (i) All AIEs that the district has received and expects to receive for that financial year for both the Recurrent and Development Budget should be divided into those items that are GOK financed and those that are donor financed.
  - (ii) All the GOK financed AIEs should be added up.

- (iii) To the above total should be added the approximate value of all staff deployed in the district. (This can be done by multiplying the numbers of staff in a Job Group by the basic salary for that Job Group. Only approximate figures are needed for this part of the exercise.) The value of centrally-held AIEs for construction work in the district should be added as well.
- (iv) The district should then indicate how it would allocate the sum of money indicated at ii and iii if it were free to spend it exactly as it saw fit. In making these decisions the district should ignore the distinction between Recurrent and Development Budgets.
- (v) A Forward Budget would then be presented which combined the Head and Item allocation decisions of step iv with the existing donor contributions which are expected to continue into the next year and any new ones that are reasonably certain. This document should be called the district's "Basic Forward Budget."
- (vi) The Basic Forward Budget could increase or decrease the number of staff (as well as other resources) that it proposed to use. These would be costed as done at iii.
- (vii) The Basic Forward Budget could have no more GOK money in it than the district actually has this year in GOK funded AIEs. The total of the Basic Forward Budget could only exceed the total

value of the AIEs and personnel at the disposal of the district for the current year if it were known that donor contributions would be increasing.

(viii) In addition the district would propose a supplemental Forward Budget for activities that it would like to undertake if the district gets more funds next year. The total of the supplemental Forward Budget could be no more than 25 percent of the Basic Forward Budget. It will be understood that activities proposed for the Supplemental Forward Budget are of lower priority than those in the Basic one.

- (b) The Basic and Supplemental Forward budgets should be prepared by the Agricultural Officers in the district, in consultation with divisional AAOs, the District Agricultural Committee (DAC) and the sub-district Agricultural Committees. The two submissions should be approved by the DAC. There has been some tendency to ignore the AAOs in the preparation of district budgets. This is most unfortunate as the AAOs are frequently among the officers with the best knowledge of farming conditions in the district. These two Forward Budget documents will provide a very clear statement of the district's spending priorities.
- (c) Provinces should prepare Basic and Supplemental Forward Budgets only to the value of the AIEs and staff that have been retained at the provincial level. Neither districts nor provinces would prepare Forward Budgets

for more than the next financial year.

(d) Both district and provincial Forward Budgets should be accompanied by the following documentation.

(i) No justification is needed unless an item, sub-head or head is to be increased by more than 5 percent. (A slightly higher figure might be desirable.) This will lighten the current analysis and reporting requirements in the Manual.

(ii) Where a sub-head or head is to be increased by more than 5 percent, technical package analysis and a work plan must be submitted. (The former would be in the form specified in the Manual. The latter would be somewhat simplified from the Manual, as we proposed in the text.)

(iii) Where an individual item is to be increased by 5 percent in total value and its proportionate value in its Head or sub-head is increasing by more than one percentage point as well, justification of the costing must be provided, indicating exactly how the increased item is to be used.

(e) Both district and provincial Basic and Supplemental Forward Budget submissions should be submitted directly to Ministry headquarters, where they will be totaled into "Field Proposals for Basic and Supplemental Forward Budgets." AIEs for national headquarters and for research should be added to the totals, so that everyone can see clearly how these budgets would differ from the current one. This Forward Budget will provide

a very clear picture of funding priorities as seen from the field.

- (f) Provincial Directors of Agriculture should be asked to comment on any points on which they disagree with the Forward Budget submissions of their districts.
- (g) Deputy Directors will be asked to make separate Forward Budget proposals for their Divisions in three increments:
  - (i) Their Basic Forward Budgets will be the funds voted to them for the current financial year or the total for their respective divisions in the summed Field Proposals for the Basic Forward Budget, whichever is the lower.
  - (ii) Their "Forward Budget-Supplement A" will be up to 25 percent of their Basic Forward Budget figure or the value of their current vote, whichever is larger.
  - (iii) Their "Forward Budget-Supplement B" will include the other funding proposals of the divisions.
  - (iv) The activities in the Supplement A budget will be of lower priority than those in the Basic Forward Budget and those in Supplement B of lower priority than both of the others.
  - (v) The boundaries between the Recurrent and Development Budgets should be ignored in making the allocation decisions, although the funding proposals should be fitted into the current format for presentation.
  - (vi) Where the Divisional Basic and Supplemental Forward Budgets differ significantly from the ones proposed from the field, the Deputy Director must

prepare a justification of his submission and, if appropriate, a criticism of the competing field proposals.

- (vii) The total of the divisional submissions will be called "Division Proposals for the Basic and Supplemental Forward Budgets."
- (h) The Ministry's Planning Division would prepare a critical analysis of the proposals and priorities in the Field and Division Proposals for the Forward Budget.
- (i) The Permanent Secretary or Director would convene a meeting of the Deputy Directors, Deputy Secretaries, and Under Secretaries, in which the competing proposals for the Forward Budget will be discussed and clear policy guidelines for the Ministry's budget development set.
- (j) The Principal Finance and Establishment Officer would then prepare two versions of the Forward Budget, following the policy decisions made at the meeting of senior officers.
  - (i) The first would be called the "Official Forward Budget." It would contain all the funding proposals on which the Ministry felt it could justify a request, irrespective of the total. It would be submitted to the Treasury for discussion.
  - (ii) The second would be labeled the "Internal Minimum Forward Budget" and would be circulated only within the Ministry. It would total no more than 10 per cent above the Ministry's current financial provision

(or such other increment as the Permanent Secretary felt the Ministry was reasonably certain to get in the next year).

(iii) In deciding the amounts to allocate at the item level the PFEO would pay close attention to the Field Proposals for the Basic Forward Budget, whether it was being used as the policy basis for the Forward Budget or not. Thus field perceptions about the distribution of resources between items that is needed to implement a project adequately would be carefully considered.

(iv) The Internal Minimum Forward Budget would guide the PFEO in his negotiations with the Treasury on the Forward Budget.

(k) Both the Forward Budget as agreed to by the Treasury Supply Officer and the Internal Minimum Forward Budget should be distributed to Deputy Directors at the start of the regular Estimates process, together with an indication of the likely Treasury ceiling. Deputy Directors should be instructed that they must make provision in their Estimates submission for the components of the Internal Minimum Forward Budget, unless the Permanent Secretary or Director has made a different policy decision on specific items. The PFEO should be guided by the two documents and by expenditure returns in his negotiations with the divisions on the Estimates proposal for submission to the Treasury. Districts and Provinces would not

make submissions in the regular Estimates process, as their views would already have been heard in the Forward Budget hearings.

- (1) After the Budget has been voted by Parliament, the PFEO, Deputy Directors and PDAs should make reference to the Field Proposals for the Forward Budget in deciding upon the geographic distribution of their programme funds.

The preceding set of procedures may seem somewhat complex at first reading. They actually represent a simplification of what districts and provinces are currently asked to do, however. We believe that the changes in the Forward Budget process would accomplish five important things:

- (1) They would give field officers and District Agricultural Committees a voice in the budgetary process, something they lack at present.
- (2) Budget discussions would be focused around realistic levels of funding, while still providing opportunity for quite different emphases on programmes and projects.
- (3) Field views about the levels of provision for various items that are necessary to adequately implement a project would be made clear.
- (4) Officers in both the field and headquarters would be forced to decide upon and share their priorities for programme development.
- (5) The Ministry would be given the opportunity to confront the real choices about its direction and to make meaningful policy decisions about them. This is the essence

of budgeting.

Our specific proposals will be defective in many respects, we are sure. The five preceding objectives for the budgetary process are fundamental to the Ministry as it enters a time of fiscal constraint, however. We believe that they can be achieved by something approximating our proposals.